

EPC Contract  
December 09, 2014  
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1 sz. példány

9. sz. példány

2200/T/ME/2014.  
"KORLÁTOZOTT TERJEGYZÉSŰ"  
2025. július 20-ig

"Titkos!"  
~~Érv. idő: 2014. XII. 09.~~  
Minősítő:

"Secret!"  
~~Útlev. 08. XII. 2014.~~  
Classified:

2016. július 21.  
602-F/NY/ME/2015 írt. számú  
irat alapján.

**ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC) CONTRACT**

**Construction of Paks II Nuclear Power Plant Units 5 and 6,  
Hungary**

between

**MVM Paks II. Nuclear Power Plant Development Private Company Limited by Shares**

and

**Joint-Stock Company Nizhny Novgorod Engineering Company Atomenergoproekt**

**ORIGINAL**

FELJEGYZÉS:

"Az irat 1 példányban történő  
másolását engedélyezem."  
Budapest, 2014.

Az APP. 1.15 melléklet  
minősítése megfelel a  
NY-ME/162/2016 írt. számú  
irat alapján. (2016. 02.11)  
Felülvizsgáló:

Felvezette:

Korlátozott terjesztésű!



1777/2015  
93 2014.09.03

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**LIST OF APPENDICES APPENDED AS OF THE DATE OF THIS CONTRACT**

APPENDICES 1	TECHNICAL APPENDICES
APPENDIX 1.1	Owner's technical requirements
APPENDIX 1.3	Technical Documentation (List of technical documents)
APPENDIX 1.4	Licensing and permitting plan
APPENDIX 1.5	Project Management and organization
APPENDIX 1.8	Operation, Operator's Training and Simulator
APPENDIX 1.9	Site layout
APPENDIX 1.11	Quality management
APPENDIX 1.12	Contractor's Scope of Supply
APPENDIX 1.13	Owner's Scope
APPENDIX 1.15	Procurement Policy
APPENDIX 1.17	Commissioning and Trial Operation
APPENDIX 1.18	Guarantees and Warranties
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APPENDIX 2.1	Defects Liability Bank Guarantee Form
APPENDIX 2.1.3	Form of Provisional Take-over Certificate
APPENDIX 2.3	Form of Final Take-over Certificate
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APPENDIX 2.5	Project Schedule
APPENDIX 2.7	Payment Event Certificate Form
APPENDIX 3	BREAKDOWN OF CONTRACT PRICES
APPENDIX 3.1	Contract Price

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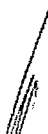
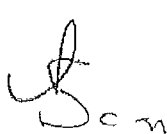
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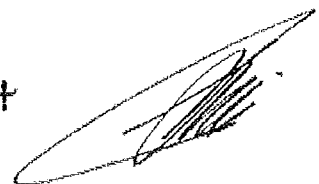
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- APPENDIX 4.1 Form of Closing Certificate
- APPENDIX 4.5/1 Form of Legal Opinion A
- APPENDIX 4.5/2 Form of Legal Opinion B
- APPENDIX 4.5/3 Form of Legal Opinion C
- APPENDIX 4.5/4 Form of Legal Opinion D
- APPENDIX 4.7 Form of Bank Guarantee
- APPENDIX 4.8 Form of Parent Company Guarantee
- APPENDIX 4.9 Form of Escrow Agreement (Source Code)
- APPENDIX 4.10 DAB Rules

**LIST OF APPENDICES APPENDED AT A LATER DATE**

- APPENDIX 1.2 Contractor's Detailed Technical Offer (Description)  
(incorporated by reference)
- APPENDIX 1.6 Business Travelling Conditions for Owner's Specialists
- APPENDIX 1.7 Business Travelling Conditions for Contractor's  
Specialists
- APPENDIX 1.21 Insurance conditions
- APPENDIX 3.2 Payment Schedule
- APPENDIX 3.4 Payment terms and procedure
- APPENDIX 4.3 IP List
- APPENDIX 4.11 Comfort Letter





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## ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC) CONTRACT

This EPC Contract (the “Contract”) is made on 09 December 2014 in Budapest, Hungary between

(1) MVM Paks II. Nuclear Power Plant Development Private Company Limited by Shares, a company under the laws of Hungary, with company registration number 17 10 001282, having its registered office at Gagarin street 1, Paks, Hungary 7030 (the “Owner”) duly represented herein by \_\_\_\_\_ (chief executive officer), on the one hand, and

(2) Joint-Stock Company Nizhny Novgorod Engineering Company Atomenergoproekt (JSC NIAEP), a company under the laws of the Russian Federation, with company registration number 1075260029240, having its registered office at Roshad Svobody 3, Nizhny Novgorod, Russia, 603006, the Russian Federation (the “Contractor”) duly represented herein by \_\_\_\_\_ (senior vice-president), on the other hand, and each of the parties to be hereinafter referred to as the “Party”, and the Owner and the Contractor together the “Parties”,

on the following terms and conditions:

### RECITALS

- A. The Government of the Russian Federation and the Government of Hungary have entered on 14 January 2014 into the agreement on cooperation in peaceful use of nuclear energy and on 28 March 2014 into the agreement on the extension of a state credit to the Government of Hungary for financing of the construction of nuclear power plant in Hungary, in accordance with which the Government of the Russian Federation and the Government of Hungary agreed to cooperate to further maintain and develop the capacity of the Paks nuclear power plant, including designing, constructing, commissioning and decommissioning of two new units 5 and 6 with VVER (pressurized water reactor) type reactors, having each at least 1000 MW, and with the purpose to substitute the operating units 1 to 4, which will be decommissioned in the future.
- B. In accordance with the agreement on cooperation in peaceful use of nuclear energy of 14 January 2014, the Government of the Russian Federation and the Government of Hungary agreed to cooperate in supporting the modernization, reconstruction and decommissioning of the operating power units 1 to 4 of the Paks nuclear power plant, including the supply of new equipment, maintenance, repair and modernization of systems and equipment, works on extending service life of the power units, consultations on technical issues and works on decommissioning of the power units after expiration of their service life time.
- C. Pursuant to the terms of the agreement on cooperation in peaceful use of nuclear energy of 14 January 2014, the Government of the Russian Federation and the Government of Hungary agreed that the Russian competent authority and/or the Russian authorized organization on the one hand and the Hungarian competent authority and/or the Hungarian authorized organization on the other hand, shall enter into implementation agreements with respect to development of capacity of the Paks nuclear power plant.

~~Korlátozott terjesztésű!~~

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- D. MVM Paks II. Nuclear Power Plant Development Private Company Limited by Shares was designated by the Hungarian competent authority as the Hungarian Authorized Organization and is the Owner under the Contract. The Owner belongs to the MVM Group which is one of the leading groups in the business of production, distribution and sale of electricity in Central Europe and the largest energy group in Hungary. The Owner is envisaged to be the future licensee and operator of Units 5 and 6.
- E. Joint Stock Company Nizhny Novgorod Engineering Company Atomenergoproekt (JSC NIAEP) was designated by the Russian competent authority as the Russian authorized organization and is the Contractor under the Contract. The Contractor belongs to the State Atomic Energy Corporation Rosatom which is one of the leading groups and the largest energy group in the Russian Federation.
- F. This Contract is intended to constitute an Implementation Agreement under Article 9 of the agreement on cooperation in peaceful use of nuclear energy of 14 January 2014. The Parties declare and acknowledge that they intend the Contract to be concluded in execution of the above mentioned intergovernmental agreements and they intend that this Contract complies with its terms.

## 1. DEFINITIONS, INTERPRETATION AND APPENDICES

Unless otherwise stipulated by this Contract the following terms and phrases shall have the meanings assigned to them in the present Article:

**"Absolute Guarantee"** means the minimum or maximum level of the respective parameters as set out in Appendix 1.18.

**"Affiliate"** means, in respect of any person, any other person that, directly or indirectly, through 1 (one) or more intermediaries, controls, is controlled by, or is under common control with such person. For the purposes of this definition control means direct or indirect ownership of more than fifty percent (50%) of the outstanding capital stock or other equity interests having ordinary voting power or any power to control resulting in the same result without actual ownership.

**"Antiquities"** means all fossils, antiquities, structures and other relics, objects or things which have archeological, artistic, monetary or religious value, discovered at the Site or in the process of Project Implementation and performance of the Services at the Site.

**"Applicable Laws"** means any mandatory laws, including any laws of Hungary, the Russian Federation, or any other country whose laws may be or may become applicable with respect to this Contract, laws of the EU and EURATOM, and any other mandatory laws, including any tax laws, international contracts, agreements, conventions, acts, statutes, treaties, ordinances, contracts, subordinate acts, judgments, decrees, licenses and Authority Approvals or any similar form of decision or determination by, or any written interpretation or administration of, injunctions, writs, orders, rules, regulations (including applicable mandatory technical standards), interpretations, or other applicable administrative, executive, judicial, legislative, policy, regulatory or taxing actions, any of the foregoing by any Authority having jurisdiction over a Party (as to that Party), the Project, the Project Implementation, the Site, the transmission of electricity, as the same is in force on the

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Effective Date, and any amendments or modifications thereto in accordance with Applicable Laws, all in accordance with Article 11 of the Cooperation International Agreement.

"**Applicable Standards**" means the applicable codes, rules, guidelines and any other standards applicable to the Project as per Appendix 1.20.

"**As-built Documentation**" means the set of documents prepared by the Contractor according to the results of the Services at the Site or according to results of inspections, tests and measurements of certain Project Implementation phases.

"**Authority**" means any international, national, state, local, regional or municipal authority, ministry, government agency, judicial or administrative authority or other government authority, with jurisdiction over the Owner or the Contractor or the Guarantor, any activity engaged in by the Owner or the Contractor, as well as the Project, Facility and Services, and includes any third party to whom the powers of such an authority are delegated to, all in accordance with Article 11 of the Cooperation International Agreement.

"**Authority Approval**" means any authorization, consent, license, permit or other form of approval by, or from, any Authority whether or not held, or to be held, in the name of the Owner or the Contractor relating to the Project Implementation, ownership, occupation, engineering, construction, start up, commissioning, testing, fuelling of the Facility or to the execution or performance of this Contract, including the construction license.

"**Availability Guarantee**" means the Unit Capability Factor to be achieved by each of Unit 5 and Unit 6 during the Evaluation Period as specified in Appendices 1.1 and 1.18.


"**Bank Guarantees**" means the payment securities in accordance with Clauses 13.1-13.10.

