

APPROVED BY:  
Public Company ORLEN Lietuva  
General Director  
08 May 2020  
Order No. TV1(1.2-1)-234

## **PUBLIC COMPANY ORLEN LIETUVA GENERAL TERMS AND CONDITIONS OF CONTRACT**

### **Article 1. TERMS & DEFINITIONS**

**1.1. Owner** – Public Company ORLEN Lietuva, registered with the Register of Legal Entities of the Republic of Lithuania, legal entity code 166451720, with its registered office at: Mažeikių St. 75, Juodeikiai Village, LT-89467 Mažeikiai District, the Republic of Lithuania, VAT number LT664517219.

**1.2. Contractor** – legal entity or natural person the Owner concluded the contract with.

**1.3. Party/Parties** – Owner and/or Contractor.

**1.4. Contract** – a contract concluded between the Owner and the Contractor, including Scope of Work, Special Terms & Conditions of Contract (if applicable), Order, General Terms & Conditions of Contract and attachments thereof (specifications, drawings and other documents), enclosed, attached to or incorporated into the Contract.

**1.5. General Terms and Conditions of Contract (GTC)** – these Public Company ORLEN Lietuva General Terms & Conditions of Contract.

**1.6. Special Terms and Conditions of Contract (STC)** – terms and conditions separately agreed between the Owner and the Contractor when concluding the Contract.

**1.7. Works** – the entirety of what the Contractor has to perform, provide, produce, fabricate, manufacture, install, design, repair or construct under the Contract.

**1.8. Worksite** – the place where the Works have to be performed.

**1.9. eService** – electronic means available in Computerized Maintenance Management System (CMMS) Module D7i -> CMMS INFOR EAM (D7i) used in cases and as set forth in GTC: (i) by the Owner to submit Orders approved by its authorized persons to the Contractor; and (ii) by the Contractor's authorized persons to accept Orders and enter actual data on completed Works, consumed Owner's Materials and forward to the Owner in M2 Form [24.5] for its approval. On the basis of this information submitted by the Contractor and approved by the Owner, Work Handover & Acceptance Statement (and other electronic documents, if any) shall be issued by the Contractor.

**1.10. Order** – a document submitted by the Owner to the Contractor in a form and manner established in GTC, authorizing the Contractor to commence the Works and detailing the scope (if applicable) of the Works, deadlines, the price and any other information required for execution of Works.

**1.11. Handover & Acceptance Statement (HAS)** – a Contract execution document issued and approved by the Parties as prescribed by GTC that confirms actual full or partial completion of the Works as well as transfer thereof to the Owner.

**1.12. Ceiling amount (indicated in STC)** – a preliminary amount agreed by the Parties, however not guaranteed by the Owner to the Contractor, which cannot be exceeded, unless otherwise agreed by the Parties.

**1.13. Fixed price (indicated in STC)** – a specific amount agreed by the Parties for full completion of Works and fulfillment of all the terms and conditions of this Contract.

#### **1.14. Technical Documentation:**

**1.14.1. Owner's Technical Documentation (OTD)** – all drawings, specifications, plans, punch lists, logbooks, schemes/diagrams, designs, method statements as well as other technical documents submitted by the Owner to the Contractor for the purpose of Works.

**1.14.2. Contractor's Technical Documentation (CTD)** – documentation (to be) provided by the Contractor to the Owner, in particular drawings, specifications, plans, punch lists, logbooks, diagrams, designs, method statements and any other technical documents specified in the Scope of Work or other documents.

**1.15. Subcontractor** – a legal or natural person outsourced by the Contractor for the Works under the Contract or some part thereof.

**1.16. Work Equipment** – all means required to perform the Works, including *inter alia* machinery, equipment, devices, and tools.

**1.17. Materials** – things, raw materials used up for the purpose of Works, including but not limited to construction, chemical, organic materials/substances, spare parts, etc. (with the exclusion of Work Equipment).

**1.18. Material Coordinator** – employee appointed by the Contractor to act as its representative under this Contract and responsible for the acceptance of Owner's Materials, submission of information on consumed Materials and return of non-used Owner's Materials to the Owner.

**1.19. Scope of Work** – description of the entirety of the Works that the Contractor has to perform under the Contract.

**1.20. Business day** – any day of week other than Saturday, Sunday and national holiday in the Republic of Lithuania.

**1.21. Road Transport Code** – the Road Transport Code of the Republic of Lithuania and its secondary legislation.

**1.22. Rules for Submission of Data on Consignment Notes to State Tax Inspectorate** – the Rules for Submission of Data on Consignment Notes and Other Goods Transport Documents to the State Tax Inspectorate approved by the Head of State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania with the 1 April 2016 Order No. VA-36 'Regarding Approval of the Rules for Submission of Data on Consignment Notes and Other Goods Transport Documents to the State Tax Inspectorate'.

## **Article 2. INTERPRETATION**

2.1. GTC must be read and construed in conjunction with documents listed further herein. In case of any conflict, the following priority of documents shall apply:

2.1.1. STC and attachments thereto;

2.1.2. GTC and attachments listed in Article 28 of GTC (with the exclusion of Par. 28.3 and Par. 28.4);

2.1.3. Order.

2.2. Headings used in the Contract are for convenience of reference only and are not to be taken into consideration in the interpretation hereof.

2.3. Words 'appropriate', 'required', 'immediately' or similar evaluative words referring to persons, time limits, costs, conditions, etc. must be interpreted in each specific case in the light of terms & conditions of Contract and specific circumstances.

2.4. Words used in singular may, where required by the context, include plural and vice versa.

2.5. In case of any difference between the meaning expressed in words and the numbers, the meaning expressed in words shall prevail.

## **Article 3. SUBJECT OF THE CONTRACT**

3.1. Pursuant to the terms and conditions established in the Contract, the Contractor undertakes to perform the Works at its own risk and using own labor, Work Equipment and Materials as well as to transfer the Result of Works to the Owner, whereas the Owner undertakes to accept the duly completed Works and pay for them.

3.2. Detailed description of the Works is provided in the Scope of Work and/or Order and/or STC and/or other attachments to STC.

## **Article 4. THE OWNER UNDERTAKES TO:**

4.1. Provide a free site for the Contractor's mobile field offices and a site for waste containers if Works are performed on the Owner's territory, unless otherwise provided in STC;

4.2. Provide the Contractor with free electricity, water and steam needed for Works performed by the Contractor on the Owner's territory informing the Contractor about the requirements for and points of connection to the Owner's utility systems, unless otherwise established in STC.

4.3. Assign person(s) responsible for: (i) technical issues; (ii) Contract execution issues; (iii) supervision of Works.

4.4. Accept duly completed Works or part thereof if Works are performed in milestones or parts by signing a Work Handover & Acceptance Statement, or specify nonconformities/defects related to the scope and quality of the transferred Works, stating the terms and conditions for removing the defects.

4.5. Pay the Contractor for the properly completed Works according to the procedure and terms established in the Contract.

4.6. Cooperate with the Contractor in the performance of the Contract.

4.7. Perform any other obligations set out in the Contract.

## **Article 5. THE CONTRACTOR UNDERTAKES TO:**

5.1. Obtain all valid authorizations, permits, and licenses required for the fulfillment of obligations assumed hereunder and present them to the Owner before the start of the Works. If the Contractor does not hold or fails to present authorizations, permits, and licenses referred to in this Article before the start of the Works,

the Contractor shall be prohibited to start the Works and the Owner shall be entitled to terminate the Contract unilaterally and to claim for all resulting losses from the Contractor.

5.2. Appoint duly qualified and experienced Work Supervisor(s) and workers holding valid certificates/permits/licenses and ensure that the Contractor's Work Supervisor(s) cooperate(s) with the Owner. The Contractor must inform the Owner about the Contractor's Work Supervisors before the start of Works hereunder.

5.3. Respond to the Owner's instructions, requests, comments, and remarks regarding performed Works in a prompt and professional manner;

5.4. Familiarize itself and comply with the provisions of this Contract, EU and Lithuanian legislation, the Owner's internal legal regulations, including *inter alia* those referred to in Article 28 of GTC applicable work, occupational health and safety of Contractor's employees, environmental protection and other issues.

5.5. Perform the Works following the deadlines and time limits agreed in the Contract;

5.6. Assign the number of workers sufficient to complete the Works within the time limits established in the Contract;

5.7. Submit all relevant documents (reports, schedules, drawings, etc.) within the time limits established in the Contract;

5.8. Outsource or change Subcontractors only upon prior written consent from the Owner, and assume full responsibility for the Subcontractors' work.

5.9. If Contractor's or Subcontractor's employees are third country nationals seconded to perform work for the Owner, present the copies of the following documents to the Owner: documents proving employment (employment contracts), social insurance documents (statements issued by the authorities of third country proving that employees are under social insurance in that country) and documents proving legitimate presence in the Republic of Lithuania (national visas).

5.10. When Materials required for the Works are provided by the Owner, read and comply with Public Company ORLEN Lietuva Regulations for Coordination of Materials Transferred to Contractors [28.13] as well as immediately after signature of Contract inform the Owner about the assignment of authorized Material Coordinator by submitting respective authorization document.

5.11. When Materials required for the Works are provided by the Contractor, complete Contractor Material Consumption Sheet [28.9] and submit it together with Work Handover & Acceptance Statement for approval to the Owner's designated Work Supervisor.

