

APPROVED
By the UkrGasvydobuvannya
Executive Board` Decision
No. 450 dated December 19

PROCEDURE
for acceptance of material assets at UkrGasvydobuvannya JSC in the course of
contract performance

This Procedure for acceptance of material assets at UkrGasvydobuvannya JSC during contract performance (hereinafter referred to as the Procedure) determines the requirements binding to all parties involved (including the Supplier) for acceptance of material assets with respect to quantity and quality and documenting discovered non-conformance (deficiencies) at the Joint Stock Company "UkrGasvydobuvannya" (hereinafter referred to as the Company) and its separate units (hereinafter referred to as branch/branches) during performance of contracts (agreements) for purchase of material assets (hereinafter referred to as contracts/contract).

This Procedure is mandatory and is applicable to the relations between the Company and the Supplier during acceptance of the material assets (hereinafter referred to as MA) with respect to quality and quantity under the Contracts with Incoterms 2010 Group "D" or "C" supply conditions and Incoterms 2020 Group "D" or "C" supply conditions or if the delivery takes place at the Buyer's warehouse (if Incoterms rules are not used). This Procedure shall be included in the terms and conditions of such contracts with an indication of the following reference to the application of this Procedure:

"By signing this Contract, the Supplier/Seller/Contractor/Executor etc.* confirms that he reviewed the Procedure for acceptance of material assets at UkrGasvydobuvannya JSC during contract performance, establishing the manner of acceptance of material assets/Goods with respect to quantity and quality and available at the official website of UkrGasvydobuvannya JSC (Buyer/Customer/etc.*) - <http://ugv.com.ua/> (hereinafter referred to as the Procedure) and shall comply with the requirements of the Procedure.

The Parties to the Contract have established a separate Procedure for acceptance of material assets/Goods with respect to quantity and quality."

** - if a reference to this Procedure is included in the contract, the Parties must be referred to under the same names as in the text of the contract.*

1. Terms and definitions

1.1. The following terms are provided herein:

MA incoming control certificate means the document reflecting the results of the MA acceptance procedure actually performed, prepared in accordance with the results of MA acceptance with respect to quantity and quality and approved by the Committee created by the Buyer.

Responsible unit means the structural unit of the Company's management structure or branch, which, by area of business, competence and area of contractual relations, is responsible for the performance of and supervision over the contract.

Sample collection means MA selected from a shipment or the supplied MA amount for the purpose of control for consistency with the established requirements and taking decisions on conformance thereto;

Random sampling control means an MA acceptance control procedure, which involves the Buyer taking the decision regarding the supplied MA's consistency with the quality requirements on the basis of the examination of one or more sample collections from the MA shipment;

Incoming control means control of the MA received from the Supplier performed in order to determine if the MA conform with the quantity, quality, completeness and assortment requirements and if the MA are suitable for the purpose they have been purchased for, as well as to avoid receipt of MA inconsistent with the technical conditions and/or technical spec set forth in the procurement procedure documentation, specifications, terms and conditions of concluded contracts, accompanying documents, the standards established by the state and other regulations.

Delivery schedule means an integral part of the contract defining the term, place and amount of MA supply.

Nonconformance means an inconsistency with the established requirements (standards, technical conditions, instructions, contractual terms and conditions or current legislation of Ukraine);

Buyer means Ukgasvydobuvannya JSC.

Supplier means a counterparty (including legal entities of private and public law regardless of their legal form, reporting line, or resident status, individual entrepreneurs and physical persons) supplying MAs in accordance with the contracts concluded by the Company;

MA acceptance means a complex of actions taken to verify the MA received for quantity and quality and fixing their acceptance by the documents in accordance with the requirements to list, composition and contents of the acceptance documents established by the contract and the current legislation of Ukraine.

Order means any document containing the Buyer's instruction for the MA Supplier concerning the supply of all MA or any part (amount of lot) of the MA shipment.

Total control means the control of each MA unit including/or in the shipment;

Party means the Buyer or the Supplier.