"**Basic Design**" means documentation comprising text and graphical parts containing the data related to the Project, description of adopted technical and other decisions, clarifications, references to normative and (or) technical documents utilized in development of design documentation as well as calculation results justifying taken decisions, as specified in Appendix 1.3.

"**Business Day**" means any day of the week from Monday through Friday, exclusive of legal holidays in the Russian Federation or Hungary.

"**Change in Legislation**" means, after the Effective Date:

- (a) the enactment, adoption or promulgation of any new Applicable Laws of Hungary;
- (b) the revocation, material modification, material amendment, material extension, material alteration or repeal of any existing Applicable Laws of Hungary;
- (c) the imposition of a requirement or non-customary material condition from an Authority or for an Authority Approval in Hungary;

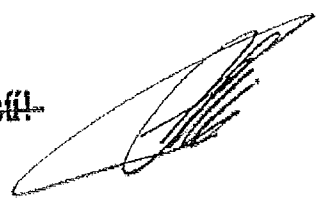
  
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- (d) after the grant of a final Authority Approval, a material change in the terms or conditions attaching to that Authority Approval or to the interpretation or application of the Authority Approval or the addition of any material terms or conditions in Hungary, except if such change was requested by the Contractor or its subcontractors; or
- (e) any Authority Approval in Hungary that has been granted ceasing to remain in full force and effect or, if granted for a limited period, not being renewed on a timely basis on application for renewal being duly made, or being renewed on terms or subject to conditions that are materially less favorable to the Contractor than those attached to the original Authority Approval.

“Closing Certificate” means the joint certificate of the Contractor and the Guarantor to be delivered by the Contractor, and eventually by an assignee under Clause 37.4, materially in the form of Appendix 4.1.

“CO” means the Swiss Code of Obligations of 30 March 1911 as published in the classified compilation under number 220.

“Comfort Letter” means a comfort letter issued by the Prime Minister’s Office of Hungary in its capacity as the legal person designated to exercise all proprietary rights and obligations vested in the state of Hungary over the Owner as per ministry decree 45/2014 (XI.14.) NFM to the effect that the Prime Minister’s Office will procure that the Owner and the Államadósság Kezelő Központ Zrt. (Government Debt Management Agency Private Company Limited by Shares or the “ÁKK”) complies with its obligations under this Contract, in the form of Appendix 11 hereto.

“Commissioning Works”, “CW” means the process within Project Implementation, during which the Unit systems elements and/or Unit systems and/or the Facility made operational and verified to be fully functional in compliance with design parameters and the Owner’s Requirements upon the completion of the erection of the respective part of them.

“Completion Date for Phase 1” means December 31, 2017.

“Completion Date for Unit 5” means December 31, 2024.

“Completion Date for Unit 6” means December 31, 2025.

“Completion Dates” means the Completion Date for Phase 1, the Completion Date for Unit 5 and the Completion Date for Unit 6, collectively.

“Concealed Works” means works concealed by follow-up work and structures, the quality and accuracy of which are impossible to define after execution of follow-up work.

“Confidential Information” has the meaning given to it in Article 30.3

“Construction Works” means the works on the erection of buildings and structures which include a set of actual construction works, works on arrangement of basements, foundations and supporting structures, including for Goods, as well as auxiliary, transportation and other works associated with the erection of buildings and structures.

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"Contract" means this contract as set out in Clause 2.1.

"Contract Price" means an agreed amount in Euro as consideration for all of the Contractor's obligation under this Contract, including but not limited to the Contractor's Scope of Supply, the design, execution and completion of the Services and the initial Nuclear fuel supply (first loads and first reloads for the Facility) and the remedying of any defects and includes adjustments, if any, and including the predicted inflation (escalation) until the Completion Dates, all in accordance with this Contract.

"Contractor" means the Joint-Stock Company Nizhny Novgorod Engineering Company Atomenergoproekt (JSC NIAEP), as well as its legal successors.

"Contractor's Equipment" means all equipment, machinery, tools, apparatuses, vehicles and, devices to be delivered by the Contractor and the Subcontractors to the Site in the process of the Project Implementation and required for the Project Implementation the title to which is not transferred to the Owner under the Contract."

"Contractor Permits" means the permits to be acquired by the Contractor as a licensee in its own name and at its own cost in accordance with Clause 22.16.

"Contractor's Personnel" means the Contractor's Representative, the Technical Manager and all personnel whom the Contractor utilizes, who may include the staff, labour and other employees of the Contractor and of each Subcontractor.

"Contractor's Representative" means the person named by the Contractor in the Contract or appointed from time to time by the Contractor under Clause 18.9, who acts on behalf of the Contractor.

"Contractor's Scope of Supply" means a non-exclusive list of the Contractor's obligations, including, but not limited to, the design, the execution, performance and the completion of the Services, the Project Management, the nuclear fuel first load supply and 1 (one) subsequent reload for each of Unit 5 and Unit 6 in terms of the execution of Phase 1 and Phase 2 (Fuel Provisions of the EPC Contract), the remedying of Defects, the supply of Spare Parts and other Contractor's obligations stipulated by this Contract, all pursuant to and in accordance with the Owner's Requirements as all these may be listed in Appendix 1.12.

"Cooperation Intergovernmental Agreement" means the agreement between the Government of Hungary and the Government of the Russian Federation on cooperation in the field of peaceful nuclear energy use of 14.01.2014 as the same is promulgated into the laws of Hungary as Act II of 2014.

"Cost" means all expenditure reasonably incurred (or to be incurred), whether on or off the Site, including overhead and similar charges, but does not include profit.

"DAB" means the persons so named in the Contract, or other person(s) appointed under the Clause 28.5.

"Defect" means a failure of the Services, Goods or any part thereof, to meet the express requirements of the Contract in the sense of the CO.

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„Defects Liability Bank Guarantee for Unit 5” means the bank guarantee as per Article 13.

„Defects Liability Bank Guarantee for Unit 6” means the bank guarantee as per Article 13.

„Defects Liability Period” means the relevant period specified in Article 14.6.

„Detailed Design” means the Technical Documentation based on the Basic Design and the Owner’s Requirements and developed for the Construction Works.

„Detailed Technical Offer (Description)” means the detailed technical offer (Description) of the Contractor to the Owner in response and pursuant to the Owner’s Requirements in accordance with the Cooperation Intergovernmental Agreement.

„Detailed Time Schedule” (“DTS”) means the schedule of level 3 detail – covering the period of no less than one year - elaborated by the Contractor for the performance of the Project Implementation and detailing the activities covered in DTS on a lower level.

„Dispute” means the dispute as per Clause 28.3.

„Effective Date” means January 01, 2015.

„Engineer” means the company specified in Article 18 or Article 19.

„Evaluation Period” means the 36-(thirty-six)-month period from the date of the Provisional Takeover Certificate issuance.

„EU” means the European Union.

„EURATOM” means the European Atomic Energy Community.

„Existing Plant” means, for the purposes of this Contract, the power units 1-4 of the Paks nuclear power plant.

„Facility” means collectively Unit 5 and Unit 6.

„Final Takeover Certificate” means the document in the form of Appendix 2.3.

„Financial Intergovernmental Agreement” means the Agreement between the Government of the Russian Federation and the Government of Hungary on the extension of a state credit to the Government of Hungary dated 28 March 2014 as the same is promulgated into the laws of Hungary as Act XXIV of 2014.

„Force Majeure” has the meaning given to it in Clause 31.1.

„Fuel Provisions of the EPC Contract” means certain fuel provisions of, and referred to in, Article 28 of the Fuel/Spent Fuel Contract as incorporated herein by reference.

„Fuel/Spent Fuel Contract” means the agreement between the Parties pursuant to the Cooperation Intergovernmental Agreement.

„Functional Guarantees” means the technical parameters specified in Appendix 1.18.

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**"Good Engineering Practice"** means the entirety of requirements, set out in standards, specifications, codes, regulatory and industrial guidelines, as well as generally acknowledged engineering and design methods and practices of regulatory compliance, safety, efficiency, protection of environment and operability, applicable by highly professional, prudent, experienced, properly qualified and competent contractors with respect to design, erection, operation, and/or maintenance of facilities similar to the Facility, regardless, whether specified in this Contract, as applicable for the relevant time period.

**"Goods"** means all equipment, machines, machinery, goods, materials, articles, softwares or things of every kind to be manufactured, procured, supplied and installed by the Contractor under the Contract (including the Spare Parts, as well), required for the ordinary, safe, undisturbed operation of the Facility (which is in accordance with the Applicable Standards, Applicable Law and the provisions and requirements of the Contract) as the case may be, regardless, whether they are specified in Contract, however the Contractor's Equipment are excluded.

**"Guarantor"** means State Atomic Energy Corporation Rosatom.

**"Guaranteed Performance"** means the parameters specified in Appendix 1.18.

**"Guarantee Tests"** means the Unit tests to be carried out to ascertain whether the Facility is able to attain the values, all in accordance with Appendix 1.18.

**"Hazardous Substances"** means any hazardous wastes, materials, substances, toxic substances, contaminants or pollutant, including but not limited to the following: radioactive substances, oil or oil products, asbestos in any form, transformers or other equipment containing an excess of polychlorinated biphenyls (PCB) as dielectric liquid, exclusive of Nuclear Fuel, as regulated by the Applicable Laws or the Applicable Standards.

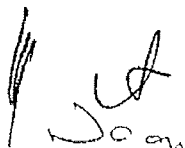
**"Implementation Agreements"** means the agreements to be entered into by the Parties pursuant to the Cooperation Intergovernmental Agreement, ie this Contract, the Fuel/Spent Fuel Contract and the O&M Contract.

**"In-house Rules"** means the rules supplied by the Owner as applicable to the Project as listed in Appendix 1.20 as in force on the Effective Date, and any amendments or modifications thereto in accordance with the Applicable Laws or the Applicable Standards but not being part of either the Applicable Laws or the Applicable Standards.

**"Indemnitee"** means the Contractor or the Contractor's Personnel for the purposes of Article 15.

**"Integrated Overall Time Schedule" or "IOTS"** means the schedule of level 2 detail elaborated by the Contractor as per Article 20.2 describing all activities of the Project Implementation for their breakdown into separate operations; establishment of the initial and final date, logic connections and reserve time periods.

**"Intellectual Property"** means any and all worldwide rights and results of intellectual activity and means of individualization equivalent to them (intellectual property) including, but not limited to, copyright, design rights, utility models, database rights, trademarks, patent







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rights and inventions (whether patentable or not), industrial property or proprietary, trade names, business names, domain names and know-how to be detailed in Appendix 4.4.