5.12. At the Owner's request, notify the Owner in writing within 5 (five) business days (unless otherwise specified in the request) on the progress of Works, provide any other requested information related to Works or their performance, make it possible for the Owner to inspect any time the Works performed by the Contractor and to verify their conformity with the provisions of the Contract; however such inspection/verification shall not mean or be construed as acceptance of Works or any part thereof by the Owner or release of Contractor from completion of its obligations hereunder and from transfer of completed Works as prescribed by the Contract.

5.13. Keep documents related to the execution of the Contract and performance of the Works hereunder for a period of at least 10 (ten) years after the final settlement under the Contract, and enable the Owner any time and free of charge to access such documents, analyze them and receive copies thereof;

5.14. If required for the Works, install and maintain mobile field offices (including utilities) compliant with the Owner's requirements, unless STC set forth otherwise. The layout of field offices as well as connections to power supply must be agreed by the Parties before their installation;

5.15. Remove Work nonconformities/defects identified by the Owner at its own expense and within the time limits specified by the Owner or, where such time limit is not specified by the Owner, within the shortest possible time;

5.16. Take all possible and reasonable measures to protect finished Work Result against any damage until all Works are completed and handed over to the Owner;

5.17. Immediately report to the Owner any damage caused to the Owner or third parties;

5.18. When invited by the Owner, attend meetings organized by the Owner;

5.19. Ensure that working time in the Worksite is organized as prescribed by the laws of the Republic of Lithuania;

5.20. Ensure that the provisions of the Contract are observed by the Contractor's and Subcontractor's employees;

5.21. Immediately notify the Owner in writing of any material changes in Contractor's financial position which may affect the Contract performance as well as of any national or international sanctions imposed on the Contractor or its shareholders, or members of the Board or managers;

5.22. Perform any other obligations set out in the Contract.

## **Article 6. INSURANCE**

6.1. Contractor shall obtain at its own expense the following types of insurance coverages for a period not shorter than the duration of the Contract, including the warranty period specified in the Contract:

6.1.1. Civil liability insurance for a value not less than the Contract price (unless higher amounts are required by law). Contractor must present a copy of insurance policy to the Owner prior to the start of Works;

6.1.2. Mandatory types of insurance prescribed by legal acts of the Republic of Lithuania (e.g. designer's insurance, insurance for construction activities, worker's compensation insurance, motor vehicle insurance, etc.) or other insurance that meets the above requirements for amounts not less than those established in the legal acts.

6.2. If Contractor does not procure insurance indicated in Par. 6.1.1 herein or has no valid insurance as required by the Contract, the Owner may (but is not under obligation to) procure relevant insurance for the Contractor's liability, pay premiums of such insurance and deduct them from the nearest amounts payable to the Contractor.

## **Article 7. DOCUMENTATION**

### **7.1. Documentation submitted by the Owner (OTD):**

7.1.1. The Owner shall submit Technical Documentation (OTD) and other information required for performance of the Works to the Contractor.

7.1.2. All Technical Documentation (OTD), plans, drawings, designs and specifications made available by the Owner to the Contractor is and shall remain the property of the Owner, and cannot be used by the Contractor for purposes other than those set out in the Contract;

7.1.3. If the Owner's Technical Documentation (OTD) does not contain all required technical information/data or has other nonconformities/deficiencies, the Contractor must immediately report this to the Owner and proceed as instructed by the Owner.

### **7.2. Documentation submitted by the Contractor (CTD):**

7.2.1. Prior to the start of Works, the Contractor must submit the documents prescribed by Public Company ORLEN Lietuva Occupational Health and Safety Procedure for Contractors BDS-40, agree the Statement of Preparedness provided in Annex 2 to BDS-40 and submit all other documents indicated in the Contract and prescribed by applicable legal acts.

7.2.2. Where required by the nature of Works, no later than 5 business days before the start of the Works the Contractor must submit and/or agree (sign) the following with the Owner:

7.2.2.1. For Works in operating electrical facilities of the Owner – Statement on the Limits of Responsibility for Occupational Health & Safety.

7.2.2.2. For Works which require to use electrical mechanisms, equipment or tools by the Contractor or Subcontractor – a list of employees authorized to file an application to the Owner's representative for temporary connection of electrical equipment with indicated number of persons, their full names and contact data.

7.2.2.3. For Works that involve welding – a list of welders.

7.2.2.4. All other documents that according to the nature of Works must be submitted by the Contractor under occupational health & safety procedures and other legal documents.

7.2.3. Prior to the start of the Works, the Contractor shall also present the lists of authorized persons of the Contractor and Subcontractor responsible for signing/submitting various documents related to the performance of the Contract. The lists shall be handed over to the Owner's employee administering the Contract.

7.2.4. Prior to the start of Works within the Owner's territory the duration of which would exceed one week and during which over 0.1 m<sup>3</sup> of waste would be generated, the Contractor shall prepare Waste Management Plan and get it approved in accordance with Public Company ORLEN Lietuva Rules on Waste Management [28.11].

7.2.5. No later than within 5 business days after completing the Works or part thereof (equipment installation/repair/reconstruction or other), the Contractor shall submit CTD on the completed Works or part thereof.

7.2.6. The Contractor shall also present other documents requested by the Owner in due time.

## **Article 8. WORK EQUIPMENT AND MATERIALS**

8.1. The Contractor shall at its own expense and risk furnish all Materials, prefabricated items and Work Equipment required for the Works as well as to pay all and any related costs, unless otherwise established in STC.

8.2. The Contractor's Materials and/or prefabricated items as well as equipment and/or tools must be certified (if not otherwise provided in STC), of good quality, fit for use and pre-agreed with the Owner.

8.3. The Contractor shall be responsible for proper unloading, storage, loading, transportation and use of all Materials, prefabricated items, equipment and tools required for the performance of Works, unless otherwise established in STC.

8.4. Delivery of Materials, prefabricated items, Work Equipment, etc. to/from the Owner's territory:

8.4.1. Unless otherwise provided in STC, the Contractor or Subcontractor shall, at its own cost and in accordance with the applicable provisions of the Road Transport Code and Public Company ORLEN Lietuva Pass System Regulations [28.12], arrange for the delivery of or deliver the Materials, prefabricated items and Work Equipment to the Worksite within the Owner's territory and after the completion of Works shall immediately remove the Materials, prefabricated items and Work Equipment, etc. from the Owner's territory.

8.4.2. In such cases the Contractor or Subcontractor must properly complete consignment notes for the delivered Materials as prescribed by the Road Transport Code and submit the consignment note data to the State Tax Inspectorate under the Rules for Submission of Data on Consignment Notes to the State Tax Inspectorate.

8.4.3. If pursuant to Article 29(5) of the Road Transport Code and Chapter V of the Rules for Submission of Data on Consignment Notes to the State Tax Inspectorate the Contractor or Subcontractor executes electronic consignment notes, the Contractor or Subcontractor, in accordance with Article 34 of the Rules for Submission of Data on Consignment Notes to the State Tax Inspectorate, shall transfer information on delivery/receipt of the Materials to/at the Worksite within the Owner's territory. Respective Contractor's or Subcontractor's obligations within the scope of electronic consignment notes issued shall also apply to the Materials, prefabricated items, Work Equipment, etc. shipped from the Owner's territory after the completion of Works.

8.5. The Contractor shall be responsible for the technical condition, safe & reliable operation of equipment and machinery (whether own or otherwise possessed) used by the Contractor and protection against mechanical damage within the Owner's territory.

8.6. The Contractor shall be fully responsible for all equipment and/or or tools and/or machinery (both own and Subcontractor's) connected to the Owner's power network.

## **Article 9. MANPOWER**

9.1. The Contractor shall be responsible for transportation of its employees performing the Works to/from the Worksite, arrangement of accommodation & board, special equipment, medical care etc., if not otherwise established in STC.

9.2. The Contractor shall be fully liable for injuries and damage suffered by the Contractor's and/or Subcontractor's employees through no fault of the Owner. Nothing in this Contract shall be construed as giving rise to an obligation for the Owner to furnish equipment (premises) for first medical aid or related services to the Contractor's or Subcontractor's employees or to ensure availability of such premises (equipment) and services to the Contractor's employees.

9.3. If, in the opinion of the Owner, any employee of the Contractor and/or Subcontractor or any person hired by them is incompetent to perform the Works and any part thereof, is negligent or may otherwise (including intoxication with alcohol or narcotic substances) hinder the Contractor from proper and timely performance hereunder, the Owner may request to remove such person from Works, and the Contractor shall be under obligation to satisfy such request on the same day.

9.4. The Contractor shall ensure that its own and/or Subcontractor's employees or other persons hired by them to perform the Works hereunder are fit to work, otherwise the Owner shall be entitled to ban them from work.

9.5. The Contractor must ensure that before the start of Works all Contractor's or Subcontractor's employees attend required OHS briefing, pass all mandatory tests required according to the type of Works, acquire certificates and fulfill all other requirements associated with the Works.

9.6. If not otherwise established in STC, the Contractor must ensure that the Contractor's or Subcontractor's (if any) name is indicated on safety helmets and work clothes worn by the employees working in the Owner's territory.

## **Article 10. COURSE OF WORKS**

10.1. The Contractor shall start and finish the Works as specified in the Contract (Order, if issued).

10.2. The Owner may at any time verify the quality and progress of the Works as well as use and storage of Materials furnished by the Owner.

