

Approved by Order No 8 dated 05-02-2016 of the General Director of Vakarų laivų gamykla, AB

The Conditions of Activity in the Territory of Vakarų laivų gamykla, AB (Western Shipyard)

This document sets the key requirements for Enterprises (hereinafter referred to as Enterprise) that carry out activities in the territory of the Vakarų laivų gamykla, AB (hereinafter referred to as WSY) at the address: Minijos g. 180 Klaipėda (the document shall also be applicable to Enterprises operating in the territory of Baltijos laivų statykla, AB (Pilies g. 8, Klaipėda) in accordance with the agreements concluded with the companies of the WSY group) (hereinafter the Territory) in order to secure the general order and ensure compliance with environmental protection, fire safety, occupational safety, port security, customs and other applicable legislative requirements in the national port's land plots in use, as well as to determine the liability for violations of these Conditions. The permits to enter the Territory shall be issued only to Enterprise who has signed the Conditions.

General Obligations of Enterprise:

1. To operate in the territory of the WSY upon conclusion of the agreements with the companies of WSY group (hereinafter the Companies) and acquisition of the electronic or single-time paid permits to enter the Territory. The conclusion of the agreement with the Companies is not required in cases when Enterprise provides vessel maintenance and supply services (excluding ship repair). The persons who provide vessel maintenance and supply services (excluding ship repair) shall have the right to provide the maintenance services (excluding ship repair) to the vessel and its crew or to provide stocks, once they have obtained the permit to enter the Territory in accordance with the established procedure and the applications of the Masters of the vessels staying at the port quays and piers, or their authorised persons. A delivery note or invoice for transport of goods, or a document supporting the fact of the call to the vessel for the purposes of agreement concerning the supplies shall be equivalent to the application of the Masters or their authorised persons. The agreement with the Companies is also not required in cases where the Company and its customer has agreed, that the customer itself or third parties hired by the customer will carry out certain vessel repair works.
2. To refrain from enticing the employees of the Companies away and suggesting that they terminate the employment relationship with the Companies; to refrain from offering them material goods or other benefits to win their favour; to refrain from conducting negotiations and / or concluding agreements with them for these purposes.
3. The subcontractors of the Companies and / or suppliers of goods or providers of services to the Companies shall undertake to refrain from enticing away the customers of the Companies present in the Territory at the time of the execution (validity period) of the contracts with the Companies.
4. To ensure that the employees of Enterprise follow the Internal Work Order Rules of WSY, the fire safety requirements, the customs procedures, and requirements of other regulatory acts, as well as the permit regime established by WSY and other requirements of the local legislation.
5. To provide the employees of Enterprise with the work certificates that comply with the requirements of the legal acts, as well as instruct the employees to carry such certificates when in the Territory.

Obligations of Enterprise in Order to Obtain the Permits to Enter the Territory:

6. To pay the fee according to the tariffs established by WSY for the permits to enter the Territory granted to Enterprise (not applicable to the companies of WSY group), as well as for the services of the medical aid station, within 5 calendar days from the issue of the invoice by WSY (the advance payment is required in case of permits). In the event of late payment of the invoice, to pay delay interest of 0.2% of the amount overdue for each day of delay.
7. To submit the signed applications on the letterhead of Enterprise to obtain permits to enter the Territory, which has been coordinated with the customer of the works – a representative of the respective company of WSY group) no later than a week prior to the required effective date of the permits. Such applications shall indicate the person responsible and their contact details, the beginning and end dates of works. The employee photos and the list of the employees indicating their personal ID numbers and positions, as well as the copies of the work certificates already issued to such employees following the established procedure (the latter condition shall only apply in cases where Enterprise operates in the Territory on the basis of contractual relationships with the Companies) shall be attached to the above applications. Electronic permits shall only be issued where the photos of all the listed persons are provided.
8. To submit all the documents required to support the legality of the activities carried out by Enterprise (the incorporation documents, certificates from the State Tax Administrator and Social Insurance Fund Board confirming the absence of debts, copies of the employment contracts and work permits for foreigners, visa copies of foreign workers and other documents), if the Companies request so (this condition shall only apply in cases where Enterprise operates in the Territory on the basis of contractual relationships with the Companies). When entering (either on foot or in a vehicle) to the

Territory, as well as when leaving the Territory, to tag the permit at the electronic card reader device (including all the electronic card reader devices installed at the entrances / exits).