Parties means the Buyer and the Supplier together.

MA quality means the combination of MA characteristics defined in accordance with the regulations and/or contract requirements, which determine their applicability to meet certain needs in accordance with their purpose;

1.2 Regardless of whether the terms and definitions specified in section 1 hereof are capitalized or not, such terms and definitions shall have the meanings mentioned in section 1 of the Procedure.

1.3. Terms and definitions not specified herein will have the meanings established by the current legislation of Ukraine.

2. General provisions for acceptance of material assets

2.1. MA acceptance shall be performed by the Buyer's relevant Committee, whose composition and powers are approved by an order of the Company or a separate structural unit (branch) of UkrGasvydobuvannya JSC. MA acceptance may be performed in presence of the Supplier's representative(s).

In case of contracts under which deliveries are performed per Orders the Committee shall commence the MA acceptance procedure exclusively upon receipt of the Responsible unit's notice about the MA arrival.

MA acceptance may be performed by the Buyer's authorized representative(s), without creating the relevant Committee by the Buyer (on the basis of the Buyer's decision). In case if the MA acceptance performed by the Buyer's authorized representative(s), this Procedure shall apply to the extent applicable by the Buyer's authorized representative(s).

The Committee and/or the Buyer's authorized representative(s) shall hereinafter be referred to as the Committee. The Buyer's Committee shall perform MA acceptance through random sampling control and/or total control which shall be recorded in the MA incoming control certificate. In the cases determined by the current legislation of Ukraine the Committee may establish a different method for MA acceptance. The type and contents of such methods, as well as the grounds for application thereof, will be recorded in the MA incoming control certificate.

2.2. Main criteria for MA acceptance by the Buyer's relevant Committee:

- The MA actually supplied is consistent with the accompanying documentation;
- The MA actually supplied is consistent with the contract;

- Availability of the duly issued complete accompanying documentation for the MA including necessary number of document copies, in accordance with the contract requirements;
- Packing/container in which MA was delivered is intact and free of damage;
- The MA delivered is intact, free of damage and complete.
- The MA marking is consistent with the contract terms;
- The MA is new and unused, unless otherwise directly foreseen by the contract terms;
- The MA quantity is consistent with the one indicated in accompanying documents and is not exceeding the quantity indicated in the contract;
- The MA date of manufacture and/or shelf life is consistent with the contract requirements;
- The MA manufacturer is consistent with the one indicated in contract;
- The MA requires no additional quality control (laboratory analysis, testing, etc.) based on its appearance and/or such additional control is not required by the contract terms or requirements of the current legislation of Ukraine;
- According to the results of visual inspection, the MA quality characteristics are consistent with the requirements established by the regulations, including (but not limited to) technical conditions, state standards and contract provisions.

Specific procedure of acceptance (with respect to quality or quantity) for certain MA types may be established by the law or by the contract.

2.3. The results of the MA verification against the said criteria shall be recorded in the MA incoming control certificate (Annex No. 1 hereto). In case of MA non-conformance by quantity the MA incoming control certificate shall be accompanied by the MA quantity non-conformance certificate (Annex No. 2 hereto). In case of MA non-conformance by quality the MA incoming control certificate shall be accompanied by the MA quality nonconformance certificate (Annex No. 3 hereto).

2.4. In case if the Committee discovers MA non-conformance to at least one of the criteria established in para. 2.2. hereof, the MA acceptance shall be suspended and the Responsible unit under the contract shall be informed immediately. Within the shortest period possible, but no later than the day after the receipt of such written notice and/or E-mail notice the Responsible unit shall inform the Supplier about the suspension of the MA acceptance procedure and suggest that the Supplier send an authorized representative to the MA acceptance place to continue the inspection and prepare document about MA acceptance/rejection.

