

**GENERAL CONDITIONS (GC) OF CONTRACTS OF AB “VAKARŲ LAIVŲ GAMYKLA” GROUP OF COMPANIES****DEFINITIONS:**

<b>Customer</b>	AB “Vakarų laivų gamykla”; AB “Baltijos” laivų statykla, UAB “Elme transportas”; UAB “Elmelit”; UAB “Vakarų konstrukcijos”; UAB “Vakarų apskaitos grupė”; UAB “Vakarų centrinė laboratorija”; UAB “Vakarų vamzdinių sistemų”; UAB “Vakarų korpusų konstrukcijos”; UAB “Vakarų era”; UAB “Vakarų refonda”; UAB “Vakarų laivų agentai”; UAB “Vakarų metalgama”; UAB “Vakarų krova”; UAB “Elme metalas”; UAB “Vakarų Baltijos laivų statykla”; UAB “Vakarų cinkas”; UAB “Western Baltic Engineering”; UAB “Vakarų techninė tarnyba”; UAB “Vakarų buitės”; UAB “Vakarų laivų remontas”, UAB “Baltic Premator Klaipėda”, WARTSILA BLRT ESTONIA OÜ Lithuanian branch, UAB “MacGREGOR BLRT Baltic” or any other company, which, on the day of conclusion of this Contract, is indicated as the Customer in the Contract.
<b>Contractor</b>	An entity with which the Customer has concluded a Contract.
<b>Contract</b>	A Contract concluded between the Customer and the Contractor, including General and Special conditions, annexes, specifications, drawings and other documents accompanying these conditions.
<b>General conditions of contracts (GC)</b>	These general conditions of contracts of AB “Vakarų laivų gamykla” group of companies, which shall apply when concluding each Contract.
<b>Special conditions of contracts (SC)</b>	Conditions on which the Customer and the Contractor shall agree upon separately when concluding the Contract.
<b>Works</b>	The entirety of what the Contractor shall have to perform, provide, manufacture, install, design, repair or construct under conditions of the Contract.
<b>Worksite</b>	The place where the Works, as specified in the Contract, have to be performed.
<b>Scope of work, deadlines and price coordination protocol (Protocol)</b>	A Contract execution document which details the scope of the Works specified in the Contract, Work completion deadlines and price for the Works. Protocols are documents that have power to the Parties of the Contract, which may be signed by authorized persons only. Non-signed Protocols or those signed by non-authorized persons shall not be executed by the Contractor, when executing unduly issued Protocols, the Contractor shall assume all the expenses related to performance of such Works and shall not be entitled to demand from the Customer to remunerate for the performance of the Works and/or to compensate for the expenses incurred in relation thereto. Protocols shall be considered as work estimate in terms of part 3 of article 6.653 of the Civil Code.
<b>Work Delivery - Acceptance Act</b>	A Contract execution document signed by the parties which (document) confirms the fact of full or partial completion of the Works as well as delivery thereof to the Customer.
<b>Not-to-be-exceeded amount</b>	Tentative amount agreed upon by the parties, however not guaranteed by the Customer to the Contractor, which cannot be exceeded as indicated in Protocols (total amount of all Protocols); also performing the Works and making the final payment for the Works performed.
<b>Fixed price</b>	A specific amount agreed upon by the parties for full completion of the Works as well as fulfillment of all conditions of the Contract.
<b>Technical documentation</b>	All the drawings, specifications, plans, check sheets, schemes, designs, work descriptions as well as other technical documents which the Customer shall submit to the Contractor for the purpose of performance of the Works.
<b>Project</b>	Object where contract works have been ordered to be performed in or with which these contract works are related.
<b>Classification Society</b>	Legal entity, which corresponds to international requirements for safe navigation, that are imposed for the organizations which shall implement the technical maintenance of ships, inspection and issuing appropriate documents (Article 2 of the Law on Safe Navigation of the Republic of Lithuania). In each case particular Classification Company, which shall supervise Works performed by the Contractor, shall be provided in SC.
<b>VAT</b>	Value Added Tax
<b>Subcontractor</b>	An entity, which under a subcontract with the Contractor, performs the Works specified in the Contract or a part thereof. Under this Contract, Subcontractor (-s) is (are) representative (-s) or the Contractor and acts on behalf of the Contractor. All conditions that are applied in respect of the Contractor, shall be applied to the Subcontractor (-s) as well.
<b>TQCD CMS</b>	Technical Quality Control Division of Control Management Service AB “Vakarų laivų gamykla”.