10.3. The Contractor must immediately notify the Owner if the Contractor is not able to complete the Works (milestone) by the deadline established in the Contract giving the reasons for delay and offering possible

remedies. In such case the Owner shall decide on further actions, and the Contractor shall proceed as instructed by the Owner.

10.4. The end of the Works hereunder shall be the moment when all Works under all Work Orders issued hereunder are completed, the final Work Handover & Acceptance Statement is signed, required documents (as-built photos, drawings, hidden work statements, certificates and conformity declarations of Materials, equipment operation manuals in the Lithuanian language) are handed over, Owner's Materials non-used in the course of Works are returned to the Owner, the Worksite is fully cleaned and restored, and mobile field offices as well as temporary connections are removed. In any case, Work Handover & Acceptance Statements submitted by the Contractor unilaterally (when Parties are in dispute and do not sign Work Handover & Acceptance Statement mutually) shall not be treated as proper documents proving the end of Works and transfer of their result to the Owner and therefore shall be returned to the Contractor together with invoices presented by it (if any).

10.5. All documents presented by the Contractor in connection with the Works or the Result of Works, including *inter alia* technical (CTD), design documentation, must be complete and suitable for further operation, maintenance, dismantling, installation, commissioning of the Result of Works as well as for all other activities that the Owner becomes entitled to after the acceptance of the Works.

10.6. All documentation associated with the Result of Works, including *inter alia* technical (CTD), design and other documentation, transferred by the Contractor to the Owner together with the Result of Works shall be the property of the Owner. The Contractor shall grant the right to the Owner to manage, use and dispose of this documentation (RTD) without any restrictions to the extent necessary for achieving the objectives set by the Owner, including the unlimited right of the Owner to transfer the documentation (CTD) (and any information contained therein) to third parties without written agreement of the Contractor, except for cases where the Owner in a separate written statement clearly and unequivocally agrees that the use of particular information is limited. Exercise of the right granted to the Owner under this Article shall not constitute the breach of any rights or legitimate interests of the Contractor, including *inter alia* the intellectual rights owned by the Contractor, also the rights associated with the disclosure of information that is trade secret or any other confidential information.

10.7. After completing the Works or respective milestone, the Contractor shall inform the Owner that it may accept the Works or respective part thereof and agree on the exact handover and acceptance date.

10.8. Where in cases established in the Contract the Owner may visually inspect, verify, measure and/or test the completed Works (or part thereof), the Contractor must inform the Owner about completed Works (of part thereof) prior to covering or concealing the Result of Works (or part thereof). In such case, the Owner must within a reasonable period inspect, verify, measure or test the Result of Works or immediately notify the Contractor that it will not perform any of these actions. If the Contractor fails to inform the Owner about completed Works (or part thereof) that could be inspected, verified, measured or tested by the Owner, at the Owner's request the Contractor must, at its own cost, uncover all concealed Works (or part thereof) and when permitted by the Owner restore the Works (or part thereof) to their previous state.

10.9. Whenever needed, the Owner may instruct or permit the Contractor in writing to change the course or sequence of the Works. The Contractor must proceed as instructed by the Owner.

10.10. The Contractor must not follow any verbal or written instructions/permissions to change the scope, course or sequence of the Works when such instructions/permissions are given by the Owner's representatives not authorized under this Contract. The Contractor shall assume all legal consequences and expenses related to the execution of such verbal or written instructions/permissions (especially those amending the terms & conditions of the Contract) given by unauthorized representative of the Owner and the Contractor shall waive any right to demand the Owner to compensate such expenses. The Contractor must also indemnify for all damages incurred by the Owner in relation thereto.

10.11. Upon receipt of written notice of improper execution of Works (failure to comply with OHS procedures [28.10], with quality requirements applicable to Works, improper organization of Works, etc.) from the Owner, the Contractor must immediately take measures to fix the nonconformities.

10.12. When Works cannot be continued by the Contractor for reasons beyond the Contractor's control (except for *Force Majeure*), the Contractor must inform the Owner thereof immediately, no later than within 1 (one) business day. In such case the Owner shall decide on further actions, and the Contractor shall proceed as instructed by the Owner.

## **Article 11. REPRESENTATIONS AND GUARANTEES**

### **11.1. The Parties make the following representations and guarantees to each other:**

11.1.1. The Party has been duly established and operates legally in accordance with the laws of the country of its registered office;

11.1.2. The Party has taken all legal steps necessary for proper conclusion and validity of the present Contract;

11.1.3. By entering into this Contract, the Party has not exceeded the limits of its competence and has not contravened any binding law, rule, regulation, statute, court order, article, covenant or arrangement.

11.1.4. Representatives that signed the Contract are duly authorized by the Parties.

11.1.5. In cases mandatory under the Contract, the Parties have provided to each other all information (documents) necessary to evaluate the other Party's activities, economic and financial standing and that such information is accurate and correct.

11.1.6. The Contract constitutes the Party's valid, legal and binding obligation, enforceable against such Party in accordance with its terms and conditions.

11.1.7. The terms and conditions of the Contract are clear and enforceable.

11.1.8. Neither the entry into this Contract nor performance of obligations by the Owner or Contractor hereunder conflicts or violates: (i) any decision, order, decree or instruction by court, arbitration, state or local authority binding upon the Party; (ii) any other agreement or transaction entered by the respective Party; (iii) any law or regulation applicable to any of the Parties.

**11.2. The Contractor also confirms that it:**

11.2.1. Holds all statutory permits, licenses, certificates, staff, organizational and technical resources required for performance hereunder;

11.2.2. Has included all costs required for the performance of its contractual obligations into the Contract price and assumes all risks of potential increase of its costs related to performance hereunder through no fault of the Owner and/or changes in the complexity of performance hereunder with the exclusion of what is specified in STC;

11.2.3. Has read and evaluated all Contract documents, including its attachments, schedules, specifications and other documents related to the Works, and is familiar with the Work Site, Company territory and all possible Work conditions.

11.2.4. Has been provided by the Owner with all information about possible risks, contingencies and other circumstances which may affect the execution of Works.

**11.3. The Owner confirms that** it shall accept the Works and the Result of Works that have been performed in a duly and timely manner in accordance with the Contract and shall pay for the Works by the due date specified in STC.

11.4. If confirmations, representations and/or statements of any of the Parties referred to herein are found to be false and/or misleading, the Party shall be under obligation to compensate all resulting damages of the other Party.

**11.5. Contractor guarantees that:**

11.5.1. Works will be done in strict compliance with the provisions of the Contract and the applicable European Union and Lithuanian legislation.

11.5.2. All Materials and/or prefabricated items used by the Contractor for the Works will be new (if not otherwise specified in STC or the Scope of Works), of high quality and suitable for use.

11.6. The Works and the Result of Works shall be under warranty period defined in Article 10 of STC. Warranty period shall commence from the date of completion of all Works specified in the Contract and approval of final Work Handover & Acceptance Statement, unless otherwise established in STC.

11.7. During the warranty period, the Contractor shall be under obligation, at its own cost and risk, to fix the defects of Works within the time limits specified by the Owner and indemnify the Owner for damages incurred in relation thereto and compensate its costs associated with the identification of defects.

11.8. Upon receipt of written notice on such defects, the Contractor shall within the period specified by the Owner mobilize to the Worksite all Materials, equipment and staff needed to fix the defects for full compliance of Works with the given warranties without any additional cost for the Owner.

11.9. If the Contractor fails to fix the defects within the period specified by the Owner, the Owner may fix the defects at its own cost and the Contractor shall be under obligation to compensate all such costs of the Owner.

**Article 12. WORK ORDER**

12.1. The Contractor can commence the Works only upon receipt of Order from the Owner.

12.2. The Order is a document binding upon the Parties which can be approved only by the authorized employees of the Parties in the form and manner established in GTC. Non-approved Orders or Orders signed by non-authorized employees of the Owner shall be deemed improper and may not be executed by the Contractor, otherwise the Contractor shall assume all legal consequences and expenses arising from execution of Works under such Orders and shall not be entitled to demand any remuneration for the Works and/or compensation of expenses incurred in relation thereto from the Owner.

12.3. The Owner shall be entitled to unilaterally decide on the form of Order applicable to the Contractor:

12.3.1. Hardcopy (Purchase Order); or

12.3.2. Electronic (Work Orders submitted via eService [28.4.]).

Note: The form of Order shall be specified in STC, otherwise the Contractor shall use such form as received from the Owner. Orders of the same form only (electronic or hardcopy) must be submitted to the Contractor for the respective Works.

12.4. Upon receipt of the Order, the Contractor shall immediately and in any case no later than within 3 (three) business days after receipt (unless a different term is indicated in the Order), approve or reject it as follows:

12.4.1. Hardcopy Orders (Purchase Order) shall be approved by the Contractor against signature no later than within 3 (three) business days or returned unsigned to the Owner (to the address indicated in Article 16 of STC) indicating the reasons for rejection.

12.4.2. Electronic Orders (Work Orders) shall be approved or rejected by the Contractor in eService system indicating the reasons for rejection. If Order was received by the Contractor via the eService but the system becomes inoperable after the receipt, the Contractor shall submit a printed and signed copy of the Order to the Owner.

12.5. Within 3 (three) business days from the conclusion of the Contract, the Owner shall provide the person(s) appointed by the Contractor for receipt of electronic Orders (Work Orders) with free access to the eService system.

