GENERAL AGREEMENT

Riga,

\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20\_\_\_

|  |  |  |
| --- | --- | --- |
| **Sadales tīkls AS**  (hereinafter referred to as the Customer) | and | **PRODUCTION COMPANY "ZAPOROZHYE TRANSFORMER ASSOCIATION" LIMITED LIABILITY COMPANY** **-**  (hereinafter referred to as the Contractor) |
| Registration number: 40003857687  VAT payer number: LV40003857687 |  | Registration number: 32680355  VAT payer number: 326803508255 |
| Address: Šmerļa Street 1, Riga, LV-1160 |  | Address: Zaporizhia, Patriotychna street 64D, (UKRAINA), 69005 |
| Credit institution: SEB Banka AS |  | Credit institution: PUBLIC JOINT STOCK COMPANY JOINT STOCK BANK "UKRGASBANK" (JSB "UKRGASBANK") |
| SWIFT code: UNLALV2X |  | SWIFT code: UGASUAUK |
| Account number: LV83UNLA0050008821895 |  | Account number: UA413204780000026009000176841 |
| represented [..]; |  | represented [..]; |

hereinafter severally referred to as the “Party” and jointly as the “Parties” agree on the following provisions of the general agreement (hereinafter referred to as the Agreement):

# SPECIAL PROVISIONS

## Subject of the Agreement

* 1. The Contractor sells and delivers distribution transformers to the Customer, by preparing each case of fulfilment as a separate order (hereinafter referred to as the Order(s)), but the Customer shall pay to the Contractor for the Orders fulfilled pursuant to the terms of the Agreement. The Order specification is provided in the annex to the Agreement (Order Specification). The Contractor is not guaranteed specific amount of Orders.
  2. The Orders include:
     1. purchase of goods;
     2. delivery of goods to the place specified by the Customer;
     3. installation of the Goods;
     4. provision of a service.
  3. The Order is made:
     1. by using Oracle iSupplier;
     2. by e-mail.

## Price of the Goods/Service

* 1. Execution of the Order is performed in accordance with the procedure specified in Annex No. 3 to the Agreement "Execution of Commercial tenders (Price inquiries)". The prices of the Commercial tender must be valid for the entire amount of the Order. The prices of each Order are fixed within the framework of the Commercial tender survey for the specific Order. Price recalculation for the Order is performed in the cases specified in Annex No. 3 to the Agreement "Execution of Commercial tenders (Price inquiries)", in accordance with Annex No. 4 "Goods price recalculation formula". The recalculation of the prices of the Goods performed by the Customer shall become an integral part of this Agreement.
  2. The currency of the Agreement is Euro. The Order price is inclusive of all taxes and duties, except VAT, as well as other costs, including, but not limited to the costs of materials, products, equipment, works, delivery, installation and transport related to the fulfilment of Orders. VAT is calculated, specified in invoices and paid in accordance with applicable laws and regulations. The total amount of the Contract is to be counted as summa of all its Annexes.
  3. Payment terms: within 30 (thirty) days after execution of the order, which is confirmed by the respectively signed bill of lading-invoice.
  4. Special provisions of the Agreement do not provide for a settlement procedure differing from the payment procedure defined in general provisions of the Agreement. No prepayment is defined in the Agreement.

## Term of the Agreement

* 1. This Agreement enters in force on when signed by both Parties and is valid until complete fulfilment of obligations provided herein.
  2. The Customer shall make Order within2 (two) years of the day of entry of the Agreement into effect. The Contractor shall be obliged to fulfil the Orders if they are placed within the term specified in this paragraph.
  3. The Agreement may be extended by written agreement of the Parties for 1 (one) year on the same terms.

## Warranty period

* 1. The warranty period of each fulfilled Order shall be 60 (sixty) calendar months from the date of transfer and acceptance of the respective Order.

## Amount of performance security of the Agreement

* 1. Within 10 (ten) days after the receipt and approval of the Contrator’s first order, the Contractor shall submit to the Customer a performance security of the Agreement of 40 000.00 EUR (fourty thousand euro) for each part where order is approved (hereinafter referred to as the Performance Security of the Agreement).