**1. SUBJECT OF THE CONTRACT**

1.1. Under the conditions established in this Contract, the Contractor shall undertake to perform the Works specified in the Contract (hereinafter – the Works) on its attempt and at its own risk and using its own materials as well as to deliver the Works to the Customer, whereas the Customer shall undertake to accept the duly completed Works and pay for the Works as per procedure, deadlines and conditions established in the Contract (*unless otherwise agreed upon by the parties, for example for materials used*).

1.2. Detailed description of the Works shall be provided in the “Scope of work, deadlines and price coordination protocol” (Annex No. 1).

**2. TECHNICAL CONDITIONS OF THE CONTRACT**

2.1. The Contractor shall undertake to perform Works according to:  
2.1.1. Corresponding requirements of Classification society under the supervision of this Classification Society, Control management service and Technical Quality Control division (TQCD CMS) of AB “Vakarų laivų gamykla” (AB “VLG”) as well as the representatives of the Customer.

2.1.2. Technical documentation and other information needed for implementation of the Works, which the Customer shall provide the Contractor with.

2.1.3. The following normative documents/standards:

- Quality Control plan (in accordance with the Project);
- Technical requirements specified by IACS (International Association of Classification Societies);
- The Rules of Classification Society;
- Technical requirements specified in EN ISO standards;
- KVP 6.2.2-S Attestation of welders and welding operators. Demands made for qualification and attestation of welders;
- Marking of welds according to requirements of the procedure KVP 7.5.3-S;
- IP 7.4-02. Management of Subcontractors;
- KVP 8.2.4 Work acceptance-delivery rules;
- VLG-GS-1 General instruction of fire protection;
- VLG-GS-2 Instruction of fire protection in the territory and buildings of "VLG";

2.2. All Technical documentation transferred by the Customer to the Contractor and other documents of the Customer are and shall remain the ownership of the Customer and could not be used by the Contractor for other purposes, except provided in this Contract.

2.3. Technical documentation may contain not all details or nonconformities/defects. In that case the Contractor must immediately inform the Customer and follow the instructions given by the Customer.

2.4. The Contractor shall confirm that during signing of the Contract, it has all necessary information and documents for appropriate implementation of the Contract. It is an obligation of the Contractor to ask to provide additional information, explain it or correct it.

### **3. THE OBLIGATIONS OF THE PARTIES**

#### **3.1. The Customer's obligations:**

3.1.1. The Customer shall appoint a Project manager, who will be responsible for coordination and dealing with all issues arising during validity period of the Contract.

3.1.2. Accept duly completed and timely Works or a part of the Works (when the Works are performed in phases or parts) by signing a Work Delivery-Acceptance Act, or to point out the nonconformities/defects related to the scope and quality of the Works being delivered by specifying the terms and conditions for elimination of such;

3.1.3. Pay the Contractor for the Works completed in a due and timely manner according to the procedure and terms established in the Contract.

3.1.4. Cooperate with the Contractor when dealing with Contract execution related issues.

3.1.5. Fulfill other obligations provided in the Contract.

#### **3.2. The Contractor's obligations:**

3.2.1. Have all necessary permits, licenses, certificates or other documents required for fulfillment of the liabilities hereunder effective, and present them to the Customer before the start of the Works.

3.2.2. Assign duly qualified and experienced Work Supervisor/s and employees holding valid certificates/permits to perform the Works, and to ensure that the Contractor's Work Supervisor/s cooperate/s with the Customer and observe/s the Customer's instructions. The Contractor shall notify the Customer of the Contractor's assigned Work Supervisor/s before the start of the Works under the Contract.

3.2.3. Perform the Works according to the terms agreed upon by the parties.

3.2.4. Submit all the relevant documents (reports, schedules, drawings, etc.) according to the established terms.

3.2.5 Hire or change Subcontractor (-s) with prior Customer's consent thereto given in writing and to assume full responsibility for Subcontractor's work.