2.5. The Supplier shall be informed about the suspension of the MA acceptance procedure by telephone and/or by E-mail at the Supplier's E-mail address indicated in the contract, and/or by telegram and/or by any other means indicated in the contract and/or by other means

of communications used by the Supplier during the procurement procedure which resulted in the conclusion of the contract.

2.6. The Supplier authorized representative shall arrive at the MA acceptance place within 48 hours (if the Supplier is a resident of Ukraine) or within 96 hours (if the Supplier is not a resident of Ukraine) after the notice about the suspension of the MA acceptance procedure is sent by the Buyer, unless other term is determined in the contract. In case if such term is established by the contract, the Supplier's authorized representative shall arrive within the term established by the contract.

2.7. In case if the MA has a limited shelf life, the Supplier's authorized representative shall arrive at the MA acceptance place within 4 hours after the notice about the suspension of the MA acceptance procedure is sent by the Buyer, unless other term is determined in the contract. In case if such term is established by the contract, the Supplier's authorized representative shall arrive within the term established by the contract.

2.8. The MA acceptance procedure shall be resumed after the Supplier's authorized representative arrival at the MA acceptance place, with respect to which a record shall be made in MA incoming control certificate, which shall include date, time and details of the Supplier's authorized representative, including information about the document confirming such representative's powers.

After the resumption of the MA acceptance procedure the Buyer's Committee shall inform the Supplier's authorized representative about the non-conformance being the cause for suspension of the MA acceptance, after which the Buyer's Committee and the Supplier's authorized representative shall perform a joint inspection of the MA in accordance herewith, unless otherwise foreseen by the current legislation of Ukraine or the contract.

The Supplier's authorized representative/representative shall have an identification document and produce it for inspection. The powers of the Supplier's authorized representative/representative shall be confirmed by the respective document.

2.9. Basing on results of the MA inspection performed according to the procedure determined herein the Buyer's Committee shall issue the MA incoming control certificate to be signed by all Committee members as well as by the Supplier's authorized representative (if such representative is participating in the acceptance procedure).

2.10. In case the Supplier's authorized representative disagrees with the conclusions contained in the MA incoming control certificate, such representative shall sign the certificate indicating suggestions and remarks (written rationale) concerning the Certificate in question.

2.11. In case the Supplier's authorized representative refuses to sign the MA incoming control certificate or the Supplier fails to arrive within the term indicated in para.2.6. and 2.7. hereof, the Buyer's Committee shall make an appropriate record in the MA incoming control certificate, resume the incoming control procedure, as well as issue, sign and approve the MA incoming control certificate independently.

In such case the MA incoming control certificate shall be considered proper and acceptable evidence of the MA's non-conformance to established quantity and/or quality requirements, which the Supplier shall agree with.

2.12. In case if the Supplier's authorized representative fails to arrive within the established term or if the Supplier's authorized representative refuses to sign the necessary documents, the MA acceptance / rejection shall be performed by the Buyer unilaterally by preparing and signing such documents. In such case the documents prepared and signed by the Buyer independently (MA quantity non-conformance certificate (Annex No. 2 hereto) and/or MA quality non-conformance certificate (Annex No. 3 hereto)) shall be considered proper and acceptable evidence of the discovered quantity and/or quality non-conformances and shall be considered agreed by the Supplier.

2.13. In case if any disputes arise during the MA inspection, the Buyer's Committee shall inform the Responsible unit immediately and suspend the MA acceptance procedure.

2.14. The MA incoming control procedure shall be performed and the MA incoming control certificate shall be issued, signed and approved by the Committee not later than within 12 calendar days after the date of MA arrival to the place of delivery for unloading, but in any case no later than the deadline for the Buyer's signing the primary documents confirming the commercial transaction for the supply of the MA established by the contract.

2.14.1. The term indicated in the paragraph 2.14 hereof shall not include the periods:

- from the moment of suspension of the incoming control procedure to the moment of its resumption;
- during the dispute resolution in accordance with section 3 hereof.