12.6. Within 1 (one) business day following the conclusion of Contract, the Contractor may send a written request to the Owner (to the address indicated in Article 16 of STC) to provide e-Service training. The Owner shall provide the Contractor with one-off free training on the use of eService at the agreed time and familiarize with the eService user manual (if needed). The eService user manuals shall be provided to the Contractor during the training. If the Contractor makes no training request within the period established in this Article, it shall be deemed that the Contractor knows how to operate the eService.

12.7. The Contractor must start using the eService system immediately after getting access to it and taking training provided by the Owner (if any required).

12.8. The Parties shall immediately and in any case no later than within 3 (three) business days following the conclusion of the Contract appoint person(s) authorized to process Orders, i.e. the Owner shall appoint person(s) authorized to submit Orders (in the form and manner established in GTC) to the Contractor and the Contractor shall appoint person(s) authorized to accept the Orders submitted by the Owner, and shall inform each other accordingly. If Parties do not present information on the authorized persons within the set period of time, it shall be considered that Orders shall be placed/accepted by the signatories of Contract.

12.9. If payments hereunder are made on unit rate (pricelist) basis, the Contractor must, within 10 (ten) business days after signing the Contract, complete the schedule of such rates in strict compliance with requirements indicated in the schedule [28.14] and submit it to the Owner.

### **Article 13. PRICE AND PAYMENT**

13.1. The price of the Contract shall be indicated in Article 5 of STC. This price shall be paid to the Contractor for properly completed Works and fulfillment of all terms & conditions of the Contract as well as for the Contractor's direct and indirect expenses related to the fulfillment of all obligations associated with the performance of the Works according to the scope defined in the Contract.

13.2. Any increase in the cost of Materials, equipment, wages and other similar expenses shall not have any impact on the price of the Contract. The Contractor assumes the risk of increase in any contingent costs related to the Works. The price of Works may be reduced if Works do not meet established quality requirements, the quality of used Materials is worse than agreed, the Contractor deviates from the scope of Works or violates any other requirements.

13.3. The price of the Contract shall include all taxes, fees, charges and customs duties. The Contractor shall not be compensated for any taxes including property tax on equipment belonging to the Contractor, and the Contractor's corporate income tax, unless otherwise established in STC.

13.4. The Owner shall pay to the Contractor the amount of money specified in the Contract and/or Order after completing the specific Works or milestone, as described in the Scope of Work and/or Order, and after approving by the Parties the Work Handover & Acceptance Statement, within 90 (ninety) calendar days from the date of submission of duly issued VAT invoice to the Owner, if not otherwise established in STC.

13.5. Any penalties specified in the Contract as well as damages resulting from the respective Party's failure shall be settled no later than within 15 (fifteen) business days from the receipt of respective demand.

13.6. Where payment falls on a rest day or official holiday, it must be made on the business day immediately following the rest day or holiday. Payment shall be deemed made after the due amount is debited against the



Owner's bank account. The above payment terms apply to all payments made in connection with the Contract.

13.7. In case of any mutual debts between the Owner and the Contractor, the Parties are entitled to make set-offs. In such case a mutual set-off statement shall be signed by the Parties.

13.8. The Owner shall approve the completion of Works by signing a final or intermediate Work Handover & Acceptance Statement (in the form and manner established in GTC).

13.9. The Contractor shall present all required Technical Documentation (CTD) within 5 business days after the completion of Works. If requested by the Owner separately, Technical Documentation (CTD) specified by the Owner must be presented within shorter term indicated by the Owner. The Contractor may not submit Work Handover & Acceptance Statement for full amount (value) specified in the Order until all required Technical Documentation (CTD) (if such is required by the Scope of Work) is presented to and approved by the Owner, all non-used Materials are returned to the Owner's warehouse, the Actual Data Report is approved by the Owner and the Worksite is cleaned up. In such case, the Work Handover & Acceptance Statement can be issued for 90% of the amount specified in the Order, and the remaining 10% shall be submitted for approval after the Technical Documentation (CTD) (where applicable) is approved by the Owner and/or the Worksite (where applicable) is cleaned up, and/or non-used Materials are returned to the Owner's warehouse (where applicable).

13.10. The information provided in the Work Handover & Acceptance Statement must be based on Orders – it must indicate separate (split) amounts payable for Works, Materials, equipment, other costs, as well as quantities and specifications of consumed Materials.

13.11. A VAT invoice must be prepared on the basis of approved Work Handover & Acceptance Statement and, where needed, Certificate on the Value of Performed Work and transferred to the Owner for payment as soon as possible, however always within 1 (one) business day from the date of approval of the respective Handover & Acceptance Statement. Where the VAT invoice is presented to the Owner before the approval of the Work Handover & Acceptance Statement by the Parties, the term of payment under such VAT invoice shall commence on the date of approval of the Handover & Acceptance Statement.

13.12. The Owner shall approve Handover & Acceptance Statement for properly completed Works and, if needed, the Certificate on the Value of Performed Work as well as related documents as soon as possible, however, no later than within 5 (five) business days from the submission of the above mentioned documents to the Owner, or shall return them to the Contractor providing a reasoned refusal to approve such.

13.13. The Contractor shall present VAT invoices for approval by the Owner in the form satisfactory to the Owner (original copy of each VAT invoice, unless invoices are submitted/approved electronically) enclosed with all supporting documentation to the address specified in Par. 2.1 of STC. Any costs associated with the submission of appropriate VAT invoice shall be for the Contractor's account.

13.14. In addition to the information required by the general VAT invoicing procedure, all invoices must contain the following details:

- a) Owner's name and registered office address;
- b) Owner's company code (166451720) and VAT number (LT 664517219);
- c) Contractor's name and registered office address;
- d) Contractor's bank details;
- e) Contractor's VAT number, company code or any other identification number;
- f) Invoice issue date, series and number;
- g) Contract number;
- h) Order number;
- i) Number of the Work Handover & Statement approved by the Parties;
- j) Owner's project number (if applicable);
- k) General name of Works and description of performed Works;
- l) Work completion date;
- m) Total invoiced amount, exclusive of VAT;
- n) VAT rate and VAT amount in the national currency.
- o) For purchases of services (Works) from companies registered in EU which are exempt from VAT or subject to 0 % VAT rate or where the Owner has the duty to calculate (deduct) and pay VAT, the invoice must include a reference to the respective provisions of the European Council Directive 2006/112/EEC or to any other grounds for exemption from VAT or 0 % VAT rate.

13.15. The Parties agree and do not object that all VAT invoices for the Works performed under this Contract shall be issued in electronic format and sent to the Owner to the email address indicated in Article 6 of STC. Such invoices shall be considered original and hard-copy invoices shall not be sent, unless requested separately in writing. In case of change in the invoice delivery address, the Party whose address has changed must give the other Party at least 5 (five) days' prior written notice. The Parties shall continue

handling invoices in a due manner as prescribed by relevant laws, and ensure the authenticity, integrity and legibility of electronic invoices.

13.16. If the Contractor is not the eService user and Works are carried out under hardcopy Orders (Purchase Orders), the Contractor must submit to the Owner's cost tracking employee a hard-copy Work Handover & Acceptance Statement approved by the Owner's Work Supervisor and, where needed, the Certificate on the Value of Performed Works, as soon as possible, but always before 4 p.m. (Lithuanian time) on the 25th of the current month. In case the 25th is a rest day or public holiday, the Contractor must submit the above-mentioned documents by 12 p.m. (noon) (Lithuanian time) of the following business day at the latest.

13.17. If the Contractor is an eService user and the Works are performed under electronic Orders (Work Orders), at the end of each month (before the 25th of the month) the Contractor must, based on the actual information (M2 Form) entered by the Contractor and approved by the Owner, generate Work Handover & Acceptance Statement in the eService system and forward it to the Owner for approval. In case the eService is out of operation, the Contractor must issue a hard-copy Work Handover & Acceptance Statement and present it for the Owner's signature.

13.18. If the Contractor's fails to submit the Work Handover & Acceptance Statement and Certificate on the Value of Performed Works (where needed) in accordance with Par. 13.15 and 13.16 hereof, the Owner shall be entitled to extend the payment term agreed by the Parties and established in Article 6 ('Settlement Terms & Procedure') of STC as follows:

13.18.1. In case of delay of up to 24 (twenty four) hours, the payment deadline will be extended for 5 (five) business days;

13.18.2. In case of delay of up to 48 (forty eight) hours, the payment deadline will be extended for 10 (ten) business days;

13.18.3. In case of delay of more than 48 (forty eight) hours – the payment deadline will be extended for 15 (fifteen) business days.

13.19. The Contractor must complete a Work Handover & Acceptance Statement and Certificate of the Value of Performed Work if such is requested by the Owner.

13.20. If under hardcopy Orders (Purchase Orders) Contractor performs Works subject to hourly and/or unit rates, the Handover & Acceptance Statement must be based on Daily Cost Reports (for labor, materials and machinery) and/or Unit Rate Reports approved by the Owner specifying the hours worked by the Contractor and all other costs to be included into VAT invoice.

