

## Requirements for contract performance and warranty securities

### 1. Credit institution (bank) guarantee:

- 1.1. Credit institution who has issued the guarantee must be registered in the Republic of Latvia (can be found on homepage of Latvia's Bank) or in any of the Member States of the European Union and it or its parent company must have an investment grade credit rating. If the credit institution (the bank) is obscure or registered abroad and its status cannot be verified, the Finance and credit management unit should be contacted.
- 1.2. The parties and details specified in the guarantee:
  - Credit institution as guarantor – exact title, registration number and/or legal address;
  - The counterparty as the person whose performance is ensured by the guarantee (applicant) – exact title, registration number and/or legal address;
  - Latvenergo as the person in whose favor the guarantee is issued, the beneficiary of the guarantee – exact title, registration number and/or legal address.
- 1.3. Guarantee must be signed with a secure electronic signature containing a time stamp or issued through the SWIFT system and sent via Latvenergo cooperation bank or submitted as an original document in paper form. The signatory's signing rights must be verified.
- 1.4. Secured liability (advance payment, performance of the contract, warranty obligations), the date of conclusion of the contract and the name of the party whose liability is secured (underlying relationship).
- 1.5. The maximum amount which the guarantor is obliged to pay under the guarantee (the amount of the guarantee) and the currency in which the amount is payable – advance payment guarantee must correspond to the advance payment provided for in the contract; contract performance guarantee – must correspond to the amount provided for in the contract.
- 1.6. Guarantee expiry date or expiry event – must correspond to the terms of the contract.
- 1.7. The conditions for requesting the payment under the guarantee (form, content and procedure for submitting the request for payment and the documents to be submitted with the request for payment (if required)).
- 1.8. The following or similar reference is mandatory: *"The Uniform Rules on Demand Guarantees issued by the International Chamber of Commerce are applied to this guarantee ("The ICC Uniform Rules for Demand Guaranties", ICC Publication, No.758)". All disputes related to this guarantee shall be settled by the courts of the Republic of Latvia.* If the foreign institution (bank) does not agree with the court of the Republic of Latvia, it is permissible to determine other legal proceedings in the guarantee. If there are any questions, please contact JNF.

## 2. Insurance policy:

- 2.1. The insurance company or intermediary that issued the policy – it must be registered in the Republic of Latvia (can be found homepage of the Financial and Capital Market Commission) or in the register of insurance companies or intermediaries of the Member States of the European Union. If the insurance company is obscure or registered abroad and its status cannot be verified, the Risk management and insurance unit should be contacted.
- 2.2. The parties and details specified in the policy:
  - The insurer – exact title, registration number and/or legal address;
  - The counterparty as the person whose performance is ensured by the policy (policy holder) – exact title, registration number and/or legal address;
  - Latvenergo as the person in whose favor the policy is issued (The Insured) – exact title, registration number and/or legal address.
- 2.3. The policy or insurance contract must be mutually signed (by the Insurer and the Policy holder) must be signed with a secure electronic signature containing a time stamp or submitted as an original document in paper form. The signatory's signing rights must be verified.
- 2.4. Secured liability (advance payment, performance of the contract, warranty obligations), the date of conclusion of the contract and the name of the party whose liability is secured.
- 2.5. Amount of insurance and the currency in which the amount is payable – advance payment guarantee must correspond to the advance payment provided for in the contract; contract performance guarantee – must correspond to the amount provided for in the contract.
- 2.6. The term of insurance – must correspond to the terms of the Contract.
- 2.7. Policy special terms and conditions must stipulate that the policy is irrevocable and upon Latvenergo's first written demand unconditionally, the claimed amount will be paid to Latvenergo without any requirement from Latvenergo to substantiate its claim. Added insurance terms and conditions shall not impair or in any way modify this defined payment procedure of the insured amount.
- 2.8. That the policy is subject to the Uniform Rules on Demand Guarantees issued by the International Chamber of Commerce („The ICC Uniform Rules for Demand Guaranties”, ICC Publication, No.758) and all disputes related to this insurance shall be settled by the courts of the Republic of Latvia. In exceptional cases, by assessing the risks, other equivalent provisions may be agreed on If there are any questions, please contact JNF.

***Example:*** *If the insurance policy contains the following text: "Particular provisions take precedence over the General and Special provisions of the Insurance referred above" the following or equivalent text must be included under the heading "Special Provisions":*

*"This insurance policy is irrevocable and upon Latvenergo's first written demand not later than 30 (thirty) days from the date of demand, the claimed amount unconditionally will be paid to Latvenergo without any requirement from Latvenergo to substantiate its claim. Added insurance terms and conditions shall not impair or in any way modify this defined payment procedure of the insured amount. This policy is subject to the Uniform Rules on Demand Guarantees issued by the International Chamber of Commerce. („The ICC Uniform Rules for Demand Guaranties”, ICC Publication, No.758). All disputes related to this insurance shall be settled by the courts of the Republic of Latvia."*

- 2.9. To confirm that the counterparty has paid the insurance premium in the amount and term specified in the insurance policy, the payment order certified by the credit institution must be submitted.