3.2.6. Ensure that the provisions of this Contract are observed by employees of the Contractor, as well as by Subcontractor (-s) and its employees. Contract with Subcontractor (-s) shall include requirements and liability no less than provided in the Contract thereof. Besides, contracts with Subcontractor (-s) must include provision, according to which the Customer shall have the right to take over all rights of the Contractor (by noticing the Contractor of that and Subcontractor in writing; such rights shall pass from the moment of delivery of such notice), has the right to present compulsory requirements and instructions as well as make pretensions and claims directly to Subcontractor (-s). To familiarize Subcontractor (-s) with GC and that part of SC, which is related to deadlines of Work performance and liability for delay (Article 8 of SC).

3.2.7. At the Customer's request, to inform the latter in writing on the course of the Work, present any other Customer-specified information in

relation to the Work or performance thereof, to provide the Customer with the possibility to inspect the Works being performed by the Contractor as well as compliance of the Works with the provisions of the Contract. However, such inspections shall not mean that the Customer accepts the performed Works or a part thereof or that the Contractor is released from the obligation to perform and deliver the Works in accordance with the procedure established in the Contract.

3.2.8. Keep all the documents related to execution of the Contract and performance of the Work under the Contract for the period of at least 10 years after the final settlement under the Contract and grant the Customer the right at any time and free of charge get familiar with such documents and receive copies thereof.

3.2.9. Eliminate the Customer-identified Work nonconformities/defects at its own expense during the Customer-specified period of time, and, where the Customer does not specify any such period - as soon as possible.

3.2.10. Take all possible and reasonable measures to protect the result of completed Works against any damage before completion of all the Works and deliver thereof to the Customer.

3.2.11. Immediately report to the Customer any damage being caused to the Customer or third parties.

3.2.12. Inspect the range, quantity and complement of materials within three days from their delivery by signing appropriate sheets. Any later claims concerning range, quantity and complement are not possible.

3.2.13. If the Contractor uses its own equipment and measuring devices, they should comply with the requirements according to the procedure KVP 7.6-02 "Scheduled and warning repairs of equipment and determination of compliance with technological accuracy", IP 7.6-01 "Control of metrological and measuring devices". This provision shall be also applied when renting the equipment/devices from the Customer.

3.2.14. The Contractor shall undertake to organize and to ensure that at the end of every shift the workers put their working places in order. The Contractor shall undertake to organize and to ensure that assigned territories for production will be kept in order/cleaned from garbage and industrial waste, unused equipment, etc. every Friday and after completion of work. The Contractor shall undertake to ensure the orderly collection and sorting of waste into the corresponding containers. Otherwise, the production area will be put in order at the Contractor's expense.

3.2.15. After completion of Works, return tools and equipment received from the Contractor to the warehouse against signature.

3.2.16. Ensure, that sheets of employees and worked hours distributed according to the projects would be filled in by registering in work time record terminals each working day. In case of the Customer's request, present work time sheets of employees. If there are discrepancies between this sheet and electronic system data in work time record terminals, the Customer shall have the right to correct work time sheet. Irrespective of work time fixed in work time sheets (schedule hours), the Contractor shall have no right to demand payment according to sheets, as the payment shall be made according to technological hours and not according to hours worked by employees of the Contractor.

3.2.17. During the Project, the Contractor shall comply with safety and health requirements for workers. If two or more employers (companies) work on the Project, then the Project manager assigned by the Customer's order shall coordinate safe and healthy conditions of the Project. The representatives of the Contractor and the Customer shall inform each other and their workers of potential hazards, risks when working on this Project (at their working place).

3.2.18. Within the territory of the Customer, to follow the requirements of fire safety, environmental protection, other available legal acts, requirements of internal legal acts of the Customer and to be responsible for violation of these and other legal acts.

3.2.19. Before start of the Works to sign and implement conditions on activities within the territory of AB "Vakarų laivų gamykla" (Annex No. 3).