13.21. If the Contractor carries out Works under electronic Orders (Work Orders), the Contractor must enter daily the following data into the eService system and present such in M2 Form for the Owner's approval:

13.21.1. Hours worked by employees, when Works are performed on hourly rate basis;

13.21.2. Works under unit rates;

13.21.3. Materials supplied by the Contractor (if any) by providing a copy of waybill approved by the Owner (a copy of waybill must be attached to the Work Handover & Acceptance Statement);

13.21.4. Equipment furnished by the Contractor (if any).

13.22. If eService is out of operation or the Contractor carries out Works under hardcopy Orders (Purchase Orders), the Contractor must present to the Owner the following hardcopy reports approved in writing, if not otherwise required by STC:

13.22.1. Daily Cost Report (Attachment 28.7);

13.22.2. Unit Rate Report (Attachment 28.8);

13.22.3. Contractor Material Consumption Sheet (RAN5 Form) (Attachment 28.9), if Materials are supplied by the Contractor, with enclosed copy of consignment note approved by the Owner.

Note: Sample forms of the above documents are available on the Owner's website at:

<http://www.ordenlietuva.lt/EN/ForBusiness/DocumentsForContractors/Pages/default.aspx>

13.23. Payments due hereunder shall be transferred to bank accounts indicated in Article 2 of STC or VAT invoice.

13.24. In case the quality of performed Works is inappropriate or Work defects occur due to some other reasons, the Owner shall be entitled to suspend payments until the Contractor improves the quality and fixes all defects.

13.25. The Parties agree that the total amount under all Orders can not exceed the total value of Contract (if any fixed) defined in STC.

13.26. When making payments under the Contract each Party shall cover its own banking charges.

13.27. The Parties hereby agree that VAT invoices for the settlements as per Article 5 of STC shall be issued following the provisions of Article 96(1) of the Law on Value Added Tax of the Republic of Lithuania, if applicable.

13.28. If the quality of performed Works is inappropriate or Work defects occur due to some other reasons, or Technical Documentation (CTD) is not submitted, or Works fall behind the schedule, the Owner shall be

entitled to suspend payments until the Contractor: (i) improves the quality of Works and fixes all defects; and/or (ii) submits the Technical Documentation (CTD) to the Owner and/or; (iii) performs delayed Works. Such non-payment to the Contractor for the completed works shall not be regarded as constituting a breach of the contractual obligation and therefore the Contractor shall continue the Works unless the Parties agree otherwise in writing. The Parties agree that the Contractor shall eliminate all defects and/or submit Technical Documentation (CTD), and/or perform the delayed Works within a reasonable period of time agreed by the Parties.

13.29. The Contractor shall acquire the right to receive payments suspended by the Owner only after: (i) the Parties sign a statement of elimination of defects of Works; and/or (ii) the Contractor submits the relevant Technical Documentation (CTD). When payments are suspended on the grounds of delay in performing the Works, the Contractor shall be entitled to receive payments only upon completion of the Works, with the default interest deducted from such payments.

13.30. In case of failure by the Contractor to improve the quality of Works and/or eliminate all defects, and/or submit Technical Documentation (CTD), and/or complete Works within the established time limits, the Owner shall be entitled to use the suspended payments at its own discretion, i.e. correct/eliminate the defects and/or get/prepare Technical Documentation (CTD), and/or perform the delayed Works by itself or have it done by another contractor. If the amount of suspended payments is not sufficient to cover damages incurred by the Owner, the Owner shall be entitled to demand the Contractor to reimburse all reasonable losses, damages and additional costs of the Owner that are in excess of suspended payments.

#### **Article 14. OCCUPATIONAL HEALTH AND SAFETY REQUIREMENTS**

14.1. The Contractor undertakes to familiarize itself and comply with the applicable requirements set out in the Occupational Health and Safety Procedure for Contractors BDS-40 and in other occupational health and safety procedures of the Owner (to the extent not superseded by GTC and/or STC). The Owner's procedures applicable to the Contractor are available at:

<http://www.orlenlietuva.lt/EN/ForBusiness/DocumentsForContractors/Pages/Occupational-Safety-and-Health-Documents.aspx>

#### **Article 15. CONFIDENTIALITY**

15.1. The Owner will provide the Contractor with any information (either verbal, written or expressed in any other form if made available visually or by means of technical devices) which is necessary for proper performance of obligations hereunder (hereinafter referred to as Information). The Information includes any written and/or verbal information that is related, whether directly or indirectly, to the Owner, other ORLEN Group companies or their contractual Parties and which is submitted by the Owner directly or indirectly to the Contractor or received by the Contractor in any other way in connection with the Contract. Such Information shall be intended for and may be used solely in the interests of the Owner. The Contractor acknowledges that Information made available to it under the Contract is confidential, unless expressly provided otherwise in the Contract.

15.2. Nondisclosure obligations shall not apply to the Contractor provided that:

15.2.1. Such Information is or was in the public domain other than through unauthorized disclosure or breach of this Contract;

15.2.2. Information was obtained from a third party without any breach of nondisclosure commitments;

15.2.3. The Owner has informed the Contractor in writing that the particular information is not deemed confidential. In case of any doubts as to whether the particular information is confidential or not, the Contractor shall consider and treat such information as confidential until the Owner notifies otherwise.

15.3. To the extent concerning any Information disclosed hereunder, the Contractor, including all its employees, shall:

15.3.1. Keep (store and use) the Information undertaking such safety measures that are reasonably appropriate and sufficient to ensure confidentiality, including compliant with this Contract and the provisions of law, also prevent any unauthorized use, transfer, disclosure or access to such Information. The Contractor shall not copy or fix and store any Information in its systems if such is not reasonably required for performance hereunder. The Contractor must immediately notify the Owner of any violation of information security regulations or unauthorized disclosure or use of the Information;

15.3.2. Disclose Information or part thereof only to the Contractor's staff and other persons including, in particular, auditors, consultants and subcontractors, directly related to the purpose for which Information was disclosed to the Contractor and shall impose on the above mentioned persons an obligation to protect Information and keep its confidentiality under at least the same terms and conditions as stipulated herein throughout the term of the Contract as well as for the period of protection after termination, expiry or

cancellation of the Contract or impairment of its legal effects. The Contractor shall be liable for any acts or omissions of persons who have been provided with access to the Information, including financial liability.

15.4. The Owner may at any time restrict access to the Information by the Contractor. Information remains the property of the Owner and whenever requested by the Owner the Contractor must return all Information held by it on any material media, including electronic information storage media, to the Owner, or destroy all information if so instructed by the Owner.

15.5. In case of loss or disclosure of Information by the Contractor in the manner other than established in this Contract, the Contractor shall immediately notify the Owner thereof and make all reasonable efforts to regain the lost or unlawfully, unreasonably disclosed Information.

15.6. After the expiry of Contract, the Contractor shall, to the maximum practicable extent, return to the Owner or destroy all Information held by it, including all documents, articles, drawings, descriptions, diagrams or any other material expressed and stored in any other form, as well as copies of the same, unless provided for otherwise herein.

15.7. The Contractor undertakes to maintain the confidentiality of Information throughout the term of the Contract as well as for 10 (ten) years after its termination, expiry or cancellation or impairment of its legal effects or completion of services, unless the Parties hereto agree in writing otherwise.

15.8. Where for the purpose of due performance of the Contract it is necessary to disclose a commercial (production) secret or any other highly confidential information of the Owner or confidential information of any other ORLEN Group company, a separate nondisclosure agreement may be concluded between the Parties.

#### **Article 16. VALIDITY, AMENDMENT AND TERMINATION OF THE CONTRACT**

16.1. Once signed by the Parties, the Contract shall be deemed concluded and binding upon the Parties. After signing the Contract, all previous agreements and communications between the Parties with regard to the Contract shall become null and void.

16.2. All Contract modifications shall be effective only if made in writing and signed by both Parties.

16.3. Once concluded, the Contract shall remain effective until full discharge of obligations hereunder by the Parties or for the period agreed by the Parties, i.e. as agreed in STC.

16.4. Once signed and exchanged by the Parties by electronic communication means, the Contract, its amendments and modifications as well as Contract execution documents shall be deemed valid and can be used as evidence in any legal proceedings, if not otherwise stipulated in STC. When signed documents are transmitted by electronic communication means, the sending Party is responsible for the appropriateness and security of the text and signature. In case of dispute, it shall be deemed that any document associated with the Contract sent by electronic communication means during business hours (8:00 a.m. – 5 p.m.) is received on the same day it was sent. Respectively, any document associated with the Contract sent by electronic communication means after 5:00 p.m. or on a non-business day shall be deemed received on next day after it was sent.

16.5. The obligations of the Parties by their nature surviving the expiry of Contract (such as concerning liability, payments, etc.) shall continue in full force and effect until full discharge thereof.

16.6. If, for whatever reason, any part of the Contract is found invalid, the remaining provisions of the Contract shall remain valid and binding upon the Parties. In this case, the Parties undertake to continue their performance under the Contract in good faith and serving its purpose.

16.7. The Parties may terminate the Contract before its expiry by mutual agreement.

16.8. The Owner may unilaterally terminate the Contract (Order) without indicating the reason by giving a 30 (thirty) calendar days' written notice to the Contractor, unless a different notice period is fixed in STC.