9. To keep / carry the permits so that they are visible.
10. To immediately notify the Permit Office of WSY in case an employee of Enterprise stops working in the Territory, or loses the permit, or is dismissed from work.
11. To refrain from transferring the issued permits for the use of other persons than those named in personal permits.
12. To return the permit to the Control Department employee, in case s/he demands this due to the Work Order Rules violations or other violations.
13. In terms of duration and route, the presence in the Territory of the persons providing vessel maintenance and supply services shall be permitted to the extent that is reasonably required for the execution of the order / call.
14. WSY shall refuse the issuance of the permit to Enterprise or its employee (s), if the Port control authorities have provided information that the issuance of the permits to such persons is not permissible under Paragraph 28 of the Rules of Port Complex Users' Access to the Territory.
15. Enterprise shall ensure that its employees who are foreign nationals or stateless persons are employed in accordance with the procedure applicable for the work / employment of such persons that is established by legal acts (work permits, notification of the relevant institutions and so on), and shall provide the Companies with the copies of the passports of such persons prior to the issuance of the permits to enter the Territory, and prior to the actual entry of such employees into the Territory. All and any related actions shall be carried out solely by Enterprise (obtaining work permits, submission of notices to the relevant authorities and so on). Any losses incurred by any party (natural or legal persons) in connection with non-compliance with the above requirement shall be compensated by Enterprise. WSY shall have the right to refuse the access to the Territory for the persons who do not have the required work permits, or to remove such persons from work, and it shall be regarded as a material breach of an agreement and the basis for the Companies to immediately terminate the agreement (the above condition shall only apply in cases where Enterprise operates in the Territory on the basis of contractual relationship with the Companies).

Obligations of Enterprise Regarding Performance of Customs Procedures:

16. To carry out any customs procedures in the Territory solely via Vakarų krova, UAB (Western Stevedoring) customs clearance agent. To immediately submit the copies of the accompanying documents of all non EU goods to the declarant of Vakarų krova, UAB. In case such documents are not submitted to the declarant, WSY shall entitle to suspend the release of cargoes from the Territory without any obligation to pay interest for the transport downtime. To cover all the costs incurred by the Companies in case of violation of the above requirement.

Obligations of Enterprise in Organising and Carrying Out Works:

17. To appoint in writing a person responsible for the general organisation of works, work safety and management in every site by coordinating the work of the shifts and the work involving the machinery that poses a potential risk.
18. To carry into the Territory own occupational protective equipment and tangibles depending on the nature of Enterprise's business; to declare the carried in materials according to the transport documents and to present them for inspection at the control post of the Control Department (CD) of WSY, and, when carrying them out, to submit the delivery notes. The Permit Office of WSY does not provide transport documents (copies of invoices, delivery notes), except for the cases where it is required under applicable legal acts.
19. When carrying out works / manufacturing items in the Territory with own materials, to provide the information on the materials used to complete the works (name, quantity and price of the material) (applicable to subcontractors) in the Works delivery-acceptance protocol or similar document.

20. To operate and handle the tools and equipment of the Companies strictly complying with the requirements of the user manuals. Upon completion of works, to ensure that the returned tools and equipment of the Companies are orderly. To reimburse the damage incurred due to damaged/ lost tools.

21. On the day the works are completed, however, no later than up to the last business day of the month, to submit the timesheets, as well as the sheets concerning the works performed under the orders, to the Director of the respective Company that has concluded the agreement regarding the performance of the specific works (applicable to Enterprises that are paid according to the table or technological hours).

Obligations of Enterprise in the Fields of Environmental Protection and Occupational Health and Safety:

22. To have the employees of Enterprise insured against the accidents at work and occupational illnesses.

23. In the event of an accident and / or occupational illness, to reimburse all and any damage incurred by the injured person.

24. Those participating in any WSY projects have to complete the permits of the prescribed form in order to carry out the works, particularly, before carrying out the works from the cradle attached to the crane hook, fire works, works at height exceeding 5 meters, and other works according to the Table 1 of the OSHA 4.3.1-01 (Lith. DSS 4.3.1-01).