3.2.20. The Contractor shall ensure that its employees who are foreign nationals or persons without citizenship should be employed in accordance with applied employment regulations (work permits, notifications to the authorities and so on) and provide copies of passports of such persons to the Customer prior to employees' arrival in the territory of the Republic of Lithuania. Only the Contractor shall perform all and any actions related thereof (reception of licenses for work, presentation of notices to appropriate institutions and so on). The Customer's or third person's (natural or legal) losses related to the failure to comply with the said requirements shall be covered by the Contractor. The Customer shall have the right not to let persons into the territory, who have no required licenses for work or to remove such persons from work and it would be considered as essential violation of the Contract and the basis for the Customer to terminate the Contract,

i.e. on the same day when the Contractor shall receive a notice of termination of the Contract.

3.2.21. If there are grounds provided in the Contract or legal acts (including but not limited to intoxication of alcohol, narcotics, danger for life, health or safety, etc.), to remove employees from work and compensate for all damage incurred thereof.

3.2.22. Fulfill other obligations provided in the Contract.

#### **4. COURSE OF WORK**

4.1. The Contractor shall undertake to start and finish the Works according to the terms specified in the Contract.

4.2. The Customer shall be, at any time, entitled to inspect the quality of the Works being performed, the course of the Works, the way the Customer's provided materials are used and stored.

4.3. In case the Contractor fails to complete the Works in due time and the failure results through no fault of the Customer, the Contractor shall continue the Works and complete in the shortest possible time and shall bear the responsibility as prescribed in Article 9 ("Liability of the Parties").

4.4. The Contractor shall deliver the Works performed (of part of it) to TQCD CMS for confirmation according to KVP 8.2.4. "Work acceptance – delivery rules" and conclude "Application for company's internal quality control inspection".

Representative assigned by the Contractor shall participate during work transfer, who must present the following documents during inspection:

- list of drawings (of last revision), according to which the works have been performed;

- protocols of non-destructive testing of welding seams (of planned or not planned inspection), if any;

- other documents, required by the Customer.

Such delivery of Works (or part of it) to TQCD CMS for confirmation is intended exceptionally for internal usage by the Customer, i.e. is not considered delivery of Works (or part of it) in the meaning of the Contract and do not constitute basis for payment for works, confirmation of its quality etc. occurrence of legal consequences.

4.5. After Work acceptance by TQCD CMS, the Works must be delivered to the Customer, representatives of the Customer of the Project and Qualification Society (if classification requirements shall be set for the Project) by formalizing "Application – Call" according to KVP 8.2.4. Work acceptance – delivery rules.

4.6. The Contractor shall undertake to eliminate defects within two days, in accordance with notes indicated in report of inspection of TQCD CMS, recommendations, instructions, notices etc. of Classification Society, Project's Customer (owner of the ship or other object) and /or the Customer.

4.7. The Customer shall pay for the first call and for services of TQCD CMS inspector and representative of Classification Society. The Contractor shall pay for repeated calls and services (inspection (-s)).

4.8. The Customer shall confirm the final Work acceptance only after reception of copy of an application from TQCD CMS inspection, confirming that the Works have been delivered to representatives of Classification Society and the Project (owner of the ship or other object) and the notes, if any, have been removed.

4.9. After delivery of Works according to clause 4.4., the parties shall conclude "Work delivery – acceptance act" (Annex No. 2), which is the base to pay the Contractor 90 percent of amount indicated in this act, unless otherwise established in SC. After the final delivery of Works under clause 4.8., there is a base to pay the Contractor the outstanding due amount under "Work delivery – acceptance act", unless otherwise established in SC.

4.10. The moment of completion of the Works under the Contract shall be the moment when all the Works specified in the Contract will have been completed, the Work Delivery-Acceptance Act signed, Works delivered, necessary documents on completed Works (drawings, certificates of used materials and other) delivered and tools, non-used materials for the Works returned to the Customer, the Worksite/territory fully cleaned and tidied up.

4.11. All technical issues that arise during performance of Works shall be coordinated by the Contractor with the Customer. If necessary, the Customer shall coordinate technical issues with Classification Society.

4.12. If needed, the Customer may instruct or permit the Contractor in writing to change the course of the Works, their sequence. Such instruction/permit is compulsory for the Contractor.

4.13. Upon receipt of a written warning about improperly performed Works (non-compliance with occupational safety regulations, work quality requirements, poor organization of the Works, etc.), the Contractor shall immediately take measures to eliminate defects.

4.14. In case of a situation preventing further performance of the Works, the Contractor shall inform the Customer thereon. In such a case, the

Customer shall decide on further actions, and the Contractor shall follow the Customer's instructions.