16.9. The Contractor understands that the Owner has the right to unilaterally terminate the Contract (Order) even though the performance by the Contractor thereunder is already in progress. In this case the Owner shall pay to the Contractor part of the agreed price in proportion to the actually performed Works (after deducting all payable and/or previously paid amounts, fines and damages) as well as reimburse all reasonable costs incurred by the Contractor prior to receipt of Contract (Order) termination notice from the Owner. The Contractor's costs must be justified by proper Work performance documents agreed with the Owner. Such documents must be submitted within 3 (three) business days from the day of delivery of Contract (Order) termination notice. The termination of the Contract (Order) shall be without prejudice to the Owner's right to claim (get) compensation of losses, damages and penalties arising from the Contractor's failure to perform or improper performance of the Contract (Order) as well as to deduct such amounts from the sums payable to the Contractor.

16.10. The Owner shall be entitled to unilaterally terminate the Contract (Order) and demand from the Contractor the payment of damages by giving 5 (five) business days' written notice to the Contractor (unless a different notice period is set in the Contract (Order) or specified by the Owner) if breach is not fixed within the notice period, in the following cases:

- 16.10.1. Insolvency or liquidation proceedings are initiated against the Contractor, the Contractor suspends its business, etc.;
- 16.10.2. The Contractor fails to keep to the Contract (Order) schedule, is late to complete the Works;
- 16.10.3. Information, confirmations and guarantees provided by the Contractor to the Owner before and after conclusion of the Contract as well as representations and statements provided in the Contract are found to be materially inaccurate and/or misleading;
- 16.10.4. In any other cases, whether or not defined in the Contract, that by their nature are deemed a material breach of the Contract on the grounds established in the Civil Code of the Republic of Lithuania;
- 16.10.5. Existence of any other circumstances that may have a materially adverse impact on the Contractor's ability to properly fulfill its contractual obligations;
- 16.10.6. Despite the Owner's requests the Contractor fails to start the Works or the progress of Works performed by it is too slow to complete by them by the set date;
- 16.10.7. Before the start of Works the Contractor fails to submit all authorizations, licenses, permits, etc. required by the Contract and/or legislation.
- 16.11. The Parties may unilaterally terminate the Contract by giving written notice to the other Party if that other Party faces insolvency, liquidation proceedings or suspends its business and this may have adverse effect on the performance of the Contract.
- 16.12. If the Contract (Order) is terminated on grounds indicated in Par. 16.10.6 hereof, the Owner may at its own discretion assign the outstanding scope of the Contract (Order) to another contractor outsourced by the Owner and the Contractor shall reimburse all costs of the Owner associated with such outsourcing. In this case the Owner shall pay the Contractor the portion of the price of Works calculated deducting all the Owner's costs (price of remaining Works) incurred from outsourcing of another contractor from the price proportionate to the actually performed works by the Contractor. If the Owner's costs (price of remaining Works) associated with outsourcing of another contractor exceed the portion of the price to be paid for the Works completed by the Contractor, the Owner shall not pay that portion of price for the Works completed by the Contractor and the Contractor shall compensate the difference calculated by subtracting the portion of the price due for the Works completed by the Contractor from the Owner's costs (price of remaining Works) incurred as a result of outsourcing another contractor.
- 16.13. In case of Contract termination, the Contractor must no later than the last effective day of the Contract:
- 16.13.1. Terminate execution of works (if started);
- 16.13.2. Allow the Owner or its representative to take over all tangible assets/property belonging to the Owner (if any);
- 16.13.3. Remove its own Work Equipment and Materials, clean up the site, unless agreed otherwise;
- 16.13.4. Return permits and electronic ID badges issued to it.

## **Article 17. LIABILITY OF THE PARTIES**

- 17.1. The Parties undertake to fulfill their contractual obligations in a due manner and refrain from any actions which may cause damage to the other Party or hinder the other Party's performance hereunder.
- 17.2. In case of failure by the Contractor to complete the Works by the deadline established in the Contract (Order), the Contractor shall pay a penalty to the Owner at the rate of 0.05 % of the value of delayed Works indicated in the Contract for each day of delay, however not less than 100 (one hundred) euros per each day of delay. Payment of such penalty shall not release the Contractor from its obligation to compensate Owner's losses exceeding the amount of penalty.
- 17.3. In case of delay by the Owner to pay to the Contractor for the properly completed Works according to Contractor's VAT invoice issued on the basis of the Work Handover & Acceptance Statement approved by the Parties, the Owner shall pay the Contractor a penalty at the rate of 0.05 % of the delayed amount for each day of delay.
- 17.4. In case of terminating the Contract or the specific Order through the fault of the Contractor, the Contractor shall pay the Owner a penalty of 10 % of the Contract value specified in Article 5 of STC or, respectively, a penalty of 10 % of the price indicated in the Order and indemnify the Owner for its damages arising from such termination.
- 17.5. The Contractor must submit to the Owner the reports referred to in Article 11 of STC, and obtain insurance referred to in Par. 6.1 of GTC, if applicable, in due time. In case of failure to present aforementioned reports or failure to obtain insurance referred to in Par. 6.1 of GTC, if applicable, in due time the Owner shall be entitled to claim for one-off fine from the Contractor. If the Contract amount does not exceed 3'000 (three thousand) euros, the fine payable by the Contractor shall amount to 150 (one hundred fifty) euros; if the Contract amount exceeds 3'000 (three thousand) euros but is less than 150'000 (one hundred fifty thousand) euros, the fine shall amount to 300 (three hundred) euros; if the Contract amount

exceeds 150'000 (one hundred fifty thousand) euros but is less than 300'000 (three hundred thousand) euros, the fine shall amount to 600 (six hundred) euros; if the Contract amount is above 300'000 (three hundred thousand) euros, the fine shall amount to 1'500 (one thousand five hundred) euros.

17.6. If the Contractor fails to submit documentation, including *AS-BUILT* pictures, drawings, technical documentation (CTD), etc. in line with deadlines fixed in the Contract, the Contractor shall pay a penalty in the amount of 100 (one hundred) euros for each day of delay to provide documentation referred to herein.

17.7. If the Owner or any other regulatory authority determines that during performance of Works the Contractor or its subcontractor does not hold an effective SEI/NERC certificate authorizing to perform such works, the Contractor shall pay the Owner a one-off fine in the amount of 5000 (five thousand) euros for each case of such violation.

17.8. If the Contractor fails to return Materials provided to it by the Owner but non-used by it for Works or returns them damaged, the Contractor shall pay for such Materials against invoice submitted by the Owner.

17.9. If control plan agreed with the Owner provides for optional (partial) and/or full (100 %) non-destructive testing (NDT) of welded connections and during the first stage of control the Owner finds any welded connections unacceptable under the standard LST EN 13480-5, in such case Par. 8.1.3 of LST EN 13480-5:2012 'Metallic Industrial piping - Part 5: Inspection and Testing' shall be applied and repeated NDT shall be performed. All costs associated with nondestructive testing of such welded connections shall be paid by the Owner.

The actual costs of additional control (for additional welded connections when other two additional welds are inspected and/or 100 % control done after checking two additional welds and getting a negative result) under Par. 8.1.3 of LST EN 13480-5:2012 incurred by the Owner shall be paid by the Contractor.

17.10. Where assembly (flanged connections, welds, internal equipment, etc.) welded/installed by the Contractor is of inferior quality, the Contractor shall pay the Owner a fine of 500 (five hundred) euros for each case and when demanded by the Owner reimburse all resulting losses of the Owner.

17.11. Once demanded by the Owner, the Contractor shall be under obligation to pay the Owner a penalty of 300 (three hundred) euros for each case of violation of environmental, waste management and hygiene regulations as well as for gambling by the Contractor's or Subcontractor's employees.

17.12. Once demanded by the Owner, according to possible consequences of violation the Contractor shall pay respective penalty for each violation of occupational health and safety (OHS) requirements by the Contractor's or Subcontractor's employee:

17.12.1. OHS violation by an employee involving a low risk of injury or any other health damage to the violating employee and zero risk of injury or health damage to other employees (for example, failure to wear safety glasses, work clothes etc. by the employee while staying in the unit) – a penalty of 30 (thirty) euros. For this violation, depending on its circumstances (first time, etc.), the Owner may at its own discretion give only warning without penalty;

17.12.2. OHS violation by an employee involving the risk of injury to the violating employee and to other employees (e.g. failure to wear required fall protection devices (harnesses) while performing altitude Works; failure to wear personal respiratory protective equipment during unsealing Works; entering areas enclosed with a red warning barrier tape; failure to prevent sparks from dropping down while welding in the altitude) – a penalty in the amount of 150 (one hundred fifty) euros;

17.12.3. OSH violation involving a low risk of injury or other health damage to an employee (e.g. absence of fire extinguisher at the site of hot works; use of non-verified and/or faulty power tools, cables and other electrical equipment, etc.) – a penalty of 90 (ninety) euros;

17.12.4. OSH violation involving a high risk of injury or any other health damage to an employee (for example, performing works without appropriate work permit; performing lifting works, works at height, works in confined spaces in unsafe manner; use of equipment or other work tools not fit for potentially explosive environment; unauthorized connection of power equipment to the Company's power network; violation of procedures applicable to vehicle fueling in process units, etc.); start of Works without Statement of Preparedness prescribed by OHS Procedure for Contractors BDS-40 – a penalty of 300 (three hundred) euros.