25. To carry out works only on scaffolding bearing a green label. It is prohibited to disassemble scaffolding or carry out works on the disassembled scaffolding.

26. The slingers certified in accordance with the procedure established by legal acts must have stickers on the helmets. Before receiving the stickers, such slingers have to be instructed according to the WSY OSHA No. 62 slinger instruction (Lith. VLG DSS No. 62).

27. To use only such lifting devices (slings, jaws, hoists, containers, etc.) when in the Territory that are in compliance with the lifting equipment operation regulations of RL, and marked with the appropriate colour of the year according to the OSHA No. 64 (Lith. DSS No. 64).

28. Do not obstruct the operation roads of gantry cranes.

29. To follow the signs in the Territory concerning the traffic, placing of cargo, wearing of personal protective equipment, particularly, the helmets (1), goggles (2), footwear (3), reflectors (4), and protective headsets (5). The employee clothing has to be neat, clean, certified, and bear the name of Enterprise.

30. The internal transport means (trucks, carts) and the lifting devices intended for people must have verification markings.

31. To maintain tidy work sites and main passageways, and to use orderly communications: the hoses for combustible gas and electric cables inspected according to the procedure established by WSY. To use only the gas cylinders fixed in safe locations, orderly lamps, grinders and other work tools.

32. To not commence the industrial activities, if the employees are not sufficiently qualified or are not certified for hazardous works.

33. To expeditiously notify of any hazardous situations and incidents taking place.

34. In case of accident, an employee has to:

- Immediately administer first aid;
- Notify the Control Department employee on duty by calling +370 46 483365;
- Notify one's direct manager.
- Call an ambulance or other emergency services, where necessary.

35. To comply with any environmental protection requirements established by the legislation of the Republic of Lithuania and international legal acts, as well as to ensure and maintain cleanliness in the part of the Territory and the water area used for economic activities.

36. To sort out waste at its source location. To order the containers for individual types of waste from a waste management company.

37. To use only hermetic and tight containers for the collection of waste and liquid waste contaminated with petroleum products and chemicals, so that no waste enters the environment during its collection, loading, transporting and storage.

38. To remove the waste once the containers are full.

39. To maintain cleanliness and order at work places and the appointed territories.

40. To take any actions and employ any available measures to prevent pollution, eliminate pollution causes, stop the shifting of pollution between the various environmental media and collect the contaminants that have entered the environment. To eliminate the effects of pollution in the environment, to minimise the damage to the environment or to recover the pre-pollution condition.

41. To refrain from polluting the Territory and the water area with waste / rubbish, chemicals and mixtures thereof, residues of cargoes and other materials or the packaging thereof.

42. To refrain from mixing the hazardous and industrial waste with domestic and other non-hazardous waste, or mixing non-sorted waste with sorted waste. To refrain from burning of the waste, hazardous chemicals and mixtures thereof.

43. To refrain from using any improperly operating technological and electric equipment, vehicles, machinery, load lifting and hydraulic devices that cause environmental contamination, noise pollution or leak petroleum products / other contaminants.

44. To refrain from destroying greenery.

45. To refrain from washing and repairing vehicles and other machinery in the places that are not intended for this purpose.

46. To refrain from spilling any petroleum products, paints, chemicals and other contaminated liquids on the pavement, soil, vessel deck, dock building berth, as well as into the water area, surface water drains and domestic drainage networks.

47. To assume liability for any environmental contamination incident resulting from Enterprise's actions / failure to act, and for each instance of failure to comply with the environmental protection requirements determined by these Conditions, the Companies, and the legal acts of the Republic of Lithuania, as well as to identify the causes of such environmental contamination and organise the elimination of non-compliance with the requirements, the collection of the contaminants that have entered the environment, the cleaning of the contaminated locations, the recovery of the damaged property of the Companies, as well as to reimburse the Companies for all the losses incurred by them.