4.15. The parties may agree upon additional Works by concluding additional "Scope of work, deadlines and price coordination protocol" (Annex No. 1).

#### **5. INSURANCE**

5.1. The Contractor shall undertake to, at its own expense and for the period not shorter than the Contract validity period, including the Contract-specified warranty period, take out the following types of insurance:

5.1.1. Civil liability insurance for the amount not less than the Contract price. The Contractor shall present a copy of the insurance policy to the Customer within the period of 5 days following the signing of the Contract.

5.1.2. The mandatory types of insurance as prescribed by legal acts of the Republic of Lithuania (e.g. worker's compensation insurance, motor vehicle insurance, etc.) or the types of insurance meeting the above requirements for amounts not smaller than those established in the legal acts.

5.2. In case the Contractor does not take out the insurance indicated in p.

5.1.1 above or does not carry the valid insurance as required under the Contract, the Customer may (however, does not have to) take out the relevant insurance for the Contractor's liability and pay the premiums of such insurance as well as deduct the premiums from the amounts payable to the Contractor in the nearest future.

5.3. Violation of p. 5.1. shall be considered as essential violation of the Contract and basis for termination the Contract, i.e. on the same day when the Contractor receives notice about termination of the Contract.

#### **6. WORK TOOLS AND MATERIALS**

6.1. The Contractor shall provide all the materials, prefabricated items and Work Tools required for performance of the Works specified in the Contract at its own expense and risk as well as cover all and any related costs, unless otherwise established in the SC.

6.2. The materials and prefabricated items provided by the Contractor shall be new, certificated, of good quality, fit for use and pre-agreed upon with the Customer, unless otherwise established in the SC. The Contractor's provided equipment and tools shall be certificated, agreed-upon with the Owner as well as fit for use, unless otherwise established in the SC.

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

6.4. The Contractor shall have the right to rent from the Customer tools that are necessary for performance of Works under tariffs certified by AB "Vakarų laivų gamykla".

#### **7. GUARANTEES**

7.1. The Contractor shall guarantee the Customer that the Works will be of highest quality, performed in strict compliance with the provisions of this Contract as well as requirements prescribed by legal acts and instruction of the Customer; the Contractor shall also ensure the Customer that all the materials will be new, that materials and Work Tools will be of good quality and fit for use. Notwithstanding any limitations to the Customer's rights, in case of Work defects which violate these guarantees as well as those established in the legal acts turn out, the Contractor shall eliminate the identified Work defects and indemnify for the losses incurred by the Customer in relation thereto.

Upon receipt of a written notification of any such defects, the Contractor shall immediately deliver to the Worksite all the materials, equipment and personnel needed to eliminate the defects without requiring any additional remuneration from the Customer. The Contractor must eliminate defects not later than within 3 days from the reception of the written notice or within other period agreed upon between the parties and to pay the Customer for the materials used, expenditure (energy recourses, rent of area/premises, etc.) and other incurred losses and in case defects of welded seams will be determined, to pay additionally 100 LTL for each additionally performed control inspection.

7.2. In case the Contractor fails to eliminate a defect during a period established in p. 7.1., the Customer may eliminate the defects itself or have them eliminated and issue to the Contractor an invoice for incurred expenses to be paid by the Contractor. In this case the Contractor must also pay fine penalty to the Customer in the amount of 0,1 % of the Contract price.

7.3. This Contract sets forth the warranty term of 24 months, unless otherwise established in SC, during which the Contractor shall eliminate

the identified Work defects featured by the Contractor-performed Works and compensate the Customer for the loss incurred in relation thereto.

7.4. The warranty terms shall start from the date of completion of all the Contract-specified Works and signing of the final Delivery-Acceptance Act or actual start of Project exploitation, it will depend on what will happen later, unless otherwise established in the SC.

## **8. PRICE FOR WORKS AND PAYMENT CONDITIONS**

8.1. The price of the Contract is provided in p. 6. of the SC. The provided price shall be paid to the Contractor for the Works performed in a due manner, all the conditions under the present Contract fulfilled, and for the Contractor's direct as well as indirect expenses related to fulfillment of all the obligations when performing Works as per the scope of work under the Contract.