## Procedure of attraction of subcontractors

* 1. No subcontractors are attracted under the Agreement.

## Additional penalties

* 1. Special provisions of the Agreement do not provide for additional penalties, except in the Annex no. 3 to the Agreement "Conducting commercial offers (price surveys)" agreed procedures.

## Additional provisions

* 1. The Parties agree on the following additional provisions:
     1. The Parties shall be liable for the damages caused to the other Party as a result of their actions / inaction. The limit of the amount of losses related to the performance of the Agreement is set at EUR 3 000 000.00 (three million euro, 00 cents) excluding VAT;
     2. If during the term of the Agreement the Material Register of AS "Sadales tīkls" is supplemented with a new Manufacturer and / or brand and / or name of the material, the Parties have the right to amend the Agreement in accordance with the procedure specified in Clause 13.3 of the General Terms and Conditions;
     3. During the validity term of the Agreement the Contractor's responsible person must come to the transformer inspection within 3 working days of Customer informing moment unless both Parties have not agreed on another time limit for the transformer inspection*;*
     4. The Contractor agree that during the validity term of the Agreement the Customer according to random selection method is entitled to perform tests of the delivered Goods and compare the results with the Contractor's Tender within procurement procedure "Supply of distribution transformers" (id.Nr. IPR-66520) and the standards. In case of incompliance the Contractor will replace the Goods with compliant ones without extra charge;

## Annexes to the Agreement

* 1. Annex 1 – Order Specification.
  2. Annex 2 – Authorised Persons and Contact Persons.
  3. Annex 3 – Execution of Commercial tenders (Price inquiries).
  4. Annex 4 – Goods price recalculation formula.

## Signatures of the Parties

* 1. By signing these special provisions of the Agreement, the Parties agree to the general provisions of the Agreement and Annexes to the Agreement as appended.
  2. The Agreement together with Annexes is signed in two copies, each on [..] pages, one copy for each Party. Both copies of the Agreement have equal legal force.

|  |  |
| --- | --- |
| **CUSTOMER** | **CONTRACTOR** |
| Sadales tīkls AS | *PRODUCTION COMPANY "ZAPOROZHYE TRANSFORMER ASSOCIATION" LIMITED LIABILITY COMPANY* *-* |
| [..] | [..] |
|  |  |

[..] indicates information that is not disclosed to third parties

Annex 1 to the Agreement

ORDER Specification

Attached as a separate attachment

Annex 2 to the Agreement

Authorised Persons and Contact Persons

**Contact persons**

For the purposes of coordinating the fulfilment of the Agreement and provision of replies relating to the Order, as well as receiving invoices, the following persons are designated as Contact Persons on behalf of the **Customer:**

|  |  |  |  |
| --- | --- | --- | --- |
| Name and Surname | Position | Phone number | E-mail address |
| Zanna Svenca | Head of Goods Management Department | +371 26163119 | [Zanna.Svenca@sadalestikls.lv](mailto:Matiss.kaneps@sadalestikls.lv) |

For the purposes of coordinating the fulfilment of the Agreement and provision of replies relating to the Order, as well as the following persons are designated as Contact Persons on behalf of the **Contractor**:

|  |  |  |  |
| --- | --- | --- | --- |
| Name and Surname | Position | Phone number | E-mail address |
| Yuriy Konovalov | Director | +380612280220 | [info@zta.energy](mailto:info@zta.energy) |
| Igor Shokur | Procurement Department Manager | +380989842696 | i.shokur@zta.energy |

