

GENERAL TERMS OF NATURAL GAS SUPPLY

1. REGULATORY FRAMEWORK

- 1.1 Supply of natural gas is regulated by the Civil Code of Ukraine No. 435-IV dated 16 January 2003, Commercial Code of Ukraine No. 436-IV dated 16 January 2003, Law of Ukraine No. 329-VIII On Natural Gas Market dated 9 April 2015 (the “**Natural Gas Market Law**”), Resolution of the National Commission for State Regulation of the Energy and Public Utilities Sector (the “**Regulator**”) No. 2496 dated 30 September 2015 (“**Natural Gas Supply Rules**”), Resolution of the Regulator No. 201 dated 16 February 2017, Resolution of the Regulator No. 2493 dated 30 September 2015, Resolution of the Regulator No. 2494 dated 30 September 2015, Resolution of the Ministry of Energy and Coal Industry of Ukraine No. 285 dated 15 May 2015 and other applicable Ukrainian legal acts (the “**Applicable Legislation**”).
- 1.2 The parameters and quality of natural gas are established by the Supply Agreement (as defined below), applicable standards and Applicable Legislation.

2. TERMS OF NATURAL GAS SUPPLY

- 2.1 Axpo Ukraine supplies natural gas in accordance with its standard Gas Supply Agreement (the “**Supply Agreement**”) and Applicable Legislation. Please note that terms of the Gas Supply Agreement may change on a customer-by-customer basis depending on the individual needs of our customers.
- 2.2 The grounds for natural gas supply are:
- 2.2.1 consumer that is connected to the gas distribution system must execute and have in effect natural gas distribution agreement with the relevant gas distribution system operator and have an individual EIC-code (gas market participant’s code that is assigned by such or any other gas system operator of Ukraine);
 - 2.2.2 consumer that is connected directly to the gas transmission system must execute and have in effect natural gas transmission agreement with the gas transmission system operator and have an individual EIC-code;
 - 2.2.3 execution of and compliance with conditions of the Gas Supply Agreement;
 - 2.2.4 consumer must confirm volume of natural gas to be supplied in the respective delivery/invoicing period; and
 - 2.2.5 absence of outstanding indebtedness for the supplied natural gas to previous supplier (if applicable) that is confirmed by written certificate of or executed reconciliation act with such supplier.
- 2.3 Supply Agreement
- 2.3.1 The terms of natural gas supply are established by the Gas Supply Agreement in accordance with the Applicable Legislation. Under the Gas Supply Agreement, the supplier must deliver to the consumer the contract quantity of natural gas, agreed upon by the parties, and the consumer must accept the natural gas from the supplier and shall pay the price of the natural gas in accordance with the respective Gas Supply Agreement.
 - 2.3.2 The following documents must be submitted for execution of the Gas Supply Agreement:

- (a) application for execution of the agreement that includes individual EIC-code, expected volumes of natural gas and duration of the Gas Supply Agreement;
- (b) certified copy of the documents that either confirm ownership or the right to use facilities of the consumer, to which gas delivery shall be made;
- (c) documents that confirm the status of the legal entity or individual, registration with controlling authorities and authority of the representative to execute the Gas Supply Agreement; and
- (d) written certificate from the previous supplier or executed reconciliation act with the same confirming absence of indebtedness for the supplied and consumed natural gas before such supplier (if applicable).

2.3.3 The terms of the natural gas supply also comprise the following essential provisions, which are included into the Gas Supply Agreement in strict compliance with the Natural Gas Supply Rules:

- (a) obligation of the supplier to provide the consumer with all necessary information on general terms of supply (including prices), rights and obligations of the supplier and the consumer, legislative acts that regulate the relationship between the supplier and the consumer, available means of dispute resolution;
- (b) obligation of the supplier to provide the consumer with the information on volumes and other consumption characteristics of natural gas by such consumer on free basis;
- (c) obligation of the supplier to inform the consumer on its intention to amend the terms of supply of the Gas Supply Agreement before they enter force and to guarantee the right of the consumer to terminate the Gas Supply Agreement, if new terms will be unacceptable for the consumer;
- (d) obligation of the supplier to provide the consumer with the choice of payment methods in order to avoid discrimination;
- (e) obligation of the supplier to provide the consumer with transparent and affordable means of out-of-court adjudication of disputes with such supplier;
- (f) procedure for reimbursement and calculation of damages arising out of Gas Supply Agreement infringement;
- (g) date and place of the Gas Supply Agreement execution;
- (h) name and individual EIC-codes of the supplier and consumer;
- (i) subject matter of the agreement, in accordance to which the supplier is obliged to supply to the consumer natural gas in the amounts necessary for the consumer;
- (j) EIC-codes of the consumer's commercial accounting points through which the natural gas will be supplied (if on other points the supply is performed by other supplier);
- (k) names of the gas transmission and distribution system operators with whom the consumer has executed gas transmission or distribution agreements;

- (l) annual, monthly and daily planned volumes of natural gas supply/consumption under the Gas Supply Agreement;
- (m) procedure for revision and adjustment of the contractual planned volumes of supply/consumption, including during the invoicing period;
- (n) natural gas supply and consumption regime during the respective period;
- (o) natural gas supply price;
- (p) procedure and terms for payment for settlement of payments for supplied natural gas;
- (q) procedure for reconciliation of the actual volume of the consumed natural gas on certain date or during the respective period;
- (r) parties liability for violation of the Gas Supply Agreement, grounds for its application and mechanisms for compensation and reimbursement in the case of provision by the supplier of the services of improper quality (parties have discretion whether to include these provisions);
- (s) list of cases when the supply of natural gas to the consumer can be limited/stopped and the procedure for such limitation/stopping (may be supplemented with additional requirements for consumers that are not protected);
- (t) procedure for changing of the supplier;
- (u) duration of the Gas Supply Agreement, conditions for its extension, suspension or termination, including conditions of its unilateral termination;
- (v) addresses and bank details of the parties;
- (w) information in relation to consumer's rights, including on consideration of complaints (dispute resolution) by the supplier and means of communication and publication of information that is provided by the supplier in accordance with Applicable Legislation;
- (x) procedure for dispute resolution; and
- (y) right of the consumer to obtain information, established by the Law of Ukraine No. 887-VIII On Aspects of Access to Information in the Sphere of Supply of Electricity, Natural Gas, Heating, Central Supply of Hot Water and Sewage dated 10 December 2015.

2.3.4 Supplier may address the operator of transmission/distribution systems with an instruction to stop or limit natural gas supply to the consumer as provided for in the Applicable Laws, in particular, in the event of:

- (a) partial or untimely settlements under the Gas Supply Agreement;
- (b) overconsumption in excess of the confirmed quantity of natural gas in the delivery month;
- (c) termination of the Gas Supply Agreement;
- (d) consumer's refusal to sign the natural gas delivery act without providing relevant written substantiation; and

(e) in other cases provided for in the Applicable Legislation.

3. NATURAL GAS PRICES, METHODS AND TERMS OF PAYMENT

- 3.1 In accordance with the Article 12 of the Natural Gas Market Law, the supply of natural gas is performed under the prices that are freely established by the supplier and the consumer.
- 3.2 The natural gas price is established with consideration of the market trends and individual needs of the consumer (volumes, supply and payment conditions, etc.).
- 3.3 The supplier and consumer establish the most suitable and profitable methods and terms of payment in the Gas Supply Agreement in accordance with Applicable Legislation. They may be changed with the consent of both parties by execution of additional agreement to the Gas Supply Agreement.