**"KKS number"** means a unique identification code by the designer of the Facility to each object, building, system or element to be used by all the participants in the Project. The code is applied in accordance with KKS identification system (KSS identification system developed by Technical Committee of Industries Association VGB-KWT GmbH, Germany).

**"Legal Opinions"** means the four legal opinions in the form of Appendices 4.5/1-4.5/4 hereto.

**"MEKH"** means Magyar Energetikai és Közműszabályozási Hivatal (in English: Hungarian Energy and Public Utility Regulatory Authority).

**"Milestone Event"** means the event, the achievement, the fact, upon which the Contractor has the right to receive the corresponding Contract Price amount specified in the Payment Schedule.

**"Notice to Proceed for Phase 2"** means the notice specified in Clause 8.2.

**"Nuclear Damage"** has the meaning set forth in the Vienna Convention.

**"Nuclear Fuel"** means a general term for fuel assembly, fuel rod or fuel pellet that contains nuclear materials as all of these are defined in the Fuel/Spent Fuel Contract.

**"OAH"** means Országos Atomenergia Hivatal (in English: Hungarian Atomic Energy Authority).

**"Owner"** means MVM Békai II. Nukleáris Erőmű Fejlesztés Korlátolt Felelősségű Társaság (in English: MVM Békai II. Nuclear Power Plant Development Private Company Limited by Shares), as well as its legal successors.

**"Owner Acquired Permits"** means those Authority Approvals that are to be acquired by the Owner in its own name, as the same permits are listed in Clause 22.17.

**"Owner Permits"** means the permits to be acquired by the Owner in its own name and at its own cost in accordance with Clause 22.15..

**"Owner's Personnel"** means the Owner's Representative, the Engineer and all other staff, labor and other employees and subcontractors and employees of subcontractors of the Owner and any other personnel notified to the Contractor, by the Owner or the Owner's Representative, as Owner's Personnel.

**"Owner's Representative"** means the person named by the Owner in the Contract or appointed from time to time by the Owner under Clause 18.2 who acts on behalf of the Owner.

**"Owner's Requirements"** means Appendix 1.1.

**"Owner's Scope"** means Appendix 1.13.

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**"O&M Contract"** means the agreement between the Parties pursuant to the Cooperation Intergovernmental Agreement.

**"Parent Company Guarantee"** means the guarantee contained in Clauses 13.11-13.12.

**"Payment Documentation"** means an invoice for any installment of the Contract Price together with the underlying Payment Event Certificate and all commercial documents enclosed with such Payment Event Certificate substantiating performance by the Contractor of the delivery of the goods, works and services pertaining to the Project. For the avoidance of doubt, this Payment Documentation serves as the collection documents referred to in Article 2 of the Financial Intergovernmental Agreement.

**"Payment Event Certificate"** means the written document executed by the Owner and delivered to the Contractor subsequent to each Payment Milestone approving performance of the Contractor, to be made out principally in the form as set out in Appendix 2.7.

**"Payment Milestone"** means the connected technical milestones, the performance of which is so defined in the Payment Schedule (Appendix 3.2).

**"Payment Schedule"** means the document appended as Appendix 3.3 hereto.

**"Performance Bank Guarantee of Phase 1"** means the payment security specified in Article 13.

**"Performance Bank Guarantee of Phase 2"** means the payment security specified in Article 13.

**"Phase"** means any of 1 and 2, and **"Phases"** are 1 and 2 collectively.

**"Phase 1"** means the specific phase in the Project Implementation specified in Clause 8.1.

**"Phase 2"** means the specific phase in Project Implementation specified in Clause 8.2.

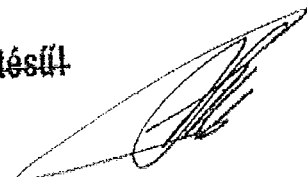
**"Phase 1 Commencement Date"** means the date specified in Article 8.1.

**"Phase 2 Commencement Date"** means the date specified in the Article 8.2.

**"Procurement Policy"** means the rules of procurement applicable to this Contract attached as Appendix 1.15 hereto.

**"Progress Report"** means the report specified in Clause 20.4.

**"Project"** means the maintaining and development of the capacity of the Existing Plant , including designing, the turn-key implementation at the Site, commissioning of the Facility and Defect remedying under this Contract, including any and all necessary systems auxiliaries and initial supply and first reload of nuclear fuel subject to the conditions set out in the Cooperation Intergovernmental Agreement, as well as the terms and conditions of necessary permits, approvals and licenses, based on the VVER-1200 reactor type, all in accordance with the Owner's Requirements.



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"**Project Act**" means the act substantially identical with bill No. T/2250 introduced to the Hungarian Parliament and any amendment to it and any implementation decree stipulated by such Project Act.

"**Project Implementation**" means the entirety of Contractor's activities in Phase 1 and Phase 2, respectively, including but not limited to all design and engineering, procurement, mobilization, Site preparation, delivery, storage, construction, erection, pre-assembly, training, Commissioning, initial supply and first reloads of Nuclear Fuel, Trial Operation and testing necessary for the perfect implementation of the Facility, remedying Defects, and further any and all required and related additional work and actions, whether set out in this Contract or not, including but not limited to Site security, waste removal and preparatory works to be provided by the Contractor.

"**Project Schedule**" means the multi-level system that includes OTS, IOTS and DTS.

"**Provisional Takeover**" means the process as stipulated in Article 26.

"**Provisional Takeover Certificate**" means the certificate stipulated in Appendix 2.1.3.

"**Reference Plant**" means the nuclear power plant designed as per Russian project AES-2006E which is referenced as the Leningrad NPP-2 for the purposes of Clause 5.5.

"**Related Works Contractor**" means a subcontractor of the Owner who performs works in the Owner's Scope.

"**Services**" means any and all operations, activities required, in addition to provision of Goods, for the Project Implementation, to be provided in accordance with the requirements of this Contract, irrespective whether they are specified in the Contract.

"**Site**" means the area specified in Appendix 1.9 and 1.13.

"**Source Code**" means the symbolic and formal representations of the software that are transparent, readable and understandable for experts, and are used as a source for automatic compilation of the executable machine code.

"**Spare Parts**" means (i) the spares, including to the wear parts, required in order to achieve the Unit Capability Factor of the Facility and (ii) the special tools required for the Owner's maintenance activities, to be delivered by the Contractor under the Contract.

"**Subcontract**" means the agreement between the Contractor and the Subcontractor for the purposes of the Project Implementation by the Contractor.

"**Subcontractor**" means any subcontractor, vendor, supplier or consultant engaged by the Contractor for the purposes of the Project Implementation.

"**Tax**" means all taxes levied or deducted pursuant to any Applicable Law including, all taxes and duties, social insurance taxes, employment taxes and duties together with any related interest, penalties, fines and other statutory charges imposed by any Authority.

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**"Technical Documentation"** means all documents of technical matter (including design models) to be submitted by the Contractor in accordance with and as specified by the Contract.

**"Technical Documents"** means the calculations, computer programs and other software, drawings, manuals, models and other documents of a technical nature developed and supplied or to be developed and supplied by the Contractor under the Contract and, as the case may be, approved by the Owner, including but not limited to document already appended to this Contract.

**"Technical Manager"** ("felelős műszaki vezető" in Hungarian) means a person appointed by the Contractor, as defined by the Applicable Laws.

**"Temporary Installations"** means all buildings, structures, workshops, plants etc. of any kind, which will not be the part of the Facility, the title to which is not transferred to the Owner under the Contract.

**"Unit"** means either of Units 5 or Unit 6.

**"Unit 5"** means a fully functional power plant unit with VVER-1200 pressurized water reactor to be implemented by the Contractor (save for Owner's Scope) including:

- a nuclear island;
- a turbine island;
- all systems, auxiliary systems, structures and components, required for proper safe and reliable operation of Unit 5 exclusively;
- further all systems, auxiliary systems, structure and components (including buildings such as all administrative facility and amenity), which are common for the Units and required for proper, safe and reliable operation of those.

**"Unit 6"** means a fully functional power plant unit with VVER-1200 pressurized water reactor to be implemented by the Contractor (save for Owner's Scope) including:

- a nuclear island;
- a turbine island;
- all systems, auxiliary systems, structures and components, required for proper, safe and reliable operation of Unit 6 exclusively.

**"Unit Capability Factor"** or **"UCF"** means values representing the availability of Unit 5 / Unit 6 calculated as specified in Clause 2.2.7 of Appendix 1.1.

**"Variation"** means any change to the Owner's Requirements or the Goods and the Services, which is instructed or approved as a variation in accordance with Article 32.

**"Vienna Convention"** means the Vienna Convention on Civil Liability for Nuclear Damage dated 21 May 1963.

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Definitions applicable to the Appendices and not defined herein shall be respectively specified in the Appendix concerned.

## 2. INTERPRETATION

- 2.1 The Parties section, the Recitals, the Articles and the Fuel Provisions of the EPC Contract and the Appendices of this Contract together shall form the Contract and all of the foregoing shall be referred to as the "Contract".
- 2.2 The Parties agree that notwithstanding that the Fuel Provisions of the EPC Contract are not set out in this Contract but in a separate document (The Fuel/Spent Fuel Contract), nevertheless they shall be incorporated herein by reference and then form part of this Contract fully as if the same had been set out in this Contract, including but not limited to the rights and obligations and liabilities of the Parties under this Contract, and all of such provisions forming part of the Contractor's obligations under this Contract fully covered by the Contract Price under this Contract, and all Fuel Provisions of the EPC Contract shall have the meaning and shall be interpreted in conjunction with the provisions under this Contract. The Parties agree and confirm that they would not have entered into this Contract without the Fuel Provisions of the EPC Contract forming part of this Contract.
- 2.3 The List of Appendices Appended at Signing indicates specifically the appendices that were agreed to and signed by the Parties and were appended to this Contract at the date of this Contract. Appendices in the List of Appendices Appended at a Later Date shall be appended to this Contract in accordance with Clause 38.4.1, and Appendix 1.2 (Detailed Technical Offer (Description)) shall be incorporated herein by reference.
- 2.4 The Parties agree that they shall negotiate, agree to, supplement, duly sign in accordance with Clause 38.6 and append Appendix 3.2 regarding the supplemented and completed Payment Schedule on or before June 29, 2015, with the agreed contents that the number of technical milestones will be between 2.000 (two thousands) – 3.000 (three thousands) until the Completion Date for Unit 6 and the number of Payment Milestones shall not exceed 10 (ten) per annum. The Parties shall not deviate from the provisions of this Clause in Appendix 3.2.
- 2.5 The priority of the documents forming this Contract, also meaning the priority of documents in case of discrepancy between the same, shall be determined as follows:
- 2.5.1 the Closing Certificate;
- 2.5.2 the Articles of this Contract and the Fuel Provisions of the EPC Contract together;
- 2.5.3 the Owner's Requirements appended as Appendix 1.1;