17.13. Should in the Owner's territory the Contractor's or Subcontractor's employees be found intoxicated or smoking in places not intended for this purpose, or misappropriating the Owner's or any other persons' property located in the Owner's territory, the employees at fault shall be ordered to leave the territory, banned from entry and deprived of any passes and ID badges. Upon request by the Owner, the Contractor shall pay the Owner a penalty of 1'500 (one thousand five hundred) euros for each case of such violation. Furthermore, the Contractor shall indemnify the Owner for all and any damage caused to the Owner by such actions.

17.14. If Contractor's or Subcontractor's employee enters the Owner's protected territory or facilities using another person's pass and/or electronic ID badge, the Contractor upon request by the Owner shall pay a penalty of 600 (six hundred) euros for each case of violation.

17.15. Upon request by the Owner, the Contractor shall pay a penalty of 600 (six hundred) euros for each violation of Public Company ORLEN Pass System Regulations.

17.16. In case of failure to perform or improper performance of obligations set forth in articles 'Confidentiality', 'Personal Data Protection', 'Requirements for Inside Information' hereof by the Contractor, the Owner shall be entitled for unilateral termination of the Contract against written notice to the Contractor provided as prescribed by the Contract. Upon request by the Owner, the Contractor shall pay a penalty equal to 10 % of the Contract value per each case of violation, however not more than 3'000 (three thousand) euros and not less than 300 (three hundred ) euros and compensate reasonable losses of the Owner to the extent not covered by the penalty paid.

17.17. Upon request by the Owner, the Contractor shall pay the Owner a penalty of 30 (thirty) euros for each violation indicated in Par. 9.6 of GTC.

17.18. The Owner shall have the right to unilaterally deduct all and any amounts of penalties (default interest, fines) payable by the Contractor from the sums due to the Contractor by giving notice to the Contractor of any deductions made.

17.19. Payment of penalties hereunder shall not release the Contractor from fulfillment of respective obligations under the Contract.

17.20. In case the Owner incurs damages as a result of breach hereof and/or inadequate performance hereunder by the Contractor and the damage exceeds the amount of contractual penalties, the Owner shall be entitled to claim damages and, accordingly, the Contractor shall be under the obligation to compensate for losses, damages, additional expenses (including payables to third parties, penalties imposed by state authorities, etc.).

#### **Article 18. FORCE MAJEURE**

18.1. Neither of the Parties shall be liable for failure to perform hereunder where a material and negative effect resulting in such failure comes from *Force Majeure* events, as defined in Par. 18.2 – 18.3 hereof.

18.2. *Force Majeure* referred to in Par. 18.1 hereof means any event or occurrence (or combination thereof) that substantially restricts or prevents the performance of the Contract by the Party and which could not have been foreseen and controlled by the Party. The causes of *Force Majeure* events include, without limitation:

18.2.1. War (either declared or not), civil war, riots and revolts, acts of piracy and sabotage;

18.2.2. Natural disasters such as violent storms, cyclones, earthquakes, tidal waves, floods, destruction by lightning;

18.2.3. Boycotts, strikes and lock-outs of all kinds, slowdowns resulting from strikes, occupation of factories, premises, machines or any kind of installations of such factories and/or associated infrastructure or logistic facilities, as well boycotts, strikes and lock-outs of all kinds, go-slows resulting from strikes, occupation of railway infrastructure, and work stoppages which occur in the enterprise of the Party seeking relief, provided that if the settlement of a labour strike or lockout or any other kind of labour dispute is not within the reasonable control of the Party affected by it, such Party will not be obliged to settle a strike, lockout, or other labour dispute on terms contrary to its interests;

18.2.4. Any actions or omissions by Lithuanian and foreign authorities such as state, public administration authorities or other national or international bodies, in particular that of EU and UNO, in the form of bans or any other economic measures which did not exist at the time of conclusion of the Contract or their inability to act properly, unlawful seizure of the Party's property or any other restriction, either lawful or unlawful, of its rights to manage, use or dispose of its property initiated by national or local authorities or third persons.

18.3. Lack of goods, human resources, etc. in the market required for the execution of the Contract or lack of required financial resources by the Party is not deemed *Force Majeure*.

18.4. The Party which is unable to fulfill its obligations due to *Force Majeure* event must:

18.4.1. Notify the other Party of the event as soon as possible but in any case no later than 7 (seven) business days from the inception of the *Force Majeure* event;

18.4.2. Provide appropriate evidence of the occurrence of *Force Majeure* (e.g. certificate issued by the Chamber of Commerce and Industry of the respective country, etc.). Notify the other Party immediately if *Force Majeure* ceases to exist.

18.5. If the affected Party fails to follow the provisions given in Par. 18.4 above, such Party will not be entitled to refer to *Force Majeure*.

18.6. The Parties will use their reasonable efforts to mitigate in good faith the effects of *Force Majeure* event and cooperate in developing and implementing a plan of remedial actions and reasonable alternative measures to remove the *Force Majeure* effects.

18.7. Fulfillment of obligations hereunder shall be suspended for the duration of *Force Majeure*. If *Force Majeure* persists for more than 1 (one) month, either Party shall be entitled to terminate the Agreement by giving written notice to the other Party.

#### **Article 19. INTELLECTUAL PROPERTY**

19.1. The Contractor shall transfer to the Owner the Work together with all intellectual property rights associated with the Result of Works, except for non-property rights, if not otherwise established in STC. Such rights shall be transferred to the Owner without any formal procedures.

19.2. The Contractor represents and guarantees that there are no valid and binding patents or other industrial property rights as well as copyrights or any other related rights, or know-how rights of third parties that can be breached as a result of management, use or disposal of the Result of Works by the Owner.

19.3. The Contractor furthermore confirms that if any of the above third party rights related to the Result of Works occur or become known, the Contractor shall at its own expense take all required measures (including acquisition of required approvals, permits, etc.) to enable the Owner, from the moment of transfer of the Works, to dispose of and use the Result of Works subject to intellectual property rights for its business or any related purpose without any restrictions, time limitations and free of charge.

19.4. For the avoidance of doubts, it is hereby clearly stated that the Owner has the right to modify the technical documentation related to the Result of Works as deemed necessary by the Owner, use it in the way appropriate for this type of documentation with account of the purpose for which it has been developed, including *inter alia* the right to make an unlimited number of its copies and store them by any method selected by the Owner, also disseminate, to the necessary extent, all documentation or any part thereof to other parties.

19.5. This right also includes the right by the Owner to make, use or license any possible derivative documents related to technical documentation (CTD) which may be developed by the Owner for the design, construction, operation, maintenance and modification of the Result of Works.

19.6. The Contractor undertakes to hold the Owner harmless from and against any demands or claims (including those of third persons) concerning violation of rights referred to above in this Article and indemnify the Owner against any costs (including penalties, charges, attorney's fees) and payments provided that the Contractor is notified of such demands or claims by the Owner. The Contractor undertakes to examine the circumstances surrounding such demands and requests and defend the interests of the Owner accordingly.

19.7. Should the Owner be involved in any legal disputes, the Contractor shall indemnify the Owner for any losses and /or damage (including litigation costs) in relation to any demands arising from the violation of intellectual property rights or alleged violation thereof (including defense in case of alleged violation), except for the cases where such violation (alleged violation) arises from the Owner's fault.

#### **Article 20. PERSONAL DATA PROTECTION**

20.1. The Parties hereby represent to each other that in performance of the Contract and the obligations assumed hereunder they are in strict compliance with all requirement of the applicable legislation of the European Union and the Republic of Lithuania regulating personal data protection.

20.2. In case of need to transfer or process any personal data for performance hereunder, the Parties shall conclude a separate agreement on personal data processing or joint control or shall set forth respective provisions in STC.

20.3. Business contacts, contacts of contractors, full names, email addresses and phone numbers exchanged between the Parties for performance of the contract shall be processed by each of the Parties exclusively for the purposes of the contract execution/administration following the requirements established in General Data Protection Regulation (EU) 2016/679.

#### **Article 21. REQUIREMENTS FOR INSIDE INFORMATION**

21.1. The Parties understand that the Owner is an entity related to PKN ORLEN S.A., which is subject to the confidentiality requirements applicable to the capital market governed by Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation or MAR) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

21.2. The Parties are aware of MAR text which is available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02014R0596-20160703&from=EN>

Therefore, the Contractor shall comply with the procedures of the Owner and of PKN ORLEN S.A. on the inside information protection, as described in MAR, when it becomes aware of any inside information during performance hereunder.



In case of any doubts as to the lawfulness of use or disclosure of information, the Contractor shall address the Owner in advance by notifying of the intention to use or disclose the information in any manner, and obtain the latter's consent both for the use or disclosure of the information as well as the contents of the inside information intended for use or disclosure, i.e. the Contractor shall deliver, together with its request, the draft of public notice which would contain such information.

## **Article 22. ANTI-CORRUPTION**

22.1. Each and every Party, including their affiliates and representative offices, confirms that in performance of the present Contract it shall exercise due diligence and comply with all legal provisions of the European Union and the Republic of Lithuania binding upon the Parties within the scope of preventing corruption.

22.2. Furthermore, each and every Party confirms that in performance of the present Contract it shall comply with all requirements of legal acts and internal regulations binding on the Parties with regard to standards of ethical conduct and prevention of corruption within the scope of settlement under transactions, costs and expenses, conflict of interest, granting and accepting gifts, and reporting such. The list of internal legal acts and regulations of the Company is available at:

<http://www.orientlietuva.lt/LT/OurOffer/Forcontractors/Puslapiai/default.aspx>.