2.15 This Procedure shall not replace any and all contract provisions concerning the procedure of acceptance of MA transferred from the Supplier to the Buyer and the transfer of ownership right for MA, as well as the procedure of detection of deficiencies (non-conformance) of MA by the Buyer after the transfer of ownership right for such MA to the Buyer and notification of such deficiencies (discrepancies). Such procedures shall be determined only by the contract conditions and the current legislation of Ukraine.

3. Resolution of disputes arising during the inspection of material assets by the Buyer's Committee and the Supplier's authorized representative

3.1. In case if, after the MA inspection performed by the Buyer's Committee and the Supplier's authorized representative, the Buyer and the Supplier fail to reach an agreement with respect to any disputes indicated in the general remarks and the conclusion included in the MA incoming control certificate, and the Supplier's authorized representative signed the said Certificate indicating suggestions and remarks (a written rationale), the Parties will involve a person who is not an affiliated person of the Buyer or the Supplier and has the necessary education, knowledge, skills and experience with respect to the subject of examination (hereinafter referred to as the **Expert**), taking into consideration section 3 hereof.

3.2. In case if the Expert has not been determined in the contract by the Parties, they will make efforts in order to select an independent Expert unanimously in order to resolve the dispute promptly. The Expert is not an arbitrator and shall be considered acting as an arbitrator.

The Party requiring an expert opinion shall send to the other Party's E-mail address indicated in the contract a written notice containing requirement to submit the dispute in question to the Expert for resolution and indicating a candidate meeting the requirements mentioned above. Such notice shall be sent to the other Party within 5 (five) calendar days from the date of signing and approval of the MA incoming control certificate with the Supplier's suggestions and remarks.

The Party receiving the written notice containing the request to submit the dispute in question to the Expert for resolution shall provide a response regarding its consent (or disagreement) for submission of the dispute to the Expert for examination, as well as its approval (or disagreement) of the proposed Expert candidate within 5 (five) calendar days after such notice is sent to such Party.

3.3. In case the Parties fail to reach an agreement with respect to the person to be involved as an Expert within 10 (ten) business days after receipt of the notice containing the requirement for expert resolution, the Buyer shall select such Expert independently (in accordance with the condition concerning the Expert's identity) within 5 (five) calendar days from the day following the end of the term indicated in para. 3.3 hereof and inform the Supplier no later than the next business day after the date of selection in accordance with the procedure indicated in para.2.5 hereof.

3.4. The Expert's fee, as well as any costs in connection with the expert examination (hereinafter referred to as the expert examination costs) will be borne by the Party which required that the dispute be resolved by the Expert. In this case, if the arguments of the Party requiring an Expert resolution of the dispute are confirmed by the expert examination, the other Party shall reimburse such Party for the expert examination costs within 5 (five) banking days after the date when the written request containing the calculation and documentary evidence of the amount of such expert examination costs is sent to such Party.

3.5. In case if the Party requiring an Expert resolution of the dispute fails to pay the expert examination costs in time, and, as a result, the Expert fails to commence the resolution with respect to the subject matter of the dispute within 30 (thirty) calendar days from the date when such Expert was appointed, the Parties shall assume that such Party requiring an Expert resolution of the dispute agreed with the other Party's position with respect to the subject matter of the dispute.

3.6. The delivery period established by the contract shall be suspended for the entire period from the date of execution and approval of the MA incoming control certificate with

the Supplier's proposals and comments to the date when the expert conclusion is issued, except for the following cases:

1) If suggestions and remarks (written rationale) of the Supplier's authorized representative, indicated in the MA incoming control certificate, are not confirmed during the dispute resolution performed by the Expert;

2) If the Supplier demanded that the dispute be resolved by the Expert, but failed to pay the expert examination costs in time, as a result of which the Expert did not commence the resolution with respect to the subject matter of the dispute within 30 (thirty) calendar days from the date when such Expert is appointed.

4. Other conditions

4. Until resolving the issue regarding the MA acceptance by the Buyer (until the moment when the MA are accepted or returned to the Supplier) such MA may be deposited by the Buyer, provided that the Buyer's expenses in connection with the MA storage will be reimbursed by the Supplier.