8.2. Increase of expenses on taxes, charges, materials, equipment, remuneration and other similar costs shall have no impact on the price of the Contract. The Contractor shall assume the risk of contingent increase in Work-related costs. The price for the Works may be decreased in case the Works do not meet the set quality requirements, the quality of used materials is worse than agreed, the Scope of Work has been deviated from or any other requirements have been violated. The Contractor shall state and acknowledge that they properly and comprehensively were familiarized with the Project, circumstances and conditions, under which the Works will be performed, with project documentation, the Contractor is aware of and understands all circumstances, that have significance to implementation of this Contract and it has no pretensions or notes for possibility to perform the Work under the order and conditions established in the Contract and its documents.

8.3. The price of the Contract shall include all taxes, charges and customs duties.

8.4. The Contractor shall submit to the Customer the original copy of each invoice together with all the supporting documentation to the address specified in p. 2.1 of the SC. An invoice shall be prepared on the basis of the approved Work Delivery-Acceptance Act. Work Delivery-Acceptance Acts shall provide information based on work orders – indicate separate amounts payable for Works, materials, equipment, other costs as well as quantities and specifications of used materials.

8.5. The Owner shall be entitled to suspend payments, in case the quality of the performed Works is inappropriate or Work defects occur due to some other reasons until the quality of Works will be remedied and all the defects will be eliminated.

8.6. All payments will be made in Euro.

## **9. LIABILITY OF THE PARTIES**

9.1. The Contractor carrying out works by its own or/and with the assistance of the Subcontractors shall be liable for organization, quality of the performed works and services as well as for fulfillment of deadlines and observance of the requirements stipulated by technical and technological documentation, Standards specified for the Project, and for following the rules specified by the Customer and Classification society.

9.2. In case the Contractor fails to complete the Works within the time limits established in the Contract and/or Scope of the Work, deadlines and price coordination protocols, the Contractor shall pay the Customer default interest at the rate of 0.2 percent of the Contract price for each calendar day of delay, unless otherwise established in SC.

9.3. If the Customer fails to settle accounts with the Contractor for the Works performed in a due manner according to the Contractor-submitted invoice which the Customer has accepted for payment, the Customer shall pay the Contractor default interest at the rate of 0.05 percent of the outstanding amount due for each day of delay, but no more than 10 percent of the amount due, unless otherwise established in SC.

9.4. Upon the Contract terminated at the Contractor's fault or on the Contractor's initiative through no fault of the Customer, the Contractor shall pay the Customer penalty in the amount of 3 percent of the Contract price specified in p. 6 of the SC and indemnify for the Customer's losses in relation to the termination.

9.5. For every re-commissioning of work to TQCD CMS inspectors, the Contractor must pay the Customer the amount of 150 EUR, pay for actual price and expenditure of service of inspectors. Every calling for the Classification society inspectors shall be paid according to the actual inspection costs.

9.6. The Contractor is fully materially liable for material assets, materials or equipment given to the one for storage, use and production. In case of their disappearance or damage, the Contractor shall cover all losses under invoice presented by the Customer.

9.7. If the Contractor, regardless of encouragement of the Customer, through its own fault, does not start performing the work (part of it) in time or performs the work so slowly that it can't be finished before the end of the deadline or the works are not properly carried out, the Customer has the right to terminate the Contract (refuse the Contract) or remove the Contractor from the work (part of it) and to hire another Contractor, by its own choice, to complete the works. The incurred losses shall be deducted from the Contractor. The Customer shall not be obliged to ground its decision concerning removal of the Contractor. Termination the Contract shall come into effect from the moment of notice presentation to the Contractor.

9.8. If final Customer of the Project (owner of the ship or other object) shall make a claim for work quality or non-fulfillment of terms, the Contractor shall compensate 100% of the specified sum from the value of performed works or by its own forces and resources eliminate imperfections regardless of the Project's (object's) location, as well as compensate the Customer for losses arisen for the claim thereof. The Contractor shall confirm that it is aware of all circumstances related to possible losses of final Customer of the Project and it will not be allowed to refer to part 4 of Article 6.258 of the Civil Code of the Republic of Lithuania.