**The list of internal legal acts and regulations of the Contractor is available at: (enter as required)**

22.3. The Parties ensure that in conclusion and performance of the present Contract none of them or their owners, shareholders, stockholders, members of the management board, directors and other staff members, subcontractors or other persons acting on their behalf have/has not made, proposed, promised, authorized to make and shall not make, propose, promise, or authorize to make any payment or another transfer constituting a financial or any other benefit directly or indirectly to any of the following:

(i) any shareholder, member of the management board, director or other staff member or agent of a given Party or of any business entity controlled by or affiliated with the Parties;

(ii) any state official understood as a natural person performing a public function within the meaning given to this term in the legal system of a country in which the present Contract is performed or in which the registered offices of the Parties or any business entity controlled by or affiliated with the Parties are located;

(iii) any political party, member of a political party, committee member, or candidate for a post in a state office;

(iv) any agent or intermediary in exchange for payment to anyone of the aforementioned; and

(v) any other person or entity – in order to obtain their decision, influence or actions which may result in any privilege inconsistent with law or for any other improper purpose, if such action breaches or has breached the legislative provisions of the European Union and the Republic of Lithuania within the scope of prevention of corruption.

Payments for works, services or goods under the Contract shall not be treated as financial or any other remuneration or benefit directly or indirectly made to the entities listed above.

22.4. The Parties shall immediately inform each other about the cases of breaching provisions of this Paragraph as well as in case of any suspicion that the actions of either of the Party's representatives in relation to this Contract may be corrupt, and shall cooperate accordingly. If the Party does not cooperate (does not provide information, answers to questions, etc.), the other Party shall be entitled to terminate the Contract, and claim the penalty of EUR 5'000.

22.5. In order to duly fulfill the obligation referred to above, each and every Party confirms that during performance of the present Contract it shall provide each and every person acting in good faith with a possibility of reporting irregularities on an anonymous basis via: (i) e-mail via the Partner's Anonymous Irregularities Reporting System, to e-mail address: **anonim@orientlietuva.lt**, and (ii) **to the e-mail address of the Contractor: (enter as required)**. The Parties undertake to ensure the anonymity of persons reporting irregularities with the exclusion of cases prescribed by applicable legislation.

22.6. In case of suspicions of corrupt activities made in connection with the present Contract by any representatives of the Parties, PKN ORLEN S.A. reserves the right to conduct an anti-corruption audit of the Supplier/Contractor to verify whether the Supplier/Contractor complies with the provisions of this Clause, including in particular to clarify all issues pertaining to a corrupt activity/activities.

## **Article 23. IMPLEMENTATION OF INTERNATIONAL RESTRICTIVE MEASURES AND SANCTIONS**

The Parties hereby represent that the Contract will be performed without prejudice to the regulations of the United Nations, United States, European Union and the Republic of Lithuania governing the implementation of international restrictive measures and sanctions. Failure to comply with this provision is deemed the material breach of the Contract.

## **Article 24. GOVERNING LAW AND DISPUTE SETTLEMENT**

24.1. Any rights and obligations of the Parties not mentioned herein as well as any other mutual relations arising out of this Contract shall be governed by the law of the Republic of Lithuania, if not otherwise established in STC. The Parties agree that United Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980) shall not be applied.

24.2. All disagreements and disputes arising out of or related to the Contract shall be settled by mutual negotiation and in case of failure to reach an agreement within a period of 30 (thirty) calendar days the disputes and disagreements shall be referred to:

24.2.1. District Court of Vilnius City (or Vilnius Regional Court when pursuant to legal acts Regional Court is the court of first instance) as prescribed by the law of the Republic of Lithuania, when Contractor is an entity of the Republic of Lithuania and amount in dispute does not exceed 200'000 (two hundred thousand) euros;

24.2.2. Vilnius Court of Commercial Arbitration as prescribed by its rules when: (i) Contractor is an entity of the Republic of Lithuania and amount in dispute exceeds 200'000 (two hundred thousand) euros; or (ii) Contractor is a foreign entity. The number of arbitrators shall be 3 (three). The venue of arbitration proceedings shall be Vilnius, the Republic of Lithuania. Substantive law of the Republic of Lithuania shall apply to the dispute. The language of arbitration proceedings shall be Lithuanian with translation into English, if necessary. All procedural documents shall be sent to the email addresses of the Parties indicated in STC;

24.2.3. For the purpose of this Article, entity of the Republic of Lithuania shall be an entity/person with its office or place of residence registered in the Republic of Lithuania.

#### **Article 25. EXTERNAL COMMUNICATION**

25.1. The Contractor may not use the name, trademarks, logo of Public Company ORLEN Lietuva in its website, lists of business partners, brochures, advertisements or in any other marketing or advertising materials without prior written consent of the Owner. If the Contractor wants to use the Owner's information referred to herein, the Contractor together with request for permission must present draft material where such information would be used.

25.2. Without separate written consent of the Owner, the Contractor is also not entitled to communicate and disclose any information related to the execution of the Contract to mass media (press, radio, television, internet media). If the Contractor wants to communicate and disclose information referred to herein, the Contractor together with request for permission must present draft public release where such information would be used.

#### **Article 26. NOTICES**

26.1. All notices between the Parties in relation to this Contract must be executed in writing and considered duly delivered if sent by registered post, fax or e-mail (with acknowledgment of receipt) or delivered to the address of the Parties specified in the Contract or to any other addresses communicated between the Party in writing, or by any other means of delivery allowing to track the sent and received notices.

26.2. Written notice sent by post shall be deemed received after 5 (five) business days from the day of its sending (unless it is received sooner).

26.3. If written notice is handed over to the other Party against signature, such notice shall be deemed received on the day of handing.

26.4. Written notices sent by fax or email by 5:00 PM shall be deemed received on the day they were sent. Accordingly, written notices sent after 5:00 PM or on a non-business day shall be deemed received on the next business day.

26.5. The Parties to the Contract undertake to inform each other within 5 (five) business days about any changes in their legal addresses, contacts and bank details provided in the Contract or any other significant data that may affect the performance of the Contract.

26.6. In case of restructuring or bankruptcy (liquidation) of any of the Parties, the Party undertakes to give written notice to the other Party within 5 (five) days after the occurrence or discovery of such fact, and to agree on further performance of their obligations under the Contract.

26.7. The Parties undertake to immediately inform each other about any actions in rem that may affect their performance under the Contract.

#### **Article 27. FINAL PROVISIONS**

27.1. Signing this Contract, the Parties hereby declare and confirm that neither Contract nor any individual conditions of the same give any of them unreasonable advantage over the other Party. The Parties confirm that they undertook all required measures to understand the essence of the Contract and rights and obligations arising from it as well as that at the time of signature of the Contract there's no any single

circumstance (lack of information, lack of experience, carelessness, etc.), including the ones provided in Article 6.228 of the Civil Code of the Republic of Lithuania, that could result in essential inequality of Parties. The Parties confirm that the terms and conditions of the Contract are clear, comprehensible and acceptable to the Parties and that the Contract or individual provisions thereof do not infringe the balance between the rights and obligations of the Parties as well as the rights and lawful interests of the Parties.

27.2. The Parties confirm that penalties (fines, default interest) set out in the Contract corresponds to the criteria of reasonableness and fairness, do not undermine the equality of the Parties of the Contract and do not create any advantage to any of the Parties.

27.3. The Contract has been executed in the Lithuanian language (may have translation to a foreign language), or in a foreign language (with translation to Lithuanian), or in the Lithuanian and a foreign language. Where the Contract is executed in two languages (Lithuanian and foreign language) and there are any discrepancies between the languages, the Lithuanian version will prevail, if not otherwise provided in STC.

27.4. The Contract has been concluded in 2 (two) counterparts of equal legal effect, one counterpart for the Owner and one for the Contractor.

**ARTICLE 28 . ATTACHMENTS TO GTC AVAILABLE AT:**

<http://www.orienlietuva.lt/EN/ForBusiness/DocumentsForContractors/Pages/default.aspx>

28.1. Work Handover & Acceptance Statement (form);

28.2. Certificate on the Value of Performed Works (form);

28.3. Hardcopy Order (Purchase Order) (form);

28.4. Electronic Order (Work Order) (M1 form);

28.5. Actual Data Report (M2 form);

28.6. Contract Modification (form);

28.7. Daily Cost Report (form);

28.8. Unit Rate Report (form);

28.9. Contractor Material Consumption Sheet (RAN5 form);

28.10. Public Company ORLEN Lietuva Occupational Health and Safety Procedures and other OHS documents;

28.11. Public Company ORLEN Lietuva Rules on Waste Management;

28.12. Public Company ORLEN Lietuva Pass System Regulations;

28.13. Public Company ORLEN Lietuva Regulations of Coordination of Materials Transferred to Contractors.

28.14. Requirements for the submission of schedule of unit rates and the schedule of unit rates.

**If during the effective term of the Contract the regulations/procedures and/or sample forms listed in Article 28 are amended by the Owner, i.e. new wordings of regulations/procedures and/or forms are approved, the Contractor must follow the new revisions of such documents. The Owner will inform the Contractor in writing about the new revisions of regulations/procedures and/or forms.**

**The Contractor hereby represents that it had the possibility to and familiarized itself with the above listed Attachments which constitute an integral part of the Contract, and agrees with the requirements laid down therein.**