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- 2.5.4 the Guarantees and Warranties appended as Appendix 1.18;
- 2.5.5 the Contract Price appended as Appendix 3.1;
- 2.5.6 the Payment Schedule appended as Appendix 3.2;
- 2.5.7 the Payment terms and procedure appended as Appendix 3.4;
- 2.5.8 the Project Schedule appended as Appendix 2.5;
- 2.5.9 the Applicable Standards appended as per Appendix 1.20;
- 2.5.10 the Procurement Policy appended as per Appendix 1.15;
- 2.5.11 the Insurance conditions appended as per Appendix 1.21;
- 2.5.12 the IP List appended as Appendix 4.3;
- 2.5.13 the Owner's Scope appended as per Appendix 1.13;
- 2.5.14 the Contractor's Scope of Supply appended as Appendix 1.12;
- 2.5.15 the Quality Management appended as per Appendix 1.11;
- 2.5.16 the Project Management and organization appended as per Appendix 1.5;
- 2.5.17 the Commissioning and Trial Operation appended as per Appendix 1.17;
- 2.5.18 the Operation, Operation's Training and Simulator appended as per Appendix 1.8;
- 2.5.19 the Technical Documentation (List of technical documents) appended as per Appendix 1.3;
- 2.5.20 the Site layout appended as per Appendix 1.9;
- 2.5.21 the Initial Data to be provided by Owner to Contractor appended as per Appendix 1.19;
- 2.5.22 the Licensing and permitting plan appended as per Appendix 1.4;
- 2.5.23 the DAB Rules appended as Appendix 4.10;

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- 2.5.24 the Business Travelling Conditions for Owner's Specialists appended as Appendix 1.6;
- 2.5.25 the Business Travelling Conditions for Contractor's Specialists appended as Appendix 1.7;
- 2.5.26 the Detailed Technical Offer (Description) appended as per Appendix 1.2.
- 2.6 All documents forming this Contract as per Clause 2.1 above are intended to be complementary and mutually explanatory of one another. This Contract shall be read as a whole. If either Party discovers any ambiguity or discrepancy in or between any provision(s) of this Contract and/or any document, it shall notify the other Party of the ambiguity or discrepancy as soon as reasonably practicable. The Parties shall negotiate to resolve such ambiguity or discrepancy in a reasonable period of time.
- 2.7 Unless set out otherwise in this Contract, when the Contract refers to any Applicable Laws or Applicable Standards, the Applicable Law or Applicable Standard applicable at any given time shall be applied.
- 2.8 Unless otherwise expressly specified, references to articles, clauses, appendices shall be interpreted as references to corresponding articles, clauses, appendices of this Contract, as amended, novated, supplemented, varied or replaced from time to time.
- 2.9 The phrase "including" should be understood as "including but not limited to"; the phrase shall not have a restrictive meaning.
- 2.10 If numerical values expressed numerically and/or in words are contradictory, the values expressed in words should be considered correct.
- 2.11 References to persons include their legal successors and permitted assigns.
- 2.12 Words importing the singular also include the plural and vice versa.
- 2.13 Words denoting any particular gender include all genders.
- 2.14 References containing terms such as "hereof," "herein," "hereto," "hereinafter," and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to this Contract taken as a whole.
- 2.15 A reference to an Authority includes an entity that succeeds to substantially the same functions as those performed by such public body as of the date of this Contract.
- 2.16 A reference to the term "date of this Contract" is a reference to the date when this Contract is concluded.

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- 2.17 The term "purpose" for the purposes of Clause 7.3 (ii) and the term "fit for the purposes" in this Contract means: to construct and complete the Facility that shall fulfill all the requirements and safety functions stipulated in this Contract and the Authority Approvals and shall also be in accordance with the Owner's Requirement (Appendix 1.1) and Detailed Design which Facility will include all other systems, structures and components (SSC) which are necessary for the reliable and economical operation of the Facility as defined in this Contract, and in compliance also with the requirements of the technical parameters defined in Appendix 1.18 to this Contract.
- 2.18 The definition of the term „outdated" and the term "outdated technologies" for the purposes of Clause 5.6 in this Contract is: the solutions or installation of systems structures and components that are obsoleted, have disappearing manufacturing background or have doubtful industrial operational experiences. To avoid the application of outdated technology the implementation of the achievements of the latest technological developments also having the best industrial operational experience shall be considered, eg. state of the art solutions, systems, structures and components shall be used.
- 2.19 Use of the term "day" or "days" always refers to calendar days unless otherwise specified.
- 2.20 Use of the term "week" or "weeks" always means seven calendar days starting from a Monday.
- 2.21 Use of the term "month" or "months" always means the actual Gregorian calendar month of the month concerned.
- 2.22 Use of the term "year" or "years" always refers to the number of days of the year concerned in accordance with the Gregorian calendar, unless otherwise specified.
- 2.23 Provisions including the words such as "certify", "certified", "consent", "accepted", "acceptable", "approval", "approved", "agree", "agreed", "agreement", "review", "release" or "return" require the action to be communicated in writing.
- 2.24 Words "written" or "in writing" means hand-written, type-written, printed and duly signed and in case of proper electronic signature duly signed and coded and transmitted electronically, and in each case resulting in a permanent record.
- 2.25 Except as explicitly otherwise provided for in this Contract, the Contractor's obligations shall be construed so as to result in the Project Implementation in full compliance with this Contract and the Applicable Laws and the Applicable Standards.
- 2.26 Subject to the provisions of this Contract, the Contractor shall be solely responsible for the manner in which the Contract is performed. All employees and the Subcontractors engaged by the Contractor in the framework of the

Project Implementation shall be under the complete control of the Contractor and shall not be deemed to be the employees or the agents of the Owner, and no provisions of this Contract shall be construed to create any contractual relationship between any such employees on the one hand and the Owner on the other hand.

- 2.27 Any waiver of a right or claim that a Party is entitled to under this Contract must be made in writing, must be dated and duly signed by the Party granting such waiver, with the exact specification of the right or claim, as well as the extent to which it is being waived.
- 2.28 Except as provided otherwise in this Contract the Owner's approval of any activity performed or document provided by the Contractor serves the sole purpose of reviewing of and commenting on the Contractor's performance of this Contract and, to the maximum extent possible under Applicable Laws and regardless of any Owner's fault by granting such approval, any such Owner's approval shall not in any way establish any liability for the Owner. The Owner's approval does not exempt the Contractor from its liabilities and responsibilities under this Contract and no reference shall be made thereon.

### 3. NOTICES AND LANGUAGE

- 3.1 All notices under this Contract shall be drawn up in writing and sent to the address specified or amended by the receiving party in or in accordance with this Contract, by hand-delivery or by a courier.
- 3.2 Delivery date of any notice hand-delivered or sent with courier service shall be considered delivered upon delivery (against receipt). Upon the notice of the Party of another address, communications thereafter shall be delivered accordingly.
- 3.3 The Notice to Proceed for Phase 2, any Variation, suggestion, request or offer regarding any Contract Price adjustment, as well as any notice which states a Contract or obligation breach, the submission of a claim, the waiver of a right or the verification of rights, as any approval, acceptance, instruction or certification under this Contract shall be in writing and be hand-delivered or delivered by a courier in accordance with Clauses 3.1 and 3.2.
- 3.4 This Contract is made in the English language and unless otherwise provided for in this Contract, all communications, correspondence, notices, instructions, documents to be given or permitted under this Contract shall be in the English language or provided with an English translation. However, except as otherwise provided for in this Contract or agreed upon by the Parties the construction log-book entries and the Operating and Maintenance Manuals shall be provided in the English and the Hungarian languages; the language of the minutes associated with Authority supervisions, the identification plates of all technology system and equipment and any other indication of information on the equipment and the indications and information that appear on the

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control system (work stations and engineering stations), the latter only after the trial operation, shall be in the Hungarian language.

The Contractor shall remain responsible for the accuracy, adequacy, consistency or otherwise for the quality of the text of such Operating and Maintenance Manuals, minutes, identification plates or other indications made in the Hungarian language.

- 3.5 Any and each item of the Technical Documentation or other Technical Documents As-built Documents required for nuclear safety related applications for Authority Approvals in accordance with Appendix 1.4 shall be provided in the English language accompanied by a translation into the Hungarian language and the Contractor shall not be responsible for the accuracy, adequacy, consistency or otherwise for the quality of such translation into the Hungarian language. All other Technical Documents required for applications for Authority Approvals other than nuclear safety related documents shall be in the Hungarian language.

#### 4. SUBJECT MATTER

- 4.1 The subject matter of this Contract is the turn-key implementation of the Facility at the Site for the Contract Price by the Completion Dates in accordance with the Contract and pursuant to the Owner's Requirements.
- 4.2 The Parties declare that the Owner delivered the Owner's Requirements, appended to this Contract as Appendix 1.1, to the Contractor prior to the signing of this Contract and the Contractor undertakes to deliver to the Owner the Detailed Technical Offer (Description) to be appended hereto as Appendix 1.2 in response and pursuant to the Owner's Requirements in accordance with Clause 38.4.2.
- 4.3 When completed the Project shall (i) meet any and all nuclear safeguards and nuclear safety requirements as set out in the Applicable Laws and Applicable Standards and relevant international regulations, codes, guidelines of any kind and achieve the highest level of nuclear, operational and technological safety in the Contractor's professional judgment and without prejudice to Article 32, as applicable, and (ii) be a complete, ready-to-operate, operable and operationally safe, maintainable and reliable plant which is able to cope with all hazards associated with the operation thereof, all details being optimized in terms of nuclear and operational safety, functional and economic perspective and (iii) be fit for the purposes for which it was intended as defined in this Contract.
- 4.4 The Parties shall act in good faith and with mutual respect and shall cooperate with each other in the course of the fulfillment of their obligations under this Contract.