**Authorisation**

For the purposes of proper fulfilment of the Agreement the following persons are authorised by the **Customer** to take any necessary actions (for example, but not limited to perform and approve Orders/its amendments, access rights to Supplier Portal) and sign related documents during the effective period of the Agreement:

|  |  |  |
| --- | --- | --- |
| Name and Surname | Position | Scope of authorisation |
| Kārlis Līvmanis  Karlis.livmanis@sadalestikls.lv  +371 25410002 | Project manager of Goods Management Department | Access to iSupplier portal, place, submit and amend the orders |
| Gunārs Korneičuks  [Gunars.korneicuks@sadalestikls.lv](mailto:Gunars.korneicuks@sadalestikls.lv)  +371 29421936 | Project manager of Goods Management Department | Access to iSupplier portal, place, submit and amend the orders |
| Jānis Sudārs  [Janis.sudars@sadalestikls.lv](mailto:Janis.sudars@sadalestikls.lv)  +371 26604970 | Project manager of Goods Management Department | Access to iSupplier portal, place, submit and amend the orders |
| Žanna Svenča  [Zanna.svenca@sadalestikls.lv](mailto:Zanna.svenca@sadalestikls.lv)  +371 26163119 | Project manager of Goods Management Department | Access to iSupplier portal, place, submit and amend the orders |
| Ivo Ruicēns  [Ivo.ruicens@sadalestikls.lv](mailto:Ivo.ruicens@sadalestikls.lv)  +371 27412468 | Warehouse process manager | Transfer and acceptance of an Order and signing related documents |
| Tatjana Glazova  [Tatjana.glazova@sadalestikls.lv](mailto:Tatjana.glazova@sadalestikls.lv)  +371 29410556 | Data operator | Transfer and acceptance of an Order and signing related documents |
| Edmunds Podziņš-Jansons  Edmunds.Podzins-  Jansons@sadalestikls.lv  +371 26639960 | Goods controller | Transfer and acceptance of an Order and signing related documents |

For the purposes of proper fulfilment of the Agreement the following persons are authorised by the **Contractor** to take any necessary actions (for example, but not limited to perform and approve Orders/its amendments, access rights to Supplier Portal) and sign related documents during the effective period of the Agreement:

|  |  |
| --- | --- |
| Name and Surname | Position |
| Yuriy Konovalov | Director |
| Igor Shokur | Procurement Department Manager |

The authorisation given within the scope of this Annex do not entitle to amend the Agreement, assign and/or assume new financial liabilities on behalf of the Parties.

Annex 3 to the Agreement

Execution of Commercial TENDERS (Price inquiries)

*The conditions may be supplemented in accordance with the procedure specified in the Procurement Procedure Regulations*

During the term of the Agreement, commercial offers (price inquiries) are made using the Latvenergo Electronic Procurement System (hereinafter - Latvenergo EIS, https://eis2.latvenergo.lv/users/sign\_in).

1. Orders

1.1. A person authorized by the Customer shall send Latvenergo EIS an invitation to the Contractor to submit a Commercial tender for the right to perform the order (hereinafter - the Order). The invitation will state:

- Order amount by items;

- Place of delivery of the Order;

- Order delivery terms, their distribution by positions and terms.

1.2. The Contractor shall submit the requested Commercial tenders to Latvenergo EIS within the term specified by the Customer (not longer than 5 (five) business days). The Contractor may request an extension of the time limit for the submission of a Commercial tender. If the Customer agrees to the extension of the deadline for submission of the Commercial tender, it will be notified via Latvenergo EIS accordingly. The Customer has the right not to agree to the extension of the term for submission of a Commercial tender.

1.3. By submitting a Commercial tender, the Contractor confirms that the Order can be executed within the specified terms and in the specified amount. If the Commercial tender is not submitted within the specified time limit or it does not comply with the requirements, it will be rejected.

1.4. The prices of the Commercial tender must be valid for the entire amount of the Order announced within the Commercial tender. The prices of each Order are fixed within the framework of the Commercial tender survey for the specific Order.

1.5. If the Order is placed more than 30 (thirty) calendar days after the submission of Commercial tenders within the last day's regular price inquiry, the price recalculation shall be performed according to the formula specified in Annex No. 4 to the Agreement.

1.6. Submission of a Commercial tender to Latvenergo EIS is mandatory for the Contractor. If the Contractor does not submit a Commercial tender, the Customer has the right not to invite the Contractor to submit the next 1 (one) Commercial tender.