Annex 1

to the Procedure for acceptance of material assets at Ukrgasvydobuvannya JSC in the course of contract performance

_____ (management/branch)

Approved:

Committee chairman:

building _____ street,
(position.)

building _____ street,
(Full name)

building _____ street,
(signature)

MA incoming control certificate

Certificate number	
Beginning date of the MA incoming control	
Suspension date and time of the MA incoming control	
Resumption date and time of the MA incoming control	
Ending date of the MA incoming control	
Incoming control performance location	
Date of the MA arrival for unloading	
Supplier	
Contract No.	

Composition of the Committee:

Committee chairman: _____
(unit, position, full name)

Committee members:

(unit, position, full name)

(unit, position, full name)

(unit, position, full name)

(unit, position, full name)

Material asset inspection performed:

Seq. No.	Name, description	UoM	Amount

Purchase order SAP No. _____

1. Availability of the duly executed MA accompanying documentation, including the necessary number of document copies, in accordance with the contract requirements (indicate the necessary items):

- Yes (go to paragraph 2)
- No (inform the responsible unit and continue the control procedure provided that the supporting documentation allows to continue such control procedure)

2. Presence of seals or locking and sealing devices on packing or transport means, if foreseen by the contract conditions (in case if the MA are delivered by rail)

- Yes (go to paragraph 3)
- No (suspend cargo acceptance, inform the responsible unit immediately)

3. Packing/container used for MA delivery is intact and free of damage; Visual inspection (indicate the necessary items):

- Yes (go to paragraph 4)
- No (inform the responsible unit)

4. The MA delivered is intact, free of damage and complete. Visual inspection (indicate the necessary items):

- Yes (go to paragraph 5)
- No (inform the responsible unit)

5. The MA markings are consistent with the contract terms (indicate the necessary items):

- Yes (go to paragraph 6)
 - No (inform the responsible unit)
-
-

6. The MA quantity is consistent with the accompanying documents and is not exceeding the quantity indicated in the contract (indicate the necessary items):

- Yes (go to paragraph 7, indicate measurement method)
- No (inform the responsible unit)

Indicate the quantification method (weighing, recalculation, measurement, according to the documents, etc.) _____

7. The MA actually supplied are consistent with the accompanying documentation (indicate the necessary items):

- Yes (go to paragraph 8)
 - No (suspend cargo acceptance, inform the responsible unit immediately)
-

8. The MA actually supplied are consistent with the contract (indicate the necessary items):

- Yes (go to paragraph 9)
 - No (suspend cargo acceptance, inform the responsible unit immediately)
-
-

9. MA acceptance is performed in the presence of the Supplier's representative (indicate the necessary items):

- Yes (indicate full name, date of issue, number of the power of attorney or another document confirming the representative's powers)
-
-

- No
-
-

10. The MA date of manufacture and/or shelf life is consistent with the contract requirements (indicate the necessary items):

- Yes (go to paragraph 11)
 - No (inform the responsible unit)
-
-

11. The MA manufacturer is consistent with the one indicated in the contract (indicate the necessary items):

- Yes (go to paragraph 12)

- No (inform the responsible unit)

12. The MA requires no additional quality control (laboratory analysis, testing, etc.) based on its appearance and/or such additional control is not required by the contract terms or requirements of the current legislation of Ukraine:

- Yes (go to paragraph 13)
- No

13. According to the results of the visual inspection, the MA quality characteristics are consistent with the requirements established by the regulations, including (but not limited to) technical specs, state standards and contract provisions:

- Yes
- No (inform the responsible unit)

14. The MA is new and unused, unless otherwise directly stated by the contract terms. Visual inspection (To be completed in case of purchase of unused products. Indicate the necessary items):

- Yes
- No (inform the responsible unit)

General comments (if any):

General conclusion:

For the storekeeper:

MA inspected (indicate the necessary items):

- Register
- Register partly (considering the comments)
- Deposit
- Do not register

Committee members' signatures:

Committee members' signatures:

signature	date	full name
signature	date	full name
signature	date	full name
signature	date	full name

Authorised representative of the Supplier*:

signature	date	full name
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Suggestions and remarks (written rationale) of the Supplier's authorized representative:*

(Full name, signature)

Copy of the Material asset incoming control certificate received:

(Full name, signature)

*- to be completed in case if the Supplier disagrees with the general comments and/or general conclusion.