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## 5. CONTRACTOR'S OBLIGATIONS

- 5.1 The Contractor undertakes to fulfill all its obligations necessary for the turn-key implementation of the Facility under this Contract in accordance with Appendix 1.1, except for the obligations of the Owner under this Contract as set forth in Appendix 1.13. The Contractor's obligations include, but are not limited to, the performance of the Contractor's Scope of Supply and shall include all obligations set out in the Appendices of this Contract or the Fuel Provisions of the EPC Contract. In addition, and in order to avoid any misunderstanding, the Contractor's obligations are not restricted to the obligations stipulated in this Article 5 or in Appendix 1.12.
- 5.2 The Contractor shall fulfill its obligations by the Completion Dates in a competent and professional manner and in accordance with the Contract, the Owner's Requirements, and the Applicable Standards and the Project Schedule and the Applicable Laws, as the same may be amended from time to time.
- 5.3 When completed, the Services and the Goods and the Facility shall be fit for the purposes for which the Services are intended as defined in the Contract. The Services shall include any work which is necessary to satisfy the Owner's Requirements, or is implied by the Contract, and all works which (although not mentioned in the Contract) are necessary for the stability or for the completion or safe and proper operation of the Services.
- 5.4 The Contractor shall observe the regulations of nuclear safeguards, nuclear safety, labour-, fire- and environmental protection at the Site, as set forth in the Applicable Laws and the Applicable Standards and the In-house Rules as furnished by the Owner. A change in the In-house Rules, if applicable, shall be deemed a Variation as per Article 32.
- 5.5 The Reference Plant solutions may be used in case if such solutions are not included in the Owner's Requirements, provided that such solutions are in compliance with the Applicable Laws applicable in Hungary and the Applicable Standards and they do not affect the Contract Price in any manner.
- 5.6 The Contractor shall proceed in accordance with Good Engineering Practice and shall supply and apply during the Project Implementation such technologies related to which the Contractor or the supplier of the technology provides support for at least 5 (five) years. The use of outdated technologies, unless approved by the Owner in the Detailed Engineering Design, and the Goods used for another project or on display or used Goods is not permitted. The Contractor shall be responsible for the adequacy, stability and safety of all the Site operations and for all methods of construction and of all the Services.
- 5.7 The Contractor shall, whenever reasonably required by the Owner in writing, submit details of the arrangements and methods which the Contractor proposes to adopt for the execution of the Services. No significant alteration to these

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arrangements and methods shall be made without the same having been previously notified to the Owner.

- 5.8 The Contractor shall set out the Services in relation to original points, lines and levels of reference specified in the Contract. The Contractors shall be responsible for the correct positioning of all parts of the Services, and shall rectify any error in the positions, dimensions or alignment of the Services.
- 5.9 The Contractor shall be the general contractor solely responsible for the Project Implementation, its control and coordination. The Contractor shall coordinate and shall be fully responsible for the activities of the Subcontractors and shall provide, within its competence as specified herein, assistance to the Owner and the Owner's Personnel.
- 5.10 The Contractor shall exert best efforts to elaborate, and inform the Owner on proposals aiming at cost-effective and faster Project Implementation.
- 5.11 The Contractor shall provide the Owner with the Technical Documentation in accordance with Appendix 1.3.
- 5.12 Upon the Owner's reasonable request, the Contractor shall make reasonable efforts in providing the Owner with available data, information, documents necessary for the execution of the Owner's Scope by the Owner.
- 5.13 The Contractor shall ensure the presence on Site at any working time of a sufficient number of the Contractor's Personnel of suitable qualification, skills and experience necessary for performing the Services on Site.
- 5.14 The Contractor shall comply with all applicable safety regulations, take care for the safety of all persons entitled to be on the Site, use reasonable efforts to keep the Site and the Services in Hungary clear of unnecessary obstruction so as to avoid danger to these persons, provide fencing, lighting, guarding and watching of the Services until completion and provide any temporary works (including roadways, footways, guards and fences) which may be necessary, because of the execution of the Services, for the use, as applicable and protection of the public and of the owners and occupiers of adjacent land, subject to Article 15.
- 5.15 The Contractor shall institute an integrated management system to demonstrate compliance with the requirements of this Contract. The integrated management system shall be in accordance with the details stated in this Contract. The Owner shall be entitled to audit any aspect of the integrated management system. Details of all procedures and compliance documents of the integrated management system shall be submitted to the Owner for information before each design and execution stage is commenced. When any document of a technical nature is issued to the Owner, evidence of the prior approval by the Contractor itself shall be apparent on the document itself.

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- 5.16 Compliance with the integrated management system shall not relieve the Contractor of any of its duties, obligations or responsibilities under the Contract.
- 5.17 Prior to building in or covering certain work parts, the Contractor shall notify the Owner at such a time which enables the Owner to exercise its right of inspection.
- 5.18 The Contractor shall ensure that the Owner may exercise its right of inspection at any time at the Site, and if off-Site then according to the applicable rules and policies, if any.
- 5.19 The Contractor shall obtain, at its risk and cost, any additional facilities outside the Site which it may require for the purposes of the Services.
- 5.20 The Contractor shall be responsible for the provision of all power, water and other services it may require. The Contractor shall, at its risk and cost, provide any apparatus necessary for its use of the services (except apparatus to be provided by the Owner as per Appendix 1.13) and shall pay all fees therefor.
- 5.21 The Contractor shall not interfere unnecessarily or improperly with the convenience of the public, or the access to and use and occupation of all roads and footpaths, irrespective of whether they are public or in the possession of the Owner or of others. The Contractor shall indemnify and hold the Owner harmless against and from all damages, losses and expenses (including legal fees and expenses) resulting from any such unnecessary or improper interference.
- 5.22 The Contractor shall be deemed to have been satisfied as to the suitability and availability of access routes to the Site. The Contractor shall use reasonable efforts to prevent any road or bridge from being damaged by the Contractor's traffic or by the Contractor's Personnel. These efforts shall include the proper use of appropriate vehicles and routes.
- 5.23 Except as otherwise stated in this Contract the Contractor shall (as between the Parties) be responsible for any maintenance which may be required for its use of access routes; the Contractor shall provide all necessary signs or directions along access routes, and shall obtain any permission which may be required from the relevant authorities for its use of routes, signs and directions; the Owner shall not be responsible for any claims which may arise from the use or otherwise of any access route, the Owner does not guarantee the suitability or availability of particular access routes, and Costs due to non-suitability or non-availability, for the use required by the Contractor, of access routes shall be borne by the Contractor.
- 5.24 Unless otherwise stated in this Contract the Contractor shall give the Owner not less than 7 (seven) days' notice of the date on which any Goods or a major item will be delivered to the Site; the Contractor shall be responsible for packing, loading, transporting, receiving, unloading storing and protecting all Goods and other things required for the Services.

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- 5.25 The Contractor shall be responsible for the Contractor's Equipment. When brought on to the Site, the Contractor's Equipment shall be deemed to be exclusively intended for the execution of the Services.
- 5.26 The Contractor shall, in accordance with the Applicable Laws and the Applicable Standards, take all steps to protect the environment (both on and off the Site) and to limit damage and nuisance to people and property resulting from pollution, noise and other results of its operations.
- 5.27 The Contractor shall ensure that emissions, surface discharges and effluent from the Contractor's activities shall not exceed the values indicated in the Owner's Requirements, and shall not exceed the values prescribed or allowed by Applicable Laws and the Applicable Standards.
- 5.28 The Contractor shall confine its operations to the Site, and to any additional areas which may be obtained by the Contractor and agreed by the Owner as working areas. The Contractor shall take all necessary precautions to keep the Contractor's Equipment and the Contractor's Personnel within the Site and these additional areas, and to keep them off adjacent land. During the execution of the Services, the Contractor shall keep the Site free from all unnecessary obstruction, and shall store or dispose of any Contractor's Equipment or surplus Goods. The Contractor shall clear away and remove from the Site any wreckage, rubbish and temporary Services which are no longer required.
- 5.29 The Contractor shall leave the Site and the Services in a clean and safe condition. Upon the issuance of the Provisional Takeover Certificate the Contractor shall remove the Contractor's Equipment from the Site.
- 5.30 All Antiquities found on the Site shall be placed under the care and authority of the Owner. The Contractor shall take reasonable precautions to prevent the Contractor's Personnel or other persons from removing or damaging any of the Antiquities. The Contractor shall, upon the discovery of any Antiquities promptly give notice to the Owner, who shall issue instructions for dealing with them. If the Contractor suffers delay and/or incurs Cost from complying with the instructions, the Contractor shall give further notice to the Owner, and shall be entitled subject to Clause 28.2 to an extension of time for any such delay if completion is or will be delayed under Clause 33.2.2 and, subject to Clause 28.2, can claim Costs. After receiving this further notice the Owner shall proceed in accordance with Clause 6.13 to agree or determine these matters.
- 5.31 Until the Provisional Takeover of Unit 6, the Contractor shall make available at the Site of at least 1 (one) full set of the Technical Documents and any other documentation required to be kept by the Applicable Laws and the Applicable Standards in relation to the Project Implementation, and shall grant access to all such documentation to the Owner at all reasonable times upon request and without delay. The Owner shall have the right to use and make copies of all such documentation and the Contractor shall be obliged, upon reasonable

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request, to provide the Owner with electronic copies of such documentation, where available. The Contractor shall be responsible to store such documents both in the course of the Project Implementation and thereafter, for the expected lifetime of the Facility plus 20 (twenty) years, and make the same available to the Owner upon its request. Should the Contract be terminated before the expected lifetime of the Facility plus 20 (twenty) years, the Contractor shall (a) hand over to the Owner all Technical Documents and any other documentation required to be kept by the Applicable Laws and the Applicable Standards in relation to the Project Implementation in accordance with Article 36.6.5 or (b) continue to store a copy of all these documents until the statutory documents retention period as per the Applicable Laws expires, and (c) at the end of such statutory documents retention period hand over to the Owner all documents stored as per (b) above.