9.9. The Contractor shall always be liable for proving quality of works.

9.10. The Customer shall have the right to suspend and/or deduct all and any amounts (penalties, additional costs, losses, etc.) which, from the point of view of the Customer, the Contractor has to pay the Customer.

9.11. Any payment of penalties under the Contract shall not release the Contractor from fulfillment of the respective obligations hereunder and compensation for all losses.

9.12. The Contractor shall be liable for non-fulfillment/violations of requirements provided in the provisions within the territory of AB "Vakarų laivų gamykla" under the procedure established in these conditions.

9.13. For each violation of p. 13.5., the Contractor must pay the Customer a penalty in the amount of 15.000 EUR and compensate for all and any losses.

9.14. Forfeit for non-fulfillment of the Contractor's obligations shall be calculated and paid irrespectively of validation of the Contract, i.e. until the moment when the Customer receives what had been expected under the Contract, irrespectively of who will execute obligations – the Contractor or the third person.

## **10. SPECIAL CONDITIONS**

10.1. None of the Parties of this Contract shall be liable for total or partial non-fulfillment of undertaken obligations if it proves that it couldn't fulfill its obligations because of circumstances, which they could not control and reasonably foresee during conclusion of this Contract and could not prevent such circumstances or occurrence of their after-effects using reasonable endeavors (*force majeure*). The concept *Force majeure* shall be defined, whereas rights, duties and liability of the parties under such circumstances are regulated in Article 6.212 of the Civil Code of the Republic of Lithuania and Release from liability under force majeure circumstances in the rules, approved by the Decision No. 840 of the Government of the Republic of Lithuania of 15 July 1996.

## **11. TERMINATION OF THE CONTRACT**

11.1. The Customer shall have the right to unilaterally terminate the Contract upon giving the Contractor a 30 calendar days' prior warning about it.

11.2. The Customer shall have the right to unilaterally terminate the Contract and to require from the Contractor to indemnify for the Customer's losses, upon immediately notifying the Contractor thereof (termination of the Contract shall come into effect after the moment of presentation notice to the Contractor) in the following cases:

11.2.1. The Contractor's bankruptcy or restructuring has been initiated;

11.2.2. The Contractor is late to finish the Works;

11.2.3. Despite the Customer's insistence, the Contractor fails to start the Works on the agreed-upon time or works so slowly that completion of the Works before/for the term established in the Contract is impossible;

11.2.3. The Contractor breaches requirements for normative-technical documentation;

11.2.4. The Contractor breaches other material provisions of the Contract;

11.2.5. In other cases provided in the Contract.

11.3 In case of termination of the Contract, the Contractor on the day of termination shall:

11.3.1. Stop the Works;

11.3.2 Provide the Customer or its representative to take over all the tangible assets belonging to the Customer;

11.3.3. Remove its own Work Tools and materials, unless agreed otherwise;  
11.3.4. Return issued licenses;  
11.3.5. Immediately, however, within the period of 3 days, present to the Customer the list of actually performed Works together with supporting documentation.  
11.4. In case of termination of the Contract, the Customer shall pay the Contractor for the actually performed Works (upon deducting all the above referred to amounts, penalties and losses) supported with proper Customer-approved documentation and accepted by the Customer, Classification Society and TQCD CMS. Guarantees shall be applied for such works under requirements of p. 7.1.-7.4. and p. 9.8. of this Contract.

**12. DISPUTE SETTLEMENT**

12.1. The Parties shall settle all the disputes by means of negotiations and agreements.  
12.2. In case of failure to settle a dispute or disagreement by way of negotiations, the disputes and disagreements shall be resolved at the court of the Republic of Lithuania, Klaipeda city, unless otherwise established in the SC. In case the amount of dispute shall exceed 15.000 EUR, under option of the Customer the dispute may be (but it is not compulsory) referred to Vilnius International and National Commercial Arbitration for final settlement using method of arbitration by one appointed arbitrator (the arbitrator shall be appointed by chairman of arbitration from the list of recommended arbitrators) in accordance with the Rules of Procedure of International Commercial Arbitration. The language of the arbitral proceedings shall be Lithuanian, but the parties agree that the evidentiary documents/documents executed in English and/or Russian have not to be translated. The place of arbitration shall be Klaipeda city, Lithuania. This Contract is governed by laws or the Republic of Lithuania.