Offsetting of Mutual Debts:

48. Where Enterprise is indebted to the Companies, Enterprise agrees that any company of WSY group is entitled to transfer the debt directly to any other company of WSY group instead of Enterprise. Once the transfer has been carried out, WSY must provide Enterprise with a copy of the payment order with an indication that the payment is carried out on behalf of Enterprise. The following are the companies of WSY group: Vakarų laivų gamykla, AB; Vakarų Baltijos laivų statykla, UAB; Vakarų laivų remontas, UAB; Vakarų vamzdinių sistemų, UAB; Vakarų Konstrukcijos, UAB; Vakarų konstrukcijos, UAB; Baltic Premator Klaipėda, UAB; Vakarų krova, UAB; Vakarų metalgama, UAB; Vakarų Centrinė Laboratorija, UAB; Elme transportas, UAB; Elmelit, UAB; Vakarų Buitis, UAB; Western Baltic Engineering, UAB; Vakarų laivų agentai, UAB; Vakarų techninė tarnyba, UAB; Vakarų apskaitos grupė, UAB; WARTSILA BLRT Estonia Lithuania Branch; Vakarų Refonda, UAB; MACGREGOR BLRT BALTIC.

Liability of Enterprise and Applicable Sanctions:

49. Where the entry of any goods into the Territory is not declared, and the corresponding purchase documents are absent, such items shall be considered the property of WSY.

50. The responsibility for the protection and maintenance of own property present in the Territory lies with Enterprise.

51. Enterprise (that does not belong to the BLRT Grupp) shall undertake to pay to the WSY a fine totalling twelve average monthly salaries of the respective employee, if in breach of Paragraph 2 of the present Conditions.

52. Enterprise shall undertake to pay to WSY a fine totalling the price of the contracts with a respective customer for the last twelve months, if in breach of Paragraph 3 of the present Conditions.

53. In case of any other violations of the present Conditions than those indicated by Paragraphs 51-52, WSY shall be entitled to request from Enterprise in breach to pay a fine of up to EUR 500 for each instance of breach (e.g., the persons within the Territory under the influence of alcohol, carrying or consuming alcohol, using drugs, or smoking in places not intended for this purpose), attempt to steal / stealing property in the Territory (or from a vessel located at WSY), or any other violations. Where the violation is of a continuous nature, and Enterprise in breach does not eliminate the violation after the receipt of the corresponding request of WSY, WSY, along with the fine for the breach, shall be entitled to impose an additional fine of up to EUR 50 for each day of continuation of the violation starting from the date, when WSY request concerning the elimination of the violation has been received. Apart from the imposition of fines on Enterprise in breach (i.e., Enterprise whose employee, representative or other person whose actions is the responsibility of Enterprise (e.g., a visitor, service provider or a person performing works) is in breach of the present Conditions), WSY shall also be entitled to request that the natural person who has violated the present Conditions or the Rules of Port Complex Users' Access to the Territory would leave the Territory immediately, as well as to cancel the permit issued for such a natural person and suspend the permit issuance for such a natural person for up to 2 months following the violation date. Where the breaches occur regularly (any person is in breach 2 or more times within a six-month period), WSY shall have the right to refuse the issuance of the permit for such a person up to 6 months from the date of the last instance of breach. WSY shall have the right to differentiate the extent of the sanctions provided for by the

present paragraph depending on the nature and gravity of the breach. The application of the sanctions provided for by the present paragraph shall not waive WSY or the Companies of their right to claim the compensation for damage from Enterprise responsible for the breach (i.e., Enterprise whose employee, representative or other person whose actions is the responsibility of Enterprise (e.g., a visitor, service provider or a person performing works) is in breach of the present rules), where the breach has caused any damage.

54. The instances of breach shall be recorded in protocols or other means of evidence indicated in the Civil Procedure Code of the Republic of Lithuania. In addition to the issuing persons, the protocols have to be signed by a representative of Enterprise and / or the employee liable for the violation. In case the representative of Enterprise or the employee liable for the violation fails to sign the protocol, a copy of the protocol shall be sent to Enterprise via fax or e-mail with a proposal to sign the protocol within the indicated term. In case the signed protocol or the reasonably grounded refusal to sign the protocol is not returned by the indicated deadline, it shall be deemed that Enterprise has signed it.