1.7. The Customer evaluates the submitted Commercial tenders. The right to execute a Order is acquired by the Contractor who has submitted a Commercial tender with the lowest price for the entire amount of the Order.

1.8. Not later than within 2 (two) working days after making a decision on the results of the Commercial tender survey, the Customer shall simultaneously inform all Contractors.

1.9. The Customer shall place an Order in accordance with the procedure specified in the Agreement, or the Order shall not be executed if the Commercial tender with the lowest price has been submitted by another Contractor.

1.10. The Customer is entitled to terminate the survey of Commercial tenders without making the Order.

1.11. In the event of a delay in the delivery of the Order, the Contractor shall pay a contractual penalty to the Customer in accordance with the provisions of the Agreement. In case of delay in delivery, the Customer is entitled to cancel the Order or its part and award the Order to the next most economically advantageous (next cheapest) Commercial tender, simultaneously with the right to calculate and request the Contractor to pay a contractual penalty.

1.12. If the Contractor delays the execution of the previous Order and the total number of delayed goods against the total number of goods to be delivered within the order exceeds 15%, then the Customer has the right not to invite the Contractor to submit the next 1 (one) Commercial tender order.

1.13. The decision on the results of Commercial tenders (price inquiries) for Orders is authorized: Director of Procurement Management Functions.

Annex 4 to the Agreement

Goods price recalculation formula

After the signing of the general agreement, if the Order is placed more than 30 (thirty) calendar days after the submission of commercial offers as part of the last day's regular price survey, the price of Goods shall be recalculated using the following formula:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  | | --- | | Cu/Cu tinumam | |  | | Al/Al tinumam | |  | | The medium-voltage windings are made of copper (Cu) and the low-voltage windings of aluminium (Al): | |  | | |
| where: | |
| - ultimate price; | |
| - base prices of the Goods; | |
| - previous 1 full calendar month1 average (Cash-Settlement) metal (Cu) price (USD/t) in London Metal Exchange, which has been converted into EUR with exchange rate EUR/USD on the first working day of the signing date of the agreement or on the first working day of accounting month; | |
| - previous 1 full calendar month average (Cash-Settlement) metal (Cu) price (USD/t) in London Metal Exchange, which has been converted into EUR with exchange rate EUR/USD on the Tender submission day; | |
| Alg - previous 1 full calendar month average (Cash-Settlement) metal (Al) price (USD/t) in London Metal Exchange, which has been converted into EUR with exchange rate EUR/USD on the first working day of the signing date of the agreement or on the first working day of accounting month; | |
| Als – the 3 months average price of aluminium on the Tender submission day; | |
| - the latest available index of electro technical steel on the day of recalculation; | |
| - the latest available index of electro technical steel on the Tender submission day; | |
| - the latest available index of transformer oil on the day of recalculation; | |
| - the latest available index of electro technical transformer oil on the Tender submission day; | |
| - the latest available index of constructive steel on the day of recalculation; | |
| - the latest available index of constructive steel on the Tender submission day. | |

Recalculation will be managed by AS "Sadales tīkls". Data sources for recalculation:

|  |  |  |
| --- | --- | --- |
| **Material** | **Internet address** | **Name of indice** |
| Aluminium **Al** | www.westmetall.com | LME Aluminium Chash Settlement |
| Copper **Cu** | www.westmetall.com | LME Copper Chash Settlement |
| Electrotechnical steel **Fe** | http://tdeurope.eu/publicationss/technical-information.html | CONV. GOES  (**Conventional Grade** or **High Grade** or **Super High Grade** according to the Tenderer's tender) |
| Constructive steel **T** | COLD STEEL |
| Transformer oil **- E** | MIN. OIL |
| Exchange rate | www.westmetall.com | USD valūtas maiņas kurss attiecībā pret EUR (ECB-Fixing) |

The day of obtaining the order - the day when the decision on the winner of the current price survey was made.