**13. FINAL PROVISIONS**

13.1. The present Contract shall come into force from the moment it is signed and shall remain effective till the parties fulfill their obligations under the Contract, unless otherwise established in the SC.  
13.2. The agreements set forth herein shall supersede all the agreements both written and verbal regarding the Works which were effective before conclusion of the present Contract.  
13.3. All amendments and modifications must be made in a written form and signed by authorized representatives of both parties.  
13.4. Any notifications shall be considered as duly delivered to the other party if transferred over to the parties' representatives upon signed acknowledgement thereof, sent by registered mail, fax, e-mail to the addresses specified in this Contract.  
13.5. All schedules, drawings, designs and specifications and other documents provided by the Customer to the Contractor shall remain the Customer's property, and any information related thereto or otherwise transferred to the Contractor shall be kept confidential and shall not be disclosed to any third parties or used for any other purposes without a prior written consent thereto given by the Customer during validation of this Contract and after its termination.

13.6. Contractor without written consent of the Customer may not transfer his rights and obligations under the Contract to any third party. Contractor shall ensure that third party will not raise any recourse requirements to the Customer. Contractor shall ensure that he will not enter into the contracts with third parties concerning the transfer of dept. Any contracts of the Contractor in breach of the above assurances and statements will be deemed null and void.

13.7. In case of any discrepancies between the Contract documents, the priority the documents shall be as follows:

- (i) General conditions (GC) of contracts of AB "Vakarų laivų gamykla" group of companies;
- (ii) Special conditions (SC) of contracts of AB "Vakarų laivų gamykla" group of companies.

13.8. The Parties shall agree and confirm that all conditions of this Contract are reasonable, valid and correct, also that Parties of this Contract are business professionals, who have all recourses of legal, economic, taxing and any other professional analysis, are able to properly evaluate all obligations undertaken and to execute them unconditionally. The Parties shall agree and confirm, that in case of dispute between them, only verbal interpretation of the Contract will be followed, which shall reflect real intentions of the parties and respectively neither of the conditions of this Contract could be recognized as invalid on request of the parties. The parties shall agree that the Contract could not be interpreted on behalf of neither of the parties with reference to the factor that the Contract was prepared by the other party.

**13.9. OTHER:**

*AB „Vakarų laivų gamykla“ group of companies seeks to ensure transparent business continuity and prevent potentially fraudulent activity both within and outside the company. Therefore, if the Contractor have substantial information about the activities carried out in potentially fraudulent way or any misconduct, we kindly invite you to share the information at your disposal. Confidentiality is guaranteed. More info on: <http://www.wsy.lt/index.php/en/contacts/fraudulent-activity-prevention>.*

**14. ANNEXES**

14.1. During signing of this Contract, the following Annexes shall be attached to the Contract, they constitute an integral part of the Contract:

- 14.1.1. Annex No. 1 "Scope of work, deadlines and price coordination protocol";
  - 14.1.2. Annex No. 2 "Work delivery – acceptance act";
  - 14.1.3. Annex No. 3 Conditions of the activity in the territory of AB "Vakarų laivų gamykla";
  - 14.1.4. Normative documents/standards indicated in p. 2.1.3. of (GC) of this Contract.
- 14.2. The Contractor shall declare that it had the possibility to get familiarized with and has been familiarized with annexes indicated in p. 14.1.1-14.1.4 and requirements set thereto.

14.3. In case during implementation of this Contract, Annexes indicated in p. 14.1.1-14.1.4 will be adjusted/replaced, the Contractor will follow new wording of appropriate documents/standards.

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A representative authorized by the Contractor.....  
.....  
.....  
(name of the company\*, code\*, address\*, phone\*, e-mail\*)

shall confirm by his/her signature that he/she understood significance of these conditions and confirms that the Contractor undertakes to follow them

.....  
.....  
(Name\*, surname\*, signature\*, stamp\* of the Director of the Company)

Note\*: in case Company's authorized representative shall sign (position, name, surname, personal number, signature), duly certified copy of the authorization to sign contracts shall be attached.

Signed in Klaipeda on \_\_\_\_\_ of \_\_\_\_\_ 20\_\_\_\_\_.\*  
Contract No.

Notes:

\* - necessary information when signing GC