- 5.32 The Contractor shall guarantee that any acts with wastes not relating to Hazardous Substances formed during the performance of the Services on the Site prior to the Provisional Takeover, including their transportation, use and storage on the Site, shall comply with Applicable Laws and the Applicable Standards.
- 5.33 The Contractor shall ensure that all Goods and Services for the Project Implementation will be procured in accordance with the Procurement Policy.
- 5.34 The Contractor shall ensure the supplied Goods to be free from rights of the Contractor or of any third parties at the time of the transfer of ownership title to it to the Owner.
- 5.35 The Contractor shall be responsible for ensuring that no Goods shall be subject to any chattel mortgage, charge, mortgage, liens whatsoever, conditional sales contract, or security agreement under which any interest or lien is retained, by the time of the transfer of the title to the Owner.
- 5.36 The Contractor shall, as a condition to any payment, provide a statement to the Owner to the effect that some Goods is free from any Owner- and/or third party interest or lien before the ownership title of the same is transferred to the Owner and also before the payment for such Goods is required to be made by the Owner.
- 5.37 The Contractor shall be ready and willing to supply to the Owner the Spare Parts manufactured or supplied by the Contractor for the expected lifetime of the Facility. If the Contractor intends to discontinue the supply of any of the spare parts under the Contract, the Contractor shall send a written notice to the Owner on (a) the expected time of stoppage, leaving sufficient time for the Owner to obtain the necessary stocks, (b) the proposed suppliers of genuine and/or alternative Spare Parts suppliers, and (c) sufficiently detailed information on the relevant Spare Part to the Owner to make sure that the Owner can take the necessary measures to procure such a Spare Part. In case of discontinuation of the supply of Spare Parts by the Contractor for any reasons, the Contractor shall exert best efforts to propose alternative Spare

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Part suppliers that are able to offer the conditions listed in Clauses 5.37.1-5.37.3 below. The Contractor:

5.37.1 shall send its Spare Parts catalogues and price lists regularly, free of charge to the Owner not less frequently than every 12 (twelve) months, furthermore, its price lists within 2 (two) weeks following every change in the prices;

5.37.2 shall supply the Spare Parts to the Owner at the most favourable prices and under the most favourable conditions offered to its customers; and

5.37.3 warrants that the supplied Spare Parts shall always be interchangeable and identical with or superior to the quality of the parts installed in the original Goods.

5.38 The documentation supplied with the Goods and major parts shall indicate the expected lifetime of the Goods and major parts thereof and contain a list of priced Spare Parts thereto specified by the manufacturer. Should the Contract be terminated before the expected lifetime of the Facility plus 20 (twenty) years, the Contractor shall (a) hand over to the Owner all Technical Documents and any other documentation required to be kept by the Applicable Laws and the Applicable Standards in relation to the Project Implementation in accordance with Article 36.6.5, or (b) continue to store a copy of all these documents until the statutory documents retention period as per the Applicable Laws expires, and (c) at the end of such statutory documents retention period hand over to the Owner all documents stored as per (b) above.

5.39 The Contractor shall coordinate the activities of the Contractor's Personnel under its obligations for coordination pursuant to the Applicable Laws and the Applicable Standards on labour safety so that the safety and health of the workers and persons staying in the range of the work activities will not be endangered. In the framework of coordination, the affected workers and labour safety representatives as well as the persons staying in the range of the work activities shall be informed particularly about the risks to their health and safety and about the measures of prevention.

5.40 The Contractor shall be responsible for ensuring that all Hazardous Substances transported to or from, moved, or used or stored at the Site in connection with the on-Site Project Implementation, are transported, moved, used or stored in accordance with the Applicable Laws and Applicable Standards. Any costs of investigation, clean up, transportation, treatment, storage or disposal of Hazardous Substances shall be the sole responsibility and expense of the Contractor.

5.41 The Contractor shall be responsible for ensuring that all waste generated during the on-Site Project Implementation and all waste transported to or from, moved or used or stored within the scope of the Project Implementation, is handled in accordance with the Applicable Laws and the Applicable Standards.

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5.42 The Contractor shall not unreasonably disturb and interfere with the works of the Related Works Contractors. The Contractor shall cooperate with the Related Works Contractors to a reasonable extent, and perform its obligations stipulated in this Contract independently from the works of the Related Works Contractors.

## 6. OWNER'S OBLIGATIONS AND ADMINISTRATION

- 6.1 The Owner shall fulfill all obligations set out in this Contract and in the Owner's Scope in Appendix 1.13, at its own expense.
- 6.2 The Owner shall hand over the Site to the Contractor free of charge in accordance with this Contract from the date of the Notice to Proceed for Phase 2 until the Provisional Takeover of Unit 6 in compliance with the Site regulations to be furnished to the Contractor. However, the Owner may withhold such handover of the Site until the Performance Bank Guarantee of Phase 2 has been received. If the Contractor suffers delay and/or incurs Cost as a result of failure of the Owner to hand over the Site in accordance with this Clause, the Contractor may be entitled to extension of time in accordance with Clause 33.2.3 or, subject to Clause 28.2, to claim its Costs.
- 6.3 The Owner shall make the Site available to the Contractor free from unreasonable interference in its use by the Contractor, assure reasonable rights of ingress and egress to and from the Site for the Contractor for the performance of the Project Implementation, and inform the Contractor of all licenses, easements or other agreements the Owner has entered into regarding the Site and access to the Site that affect the Contractor or its performance of the Project Implementation. If the Contractor incurs Costs as a result of a failure by the Owner to give any such right or possession of the Site, the Contractor shall be entitled to claim its Costs pursuant to Clause 28.2.
- 6.4 The Owner shall provide reasonable assistance to the Contractor in obtaining the Contractor Permits required by the Applicable Laws of Hungary or the Applicable Standards required for the fulfillment of the Contractor's obligations of the Project Implementation.
- 6.5 The Owner shall perform its payment obligations in accordance with Clause 9.15, Appendix 3.2 (Payment Schedule) and Appendix 3.4 (Payment Terms and Procedure).
- 6.6 The Owner shall protect the perimeter of the Site at its own expense during the whole period of the Project Implementation, including during the Defects Liability Period in accordance with the Applicable Laws. Accordingly, the Owner shall provide fencing, lighting, guarding and watching of the Services and provide, to this effect, temporary works (including roadways, footways, guards and fences). The Owner shall be responsible for keeping unauthorized persons off the Site. Authorized persons shall be limited to the Contractor's Personnel and the Owner's Personnel and any other personnel notified to the Owner by the Contractor as authorized personnel of the Contractor on the Site.

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- 6.7 The Owner shall be entitled to perform its works set out in Appendix 1.13 by Related Work Contractors. The Owner shall coordinate and shall be fully responsible for the activities of the Related Works Contractors. The Owner shall notify the Contractor in advance of the engagement of any Related Works Contractors.
- 6.8 The Owner shall obtain and maintain the insurances to be obtained and maintained by the Owner under Article 17 and in compliance with Appendix 1.21.
- 6.9 In cooperation with Hungarian Authorities, the Owner shall be responsible for keeping unauthorized individuals off the Site in accordance with the Site regulations to be furnished to the Contractor.
- 6.10 The Owner shall be responsible to provide visa support for the Contractor's Personnel until the date Appendix 1.7 is finalized as per Clause 38.6.
- 6.11 The Parties agree that notwithstanding that it is not the Owner's obligation under the Owner's Scope the Owner will provide housing to the Contractor's Personnel against payment by the Contractor under an arrangement of the Parties outside the scope of this Contract.
- 6.12 The Owner may issue to the Contractor instructions which may be necessary for the Contractor to perform its obligations under the Contract. Each instruction shall be given in writing and shall state the obligations to which it relates and the Clause (or other term of the Contract) in which the obligations are specified. If any such instruction constitutes a Variation, then Article 32 shall apply. The Contractor shall take such instructions from the Owner or from the Owner's Representative.
- 6.13 Whenever this Contract provides that the Owner shall proceed in accordance with this Clause 6.13 to agree or determine any matter, the Owner shall consult with the Contractor in an endeavour to reach agreement. If agreement is not achieved, the Owner shall make a fair determination in accordance with the Contract, which determination in the view of the Owner takes due regard of all relevant circumstances. The Owner shall give notice to the Contractor of each agreement or determination, with supporting particulars. Each Party shall give effect to each agreement or determination, unless the Contractor gives notice, to the Owner, of its dissatisfaction with a determination within 14 (fourteen) days of receiving it. Either Party may then refer the dispute to amicable settlement of disputes in accordance with Clauses 28.3-28.4 and/or DAB and/or arbitration, as the case may be, in accordance with Clauses 28.5-28.14.

## 7. INFORMATION PROVIDED BY OWNER

- 7.1 The Contractor shall be deemed to have scrutinized the Owner's Requirements Appendix 1.1 and any data and information provided by the Owner in relation to the Site and its suitability for the Project Implementation until December

01, 2015. Any other data and information to be provided by the Owner shall be scrutinized by the Contractor until October 16, 2016. The Contractor may request extension of time pursuant to Article 33 until (i) December 01, 2015 with respect to data and information provided by the Owner in relation to the Site and its suitability for the Project Implementation and until (ii) October 16, 2016 with respect to any other data and information provided or to be provided by the Owner to the Contractor, in both cases with the exception of the Owner's Requirements.

The Contractor shall promptly notify the Owner if in its opinion the Owner's Requirements (including design criteria and calculations) or any data or information provided by the Owner is not accurate, complete or otherwise not appropriate. The Contractor shall be liable for any loss or damage arising out of the failure to notify the Owner accordingly. The Contractor shall be responsible for the design and the Project Implementation of the Services and the supply of the Goods and the Nuclear Fuel and in case that the Contractor does not notify the Owner as prescribed above, shall be liable for the accuracy and completeness of the Owner's Requirements (including design criteria and calculations) or any data or information provided by the Owner, except as set out in Clause 7.3 of the Contract. In case the Contractor notified the Owner of the inaccuracy, incompleteness or other inappropriateness of the Owner's Requirements or any data or information provided by the Owner, and such notification was disregarded by the Owner, the Owner shall be liable for such Owner's Requirements, data and information.

7.2 The Parties acknowledge that the Owner had made available to the Contractor for its information, prior to the date of the delivery of the Detailed Technical Offer (Description) to the Owner, all relevant historical data in the Owner's possession on subsurface and hydrological conditions at the Site, including environmental aspects as set out in Appendix 1.19. The Owner shall similarly make available to the Contractor all such data which come into the Owner's possession after the date of this Contract. The Contractor shall be responsible for verifying and interpreting all such data in accordance with this Article 7. The Owner shall have responsibility for the accuracy, sufficiency or completeness of such data in accordance with Clause 7.3.

7.3 The Owner shall be responsible for the correctness of the following portions of the Owner's Requirements and of the following data and information provided by the Owner: (i) data and information which are stated in the Contract as being immutable or the responsibility of the Owner as set out in Appendix 1.19, (ii) definitions of intended purposes of the Goods and Services or any parts thereof, (iii) criteria for the testing and performance of the completed Services, and (iv) data and information which cannot be verified by the Contractor, except as otherwise stated in the Contract.

7.4 The Contractor warrants to the Owner that the provisions of this Article 7 are specifically agreed to by the Contractor and the Contractor has agreed to such provisions in consideration for the Contract Price.

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7.5 If the Contractor, while performing a review or check contemplated by Clause 7.2, identifies any inadequacy, inconsistency, omission or error in the Owner Information or any inadequacy or insufficiency of the Site Conditions, it shall promptly notify the Owner, setting out in such notice:

7.5.1 details of the inadequacy, inconsistency, omission or error in the Owner Information or the inadequacy or insufficiency of the Site Conditions; and

7.5.2 the Contractor's proposal for resolving or correcting such inaccuracy, incompleteness, inadequacy, error or omission, or inadequacy or inconsistency.

