

Quality Warranty and the Statutory Warranty for Defects

1. The Contractor shall undertake to deliver the subject hereof free of defects and faults. The liability under the warranty title shall cover both faults being the effect of reasons on the side of the subject hereof as of the moment of its release to the Awarding Authority as well as any other physical faults formed due to reasons on the side of the manufacturer or Contractor, provided the faults are disclosed within the quality warranty validity period specified herein below.
2. The Contractor shall ensure delivery of the Subject hereof covered by the quality warranty for the period of **24 months after delivered to SESAME Premises**.
3. The Awarding Authority may at any time request the Contractor to remove a fault or defect under the quality warranty. The Awarding Authority shall undertake to meet the basic maintenance terms as specified by the Contractor or manufacturer of the elements of the subject hereof in the records of the guarantee card and/or operating manuals delivered by the Contractor, in accordance with the Agreement.
4. The Awarding Authority shall notify the Contractor without any unnecessary delay in one or several out of the following ways: in writing, by e-mail or phone on any defects or faults formed in the subject hereof.
5. In the event of any fault being noticed in the delivered subject hereof, the Contractor shall be liable to an immediate and free of charge repair or replacement of the faulty element without any risk or costs for the Awarding Authority. Any repairs shall be made as soon as possible, yet not later than within 30 business days as of the date of sending the application by the Awarding Authority to the Contractor, unless otherwise agreed by the Parties.
6. In line with the preference of the Awarding Authority, any repairs arising out the quality warranty shall be made at the place of the installation of the subject hereof in SESAME. After receipt of the application, the Contractor shall decide, while taking into consideration the type and scope of the reported fault/defect, if the repair may be performed at the seat of SESAME. In case of repair of the subject hereof outside the installation place, the Contractor shall also be liable to cover all the expenses related thereto, in particular costs related to disassembly, transport to the place of the repair and back, if needed, as well as costs related to the re-installation of the faulty element. In case any of the elements were already repaired, the Awarding Authority shall reserve the right to demand a free of charge replacement of the subject matter part by the Contractor, to a part being free of defects, should it be subject to another (second) fault.
7. The Parties shall enable for the possibility of performing a repair of the noticed defect or fault by employees of the Awarding Authority or third parties liaising with them, to the cost and risk of the Contractor and based on the instruction given by the Contractor. In particular, it shall pertain to minor and uncomplicated defects and faults which cost of the repair is lower than the cost of delegating an employee of the Contractor to the seat of SESAME. The appraisal of the relevance and level of complexity of the repair in this case shall finally depend on the Awarding Authority, and its removal by the Awarding Authority or third

party shall not release liability under the quality warranty or statutory warranty title specified in the paragraph and in the applicable law. Each repair commissioned to the employees of the Awarding Authority or third parties shall require the approval of the Contractor in writing, via e-mail or fax.

8. In the event the Contractor fails to discharge his duties within the deadline specified in item 5 hereinabove, the Awarding Authority, with reservation of the right to apply contractual liabilities specified in §15 , may appoint in writing a suitable extra period for the performance of liability by the Contractor, yet not shorter than 10 buissnes days. If the Contractor fails to discharge its liabilities within the extra deadline assigned, the Awarding Authority shall be entitled at its discretion to:
 - a. requesting, in relation to the reduced value of the subject of the Agreement, a reduction of the price of the Agreement and payment of the sum specified within 21 days from the date of receipt by the Contractor of the request from the Awarding Authority. The sum by which the value of the object of the Agreement will be reduced shall be determined on the basis of the Contractor's bid or in the absence of such possibility, the Parties shall jointly determine this sum or appoint an independent expert to do so,
 - b. make a repair at the cost and risk of the Contractor, maintaining at the same time the entitlements attributable under the Agreement. In such cases, the Awarding Authority shall have the right to engage other entity to the removal of the defect (faults), and the Contractor shall be liable to cover any expenses related thereto within 30 days as of the receipt of the notice along with the proof of payment.
 - c. Otherwise the Awarding Authority will liquefy the Perofrmance Guranttee submitted by the Contractor to cover the expenses.
9. The repairs under the quality warranty title shall be rendered by the Contractor, manufacturer or authorized service or individuals to the cost and risk of the Contractor.
10. In case of a defect or fault contributing to lack of possibility of using the subject of the Agreement with the purpose agreed by the Parties, including in particular lack of the performance of the researches by the Awarding Authority (SESAME), the quality warantee period being the subject of item 2 hereinabove shall be automatically extended for the entire subject hereof, along with each element by the repair period, i.e. period between being noticed on the fault/defect and removal of the said defect/notice (by repair or replacement of the element).
11. Should the defect or fault not contribute to impossibility of using the subject hereof and performing researches, the quality warrantyperiod being the subject of item 2 hereinabove shall be automatically extended only in relation to parts of the subject hereof which were repaired, by the repair period, i.e. period between being noticed on the fault/defect and removal of the said fault/defect (by repair or replacement of the element).
12. The quality warranty terms given by the Contractor or manufacturer shall be specified in the delivered warantee cards. The Contractor shall provide a warranty directly to the Awarding Authority in addition to the Performance Bank Gurantee which equals to 10% of the total contract value. The performance guarantee shall be held against payment to the contracting authority for any loss resulting from the contractor's failure to perform its contractual obligations under the contract. The Parties hereby decide that in case of a non-

conformity between the provisions of the Agreement and provisions of the warranty cards or in other documents related to the execution of the quality warranty manufactured by the Contractor or by the manufacturer, the records of the Agreement shall prevail. The provisions of the Agreement shall be applicable also if the aforementioned documents fail to meet appropriate regulations.

13. Regardless of the entitlements arising out of the quality warranty, specified in the hereinabove clauses, the Awarding Authority may at any time turn to the Contractor for removal of the defect or fault based on the statutory warranty. The statutory warranty shall cover both faults formed due to reasons on the side of the subject of the Agreement as of the moment of its release to the Awarding Authority as well as any other physical faults formed due to reasons on the side of the manufacturer or Contractor, provided the defects are reported within the period of the statutory warranty validity period. The statutory warranty for defect shall also cover legal defect of the subject of the Agreement. The repair deadline indicated in sec. 5 second sentence shall also apply to removing defects / making repairs under the statutory warranty.
14. In the event of execution of entitlements under the quality warranty by the Awarding Authority, the course of the period for the execution of the entitlements under the statutory warranty title shall be subject to suspension as of the day of being noticed by the Contractor on the defect (fault). The same shall pertain to the event of execution of entitlements by the Awarding Authority under the statutory warranty (course of the period for the execution of entitlements under the quality warranty title shall be subject to a suspension as of the day of being noticed by the Contractor on the fault (defect).
15. The Parties agree that at any time the statutory warranty period shall amount to **24 months** counting from the date of **deliverty to SESAME**, confirmed by an appropriate acceptance protocol.
16. The Contractor shall declare and acknowledge to understand that the Awarding Authority is not an expert within the scope of the delivered subject of the Agreement, hence in the event of formation of a defect (fault), any expenses related to the explanation of the reasons of its occurrence (either under the quality warranty or staturoy warranty), and in particular the costs of appropriate expertise shall be incurred by the Contractor. It shall be deemed that the fault (defect) was formed due to reasons for which the Contractor or manufacturer is held liable.