55. Where WSY finds out that Enterprise has wilfully occupied and / or uses any area or premises of WSY, Enterprise shall have to pay WSY the fine totalling the rent payment for three months according to the tariffs of WSY, which has to be paid within 15 days from the issue of the invoice for the amount of the fine, and to immediately vacate the wilfully occupied area (premises), or to conclude a rent agreement for that area (premises). The invoice for the fine amount shall be issued based on the deed drawn up by WSY, and the copy of such deed shall be handed over to Enterprise.

56. Where WSY CD finds out that the stolen property of the companies of WSY group or the remains of such property is stored in the premises or areas rented by Enterprise, Enterprise shall have to reimburse the costs of acquisition of such property to the company of WSY group.

57. The reimbursement amount and / or fine for the damage caused to WSY due to the fault of the employees of Enterprise shall be offset while settling the payments.

58. Any violation of the present Conditions or the internal order of WSY shall be considered a material breach of the agreement concluded with the Companies. In such

an event, the Companies shall be entitled, without any consequences for themselves, to unilaterally terminate the agreement concluded with Enterprise by giving a single notice to Enterprise three working days in advance. If the agreement is terminated on the above basis, Enterprise shall lose the right to enter into any future agreements with any company of WSY group at its own initiative. The termination of the agreement does not exempt Enterprise from the elimination of any defects, reimbursement of damages and payment of forfeit. The sanctions indicated in the present Conditions shall be deemed the minimum amount of damages, however, the Companies shall, in all cases, be entitled to claim the compensation for the damages not covered by the above forfeit.

Final Provisions:

59. Enterprise confirms that it is a registered company operating according to the laws of the country of registration and has all the rights and powers to carry out its activities. The person signing the present Conditions is authorised to do so.

60. In case of any changes in the legal details of Enterprise, it must immediately inform in writing the Director of the respective company of WSY group and the Permit Office of the Control Department accordingly.

61. Any disputes concerning the present Conditions shall be settled in the court in Klaipėda. The law of the Republic of Lithuania shall be applicable for the interpretation of the Conditions and settlement of disputes.

In case of accidents or violations of the Internal Order Rules of the WSY, please CONTACT the following persons:

Nature of Issue	Addressee	Telephone number
Environmental protection issues, in case any environmental pollution instances have been detected / have occurred.	Ecologists of WSY	Phone: 48-3748; mob.: 8-687 76135 Phone: 48-3749; mob.: 8-698 22511
Issues regarding territory cleaning, premises maintenance, waste removal and other maintenance services.	Director of Vakarų buitis, UAB	Phone: 48-3853; mob.: 8-616 83901
Issues regarding the power supply and communications, as well as any accidents related to the engineering networks.	Energy Dispatcher of Vakarų techninė tarnyba, UAB	Phone: 48-3673; mob.: 8- 698 14223
In the event of fire; issues regarding the control and regime.	CD staff on duty 24 hours a day	WSY, phone: 48-3665; Pilies g. 8, phone: 398 178 WSY, mob.: 8-612 24538; Pilies g. 8, mob.: 8-614 06602
Issues regarding the access to the Territory and permit issuance.	Permit Office	WSY, phone: 48-3664; Pilies g., 8 phone: 398 199
Issues regarding health impairments and injuries.	Medical Aid Station	Phone: 48-3703; Pilies g., phone: 8 398 103
Issues regarding occupational safety.	Head of Occupational Health and Safety Department	Phone: 48-3941; mob.: 8- 614 29182
Any other issues.	Dispatcher on duty	Phone: 48-3659; mob.: 8- 698 85469 (24 hours a day)

Enterprise
(Company name*, code*, address*, telephone*, e-mail*)

The undersigning authorised representative of Enterprise hereby confirms that s/he has understood the meaning of the present Conditions and confirms that Enterprise undertakes to follow these Conditions.

.....
(First name*, last name*, signature* of the Director of Enterprise, seal*)

Note*: Where the signatory is the authorised representative of Enterprise (position, first name, last name, personal ID number, signature), a duly certified copy of the Power of Attorney allowing the person to sign the agreements has to be attached.

Signed in Klaipėda on: _____ 20____*:

Notes:

* - the information has to be filled in.