8. **WORK EXECUTION PERIODS AND COMPLETION DATES**

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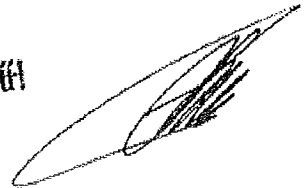
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9. **CONTRACT PRICE AND PAYMENT TERMS AND PROCEDURE**

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## 10. TAXES

- 10.1 Unless otherwise expressly provided for in this Contract, all Taxes imposed on the Contractor by any Authority within the territory of the Russian Federation in connection with the fulfillment of its obligations by this Contractor under this Contract, including the Taxes relating to engagement of Subcontractors, shall be paid by the Contractor at its cost.
- 10.2 Unless otherwise expressly provided for in this Contract, all Taxes imposed on the Contractor by any Authority within the territory of Hungary in connection with the fulfillment of its obligations by the Contractor under this Contract, including the Taxes relating to the engagement of Subcontractors within the territory of Hungary, shall be paid by the Contractor at its cost.
- 10.3 It is understood that pursuant to the current value added tax laws in Hungary Contractor's services under this Contract and so the Contract Price invoiced by the Owner falls under zero-rate import regime or, as the case may be, under reversed value added tax regime and, consequently, the Contract Price charged by the Contractor does not include value added tax. Should, however, the Contractor be obliged by the Applicable Laws of Hungary for whatever reason to charge, collect and pay value added tax in Hungary, the amount of such value added tax shall be added upon the amount of the Contract Price. In this case, the sum of value added tax shall be included in the Contractor's invoices as a separate entry and shall be payable by the Owner to the Contractor. Owner understands that any such value added tax falls beyond the scope of the Financial Intergovernmental Agreement and shall be covered by Owner.

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Should the value added tax so charged be recoverable or deductible, the Parties agree that each of them shall make its best efforts to recover or deduct such tax for the benefit of the ultimate payer of such tax.

- 10.4 All Taxes imposed on the Owner by any Authority within the territory of Hungary in connection with the fulfillment of obligations by the Owner under this Contract shall be paid by the Owner at its cost.
- 10.5 Each Party bears its own responsibility for filing data regarding calculation and payment of the Taxes to the Authority of any state in accordance with the Applicable Laws.
- 10.6 If the Applicable Laws provide for the possibility to decrease, deduct or refund Taxes because of tax exemption, tax return, set-off or for any other legal reason, and such possibility is conditional upon filing data or documents, upon the request of one Party the other Party shall take all reasonable actions to provide the documents and data required by the first Party for using the possibility to decrease Taxes.

## 11. LIQUIDATED DAMAGES

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## 12. GENERAL LIMITATION OF LIABILITY

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### 13. BANK GUARANTEES, PARENT COMPANY GUARANTEE

#### Provision of Bank Guarantees

13.1 Clauses 13.2-13.4 shall be applicable to all Bank Guarantees under this Article.

13.2 The Contractor shall provide Bank Guarantees in favour of the Owner issued by a bank acceptable for the Owner, at the times, in the amounts, in the form and manner set forth in this Article 13.

13.3 In case

13.3.1 there is any delay of the Project Implementation, or an extension of time pursuant to Article 33 or the general Defect Liability Period is extended, or the issuance of the Final Takeover Certificate of Unit 5 or Unit 6 fails to take place for any reason, or

13.3.2 if in the Owner's reasonable opinion a delay of the Project Implementation against the milestones under the Project Schedule or an extension of the general Defect Liability Period is likely to occur, as the case may be, the Contractor shall promptly upon the Owner's written notice and at its own expense, or

13.3.3 procure that the term (validity) of the Bank Guarantees delivered to the Owner be extended to fully cover the time period, as extended by the aforesaid delays or extensions, in respect of which that particular Bank Guarantee has been delivered; or

13.3.4 replace the Bank Guarantees delivered to the Owner to Bank Guarantees that fully cover the time period, as extended by the aforesaid delays or extensions, in respect of which that particular bank guarantee has been delivered,

all such actions to be completed on or before 30 (thirty) days prior to the expiry of the original Bank Guarantees. Should the Contractor fail to provide for such extension or replacement of Bank Guarantees, the Owner shall be entitled to draw the entire amount of the respective Bank Guarantee and require for the re-provision of the respective Bank Guarantee.

13.4 The Owner shall not make any claim under the Bank Guarantees, except as set out in Clause 13.3 above or for amounts to which the Owner is entitled under this Contract in the event of:

13.4.1 failure by the Contractor to pay the Owner an amount due, as either agreed by the Contractor within 30 (thirty) days after such agreement or determination,

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13.4.2 failure by the Contractor to remedy a default within 30 (thirty) days after receiving the Owner's notice requiring the default to be remedied,

13.4.3 circumstances which entitle the Owner to termination of this Contract under Article 36, irrespective whether notice of termination has been given.

#### Performance Bank Guarantees

13.5 Not later than December 02, 2015 and as a prerequisite to continue the Phase 1 Project Implementation after December 01, 2015, the Contractor shall provide a Performance Bank Guarantee for the proper performance of this Contract in the amount of 15 (fifteen) percent of the Contract Price for Phase 1, the validity of which shall expire on the 30<sup>th</sup> (thirtieth) day of the date of the Completion Date for Phase 1.

13.6 As a prerequisite of the Phase 2 Commencement Date, the Contractor shall provide a Performance Bank Guarantee for the proper performance of the Contract in the amount of 15 (fifteen) percent of the Contract Price for Phase 2, the validity of which shall expire on the 30<sup>th</sup> (thirtieth) day of the date of the Completion Date for Unit 6. The Contractor may decrease the value of the Performance Bank Guarantee to be provided under this Clause by fifty percent upon the issuance of the Provisional Takeover Certificate for Unit 5.

13.7 The Bank Guarantees to be delivered pursuant to Clauses 13.5-13.6 shall be issued in EUR, materially in the form as set out in Appendix 4.7 hereto.



#### Defects Liability Bank Guarantees

13.8 30 (thirty) days prior to the Completion Date for Unit 5, the Contractor shall provide the Defects Liability Bank Guarantee for the proper performance of the Contractor's obligations during the general Defect Liability Period for Unit 5 in the amount of 15 (fifteen) percent of the Contract Price for Unit 5 with a validity up to the 30<sup>th</sup> (thirtieth) day after the date of the issuance of the Final Takeover Certificate of Unit 5.

13.9 30 (thirty) days prior to the Completion Date for Unit 6, the Contractor shall provide the Defects Liability Bank Guarantee for the proper performance of the Contractor's obligations during the general Defect Liability Period for Unit 6 in the amount of 15 (fifteen) percent of the Contract Price for Unit 6 with a validity up to the 30<sup>th</sup> (thirtieth) day after the date of the issuance of the Final Takeover Certificate of Unit 6.

13.10 Each of the Defects Liability Bank Guarantees to be delivered pursuant to Clauses 13.8-13.9 shall be issued in EUR and materially in the form as set out in Appendix 2.1.1 hereto.

#### Parent Company Guarantee

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13.11 In addition to the Bank Guarantees described in this Article the Contractor shall provide for a Parent Company Guarantee, satisfactory to the Owner, whereby the State Atomic Energy Corporation ROSATOM, having its registered address at 119017, Moscow, Bolshaya Ordynka Ul., 24, Russian Federation, duly guarantees to the Owner the due performance of any and all obligations of the Contractor under this Contract.

13.12 The Parent Company Guarantee to be delivered pursuant to Clause 13.11 shall be issued in EUR materially in the form as set out in Appendix 4.8 hereto.

#### 14. DEFECTS LIABILITY

14.1 In addition to the warranties under the Applicable Laws and this Contract, the Contractor hereby contractually warrants that the Facility is and will be, upon the issuance of the Provisional Takeover Certificate, in compliance with the Applicable Laws and the Applicable Standards and the requirements stipulated in this Contract, and that at all times it is free from any and all Defects and incompleteness until the expiry of the Defects Liability Period.

14.2 All remedy work required in order to comply with Clause 14.1 shall be executed at the risk and cost of the Contractor, if and to the extent that the remedy work is attributable to:

14.2.1 the design of the works, or

14.2.2 the Goods, or workmanship not being in accordance with the Contract, or

14.2.3 the improper operation or maintenance which was attributable to matters for which the Contractor is responsible, or

14.2.4 failure by the Contractor to comply with any other obligation.

If and to the extent that such remedy work is attributable to any other cause, the Owner shall give notice to the Contractor accordingly, and Article 32 shall apply.

14.3 By the expiry date of the relevant Defects Liability Period for each of Unit 5 and Unit 6, or as soon as practicable thereafter, the Contractor shall:

14.3.1 complete any work which is outstanding on the date stated in the respective Provisional Takeover Certificate, or in its attachments, and

14.3.2 execute all work required to remedy Defects or damage due to Defects as may be notified by the Owner on or before the expiry date of the respective Defects Liability Period for Unit 5 or Unit 6.

14.4 If a Defect appears or damage occurs, the Owner shall notify the Contractor accordingly. Upon identifying a problem that might be caused by a Defect the Owner shall promptly notify the Contractor and convey information on its

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nature as well as all relevant evidence. The Owner shall allow the Contractor to examine the Unit or part of it (on Contractor's discretion) that might contain Defects within the time limits agreed with the Owner. The Contractor shall, within the reasonable time limits agreed with the Owner, remedy any Defects in a manner determined at the Contractor's sole discretion and in accordance with the requirements of this Contract.