Annex 2

**to the Procedure for acceptance of material
assets at Ukrgasvydobuvannya JSC in the course of contract performance**

MA quantity non-conformance certificate

Certificate number	
Date	
Place of preparation	
Date of the MA arrival for unloading	
Supplier	
Contract No.	

In connection with the statement of Ukrgasvydobuvannya JSC

_____ (branch)

concerning the Goods' non-conformance with the contract requirements

We, as a Committee consisting of the representatives of

Ukrgasvydobuvannya JSC _____

(Full name, position)

(Full name, position)

(Full name, position)

(Full name, position)

and Supplier's representatives (if present):

(Full name, position, date of issue, number of the power of attorney or another document confirming the representative's powers)

(Full name, position, date of issue, number of the power of attorney or another document confirming the representative's powers)

have drawn up this Certificate about the inspection of the MA

Manufacturer's number (design, set number) _____

Material assets' current location:

Material assets' condition:

Packing (sealing) condition:

During the inspection the following actions were performed (indicate the necessary items):

- Inspection of the Goods
- Photo recording
- Testing
- Samples taken:
- Video recording
- Review of the results of the analysis

Notes and comments:

From the Buyer's representatives:

From the Supplier's representatives (if present):

Representatives of Ukrgasvydobuvannya JSC _____

Full name

signature

Full name

signature

Full name

signature

Supplier's representatives (if present)

Full name

signature

Full name

signature

Copy of the Material asset quantity non-conformance certificate received:

(Full name and signature of the Supplier's authorized representative)

Annex 3

to the Procedure for acceptance of material assets at Ukrgasvydobuvannya JSC in the course of contract performance

Material asset quality non-conformance certificate

Certificate number	
Date	
Place of preparation	
Incoming control certificate	
Supplier	
Contract No.	

We, as a Committee consisting of the representatives of:

Ukrgasvydobuvannya JSC _____

_____ (Full name, __ position)

_____ (Full name, __ position)

Supplier's representatives (if present):

_____ (Full name, __ position, date of issue, number of the power of attorney or another document confirming the representative's powers)

_____ (Full name, __ position, date of issue, number of the power of attorney or another document confirming the representative's powers)

Representatives of the independent party (laboratory, Chamber of Commerce and Industry, etc.)

(if present):

_____ (organization name)

_____ (Full name, __ position)

_____ (Full name, __ position)

have drawn up this Certificate concerning taking the following samples for analysis (technical testing):

Sequential No.	MA name	Serial Number	Model	Manufacturer	Sample amount

And submitted to the laboratory (organization) for analysis:

According to the results of the laboratory analysis (technical testing)

_____ (document number and date)

The product_____ (by quality characteristics)

- Conforms to the contract conditions (is to be registered)
- Does not conform to the contract conditions

Notes and comments:

From the representatives of Ukrigasvydobuvannya JSC:

From the Supplier's representatives (if present):

From the independent party's representatives (if present):

Representatives of Ukrigasvydobuvannya JSC _____

_____ *Full name* _____ *signature*

_____ *Full name* _____ *signature*

_____ *Full name* _____ *signature*

Supplier's representatives (if present)

_____ *Full name* _____ *signature*

_____ *Full name* _____ *signature*

Copy of the Material asset quality non-conformance certificate received:

(Full name and signature of the Supplier's authorized representative)

Representatives _____

Full name

signature

Full name

signature