- 14.5 The Contractor shall, upon notification by the Owner on or before the expiry date of the relevant Defects Liability Period, remedy such Defects at its own risk and cost if and to the extent that the Defect is attributable to the design of the Services, the Goods or workmanship or the performance of any of Contractor's obligations pursuant to this Contract not being in accordance with the Contract, or failure by the Contractor to comply with any other obligation under this Contract.
- 14.6 Except as otherwise provided in this Contract the duration of the general Defects Liability Period within which the Contractor shall correct the Defects shall be 36 (thirty six) months from the date of Provisional Takeover Certificate. The terms and conditions of the specific Defects Liability Period are set out in Part 1.18.3 of Appendix 1.18 and the Owner's Requirements. The specific Defects Liability Period shall be applicable only within the scope and meaning of Appendix 1.18 and shall not be interpreted to apply to other provisions of this Contract.
- 14.7 Nothing in Clauses 14.5-14.6 above regarding the duration of the general or specific Defect Liability Period, shall affect the Contractor's liability for Defects pursuant to the Applicable Laws and the Applicable Standards. However, if the duration of the respective general or specific Defects Liability Period is longer for a Defect under this Contract than that set out in some Applicable Law or Applicable Standard then the longer period shall apply.
- 14.8 Notwithstanding anything to the contrary in Clauses 14.5-14.7, the Owner shall be entitled to an extension of the respective Defects Liability Period, subject to Clause 28.1, to the remedy of Defects to the extent, if
- 14.8.1 the Defect in machinery or electrical parts cannot reasonably be detected and identified without the execution of the relevant scheduled inspection or overhaul in accordance with the maintenance manual to be provided by the Contractor (the "relevant preventive maintenance action"); and
- 14.8.2 no relevant preventive maintenance action is scheduled during the applicable Defects Liability Period; and
- 14.8.3 such Defect is detected and identified in the course of the relevant preventive maintenance action, and the Owner has notified the Contractor thereon within two (2) months of the completion of such relevant preventive maintenance action.

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- 14.9 The Owner shall be entitled to an extension of the Defects Liability Period for the period of the shutdown, subject to Clause 28.1, if the Facility cannot be operated by reason of a Defect or damage due to Defect, and also, the validity of the respective Defects Liability Bank Guarantee shall be extended accordingly. However, a Defects Liability Period shall not be extended more than 3 (three) years.
- 14.10 Should any part of the Facility be repaired or replaced pursuant to this Article 14, the respective Defects Liability Period shall commence anew but shall not exceed 56 months from the issuance of the Provisional Takeover Certificate for the relevant Unit.
- 14.11 If the expected lifetime of any Goods or any part thereof including the wearing parts, is shorter than the relevant Defects Liability Period, the Contractor shall provide for due replacement of such Goods or such part thereof not later than the last day of the expected lifetime at no cost to the Owner during the relevant Defects Liability Period.
- 14.12 The Contractor shall not be liable under this Article 14 to the extent that the Defect is the result of
- 14.12.1 the operation of the Services or the Goods in deviation from the operation manual supplied by the Contractor unless such deviation results from incorrect instructions and training provided by the Contractor under this Contract; or
- 14.12.2 the maintenance of the Services or the Goods in deviation from the maintenance manual supplied by Contractor, unless such deviation results from incorrect instructions and training provided by the Contractor under this Contract;
- 14.13 The Contractor may, upon its reasonable request, have an access to relevant records of operational maintenance for analyzing the reason of the Defect occurred.
- 14.14 The Contractor shall as soon as practically possible, but, except as otherwise consented by the Owner, not later than three (3) days of the receipt of the notice referred to in Clause 14.4 submit to the Owner its preliminary proposal for the next steps for the organization of remedying of the Defect and damage for approval, which approval shall not be unreasonably withheld or delayed.
- The Contractor's preliminary proposal shall contain, inter alia,
- 14.14.1 the date of the arrival of the Contractor's equipment manufacturer's personnel who evaluate the Defect and, if the Owner notified the Contractor of an operational problem regarding the Unit which might be caused by the Defect, investigate the root of the problem;
- 14.14.2 any other steps/measures deemed necessary by the Contractor.

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Upon the evaluation of a Defect, the Contractor shall, within reasonable time, develop the Defect rectification program which shall include all measures to be taken, the reasoning and timing thereof, the method of trouble shooting, the cause, and, if necessary, the root cause analysis. Should the approval of such rectification program proposal be refused by the Owner, the duly corrected rectification program proposal shall be re-submitted to the Owner for approval, except as otherwise approved by the Owner, within three (3) days of the receipt of such refusal notice. In case of refusal, by the Owner, of such corrected rectification program proposal, the Owner shall be entitled itself to provide for making good such Defect and damage at the costs and risk of the Contractor (simultaneous notice to be sent to the Contractor), and such making good shall be deemed to be remedy by the Contractor. The Owner's costs associated with such work shall be reimbursed by the Contractor.

Should the problem be caused by a reason, other than a Defect attributable to the Contractor then, subject to Clause 28.2, the Contractor shall be entitled to (i) reimbursement of the cost for investigating the cause of the problem and (ii) the work on rectification of such problem shall be considered a Variation and Article 32 shall apply.

- 14.15 The Parties hereby acknowledge that the Owner's response to the Contractor's program proposal as per Clause 14.14 above may be subject to the prior consent, approval or permit, as the case may be, of the relevant Authorities.
- 14.16 If the Defect or the damage cannot be remedied expeditiously on the Site, the Contractor is entitled to remove the defective or damaged Goods or its defective or damaged parts from the Site for the purposes of the repair of such items, subject to the Owner's prior written approval, which shall not be unreasonably withheld or delayed. The Owner's approval may require the Contractor to increase the amount of the respective Defects Liability Bank Guarantee by the full replacement cost of the items to be so removed, or to provide other appropriate security.
- 14.17 In case the Owner reasonably requests carrying out tests of repaired or replaced Goods or their repaired or replaced parts, the Contractor shall, at its risk and cost, carry out and duly document such test within the time period set by the Owner. Should the test results fail to be in compliance with the Contract, the Contractor shall attempt to remedy the same with due regard to such test results and the Owner's comments thereon. Should the test upon the second attempt to remedy fail to be in compliance with the Contract, the Contractor shall, at the request and at the choice of the Owner, replace the defective / damaged Services, Goods or the defective and/or damaged parts thereof.
- 14.18 If the Contractor fails to remedy any Defect or damage within a reasonable time, a date may be fixed by (or on behalf of) the Owner, on or by which the defect or damage is to be remedied. The Contractor shall be given reasonable notice of this date.

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If the Contractor fails to remedy the Defect or damage by this notified date and this remedial work was to be executed at the cost of the Contractor under Clause 14.2 the Owner may (at its option):

- 14.18.1 carry out the work itself or by others, in a reasonable manner and at the Contractor's cost, but the Contractor shall have no responsibility for this work; and the Contractor shall, subject to 28.1, pay to the Owner the costs reasonably incurred by the Owner in remedying the defect or damage;
- 14.18.2 agree or determine a reasonable reduction in the Contract Price in accordance with Article 11; or
- 14.18.3 if the defect or damage deprives the Owner of substantially the whole benefit of the Services or any major part of the Services, and should the Contractor fail remedy such Defect within 6 (six) months after receiving Owner's notice of such Defect, terminate the Contract as a whole, or in respect of such major part which cannot be put to the intended use. Without prejudice to any other rights, under the Contract or otherwise, the Owner shall then be entitled to recover all sums paid for the Services or for such part (as the case may be), plus financing costs and the cost of dismantling the same, clearing the Site and returning Plant and Goods to the Contractor.
- 14.19 In order that the guarantees of the suppliers and Subcontractors issued to the Contractor survive the expiration of the Defects Liability Period in the interest and for the benefit of the Owner, upon such expiration the Contractor shall assign to the Owner the then existing supplier and Subcontractor warranties as requested by the Owner, and the Owner shall be entitled to enter into contracts directly with the suppliers and the Subcontractors and the Contractor shall use reasonable efforts to include such entitlement of the Owner into its Subcontracts and supplier contracts and shall in a reasonable manner cooperate with the Owner to affect the Owner's rights under this Clause 14.19 vis-a-vis the suppliers and the Subcontractors. If for any reason and following the request of the Owner such supplier or Subcontractor warranties shall be failed to be assigned to the Owner then at the request of the Owner the Contractor shall personally proceed and affect the Owner's rights under this Clause under such guarantees towards the suppliers and Subcontractors
- 14.20 The preceding paragraphs of this Article 14 set forth exclusive remedies regarding Defects in the Goods or the Services or the Facility provided under this Contract, whether the Defect arises before or during the Defects Liability Period and whatever claim, however instituted, is based on contract, indemnity, warranty, tort or otherwise, and are in lieu of all other warranties and guarantees whether written, oral, statutory, express, or implied (including all statutory warranties). Notwithstanding anything to the contrary in this Clause and for the avoidance of doubt, the indemnities pursuant to Article 34 shall not be excluded.

## 15. NUCLEAR LIABILITY

- 15.1 Civil liability for Nuclear Damage that can arise in connection with the cooperation under this Contract shall be handled by the Parties according to the Vienna Convention, including the 1997 Protocol to it.
- 15.2 It is understood and acknowledged that for the purposes of this Contract, in relation to the first loads and the first reloads for Unit 5 and Unit 6, from their delivery as defined in the Fuel/Spent Fuel Contract and thereafter at the Site the Owner shall be deemed the operator in the meaning of Article I.(1).(c) of the Vienna Convention (translated in the government decree 24/1990.(II.7.) MT promulgating the Vienna Convention as “üzemeltető” or “üzemben tartó”) as well as the licensee (“engedélyes”) as defined in section 2.(1) point 27 and as referred in section 48 of the Hungarian act CXVI of 1996 on atomic energy, and as such, the Owner shall bear the Nuclear Liability.
- 15.3 The Owner undertakes to duly apply to become the licensee and the operator of the Units in accordance with the Applicable Laws in Hungary, and the Owner shall take such steps as may be necessary to seek to cause the Authorities in Hungary to designate the Owner as the exclusive licensee and operator of the Facility.

## 16. TRANSFER OF TITLE AND RISKS

### Transfer of title

- 16.1 The Contractor hereby represents and warrants that it has unlimited, clear and transferable title to each piece of the Goods and such title shall transfer to the Owner upon and by virtue of the delivery of the same to the Site.
- 16.2 The transfer of title as per Clause 16.1 above shall not affect the Contractor's responsibility for the Goods supervision and protection up to the date of the Provisional Takeover and the Contractor shall bear the risk of loss or damage for such items in accordance with Clause 16.5.
- 16.3 The title to water, soil, rock, gravel, sand, minerals, timber and any other resources developed or obtained in the excavation or the provision of services by the Contractor and the right to use such items is expressly vested in and reserved by the Owner.
- 16.4 The title to Services, buildings and facilities constructed under this Contract on the Site shall transfer to the Owner by virtue of the issuance of the Provisional Takeover Certificate for each of Unit 5 and Unit 6 and shall be given in the uncompensated use, but not possession, to the Contractor for the purposes of the Project Implementation. Upon the Provisional Takeover of each of Unit 5 and Unit 6 the Contractor shall return the respective buildings and facilities to the Owner's use in the same condition that such buildings and facilities were taken into use by the Contractor in the first place.

### Transfer of risk