PROCUREMENT PROCEDURE FOR PERSONS NOT SUBJECT TO THE PUBLIC PROCUREMENT ACT

ANNEX V – DRAFT CONTRACT

Procurement number: 02/2021

ESCO - FOFONJKA d.o.o., 29. rujna 4, 43 000 Bjelovar, Republic of Croatia, VAT No.: 92264001001, represented by Franjo Fofonjka, VAT No.: 90909728459; contact information: telephone: +385 4322 6250, fax: +385 4322 6275, e-mail: esco@esco.hr (hereinafter referred to as the Contracting entity)

and

Supplier ltd, address of the registered office and the country of the economic operator, VAT No: 12345678910, name of the representative; ID number of the representative; contact information: telephone: insert phone No; fax: insert fax No., e-mail: email@supplier.com (hereinafter: the Supplier)

entered into

CONTRACT No. _____,

SPECIAL CONDITIONS OF THE CONTRACT

Article 1 Content

These Special Conditions shall modify and/or amend the General Conditions of Contract. Unless otherwise provided by these Special Conditions, the General Conditions of Contract shall apply in full.

Article 2 Scope

The scope of the Contract shall be: Procurement of equipment needed for innovation of the production process.

(To be applied to individual group of the subject-matter of procurement for which the Contract is entered into)

Group 1 – Optical measuring device for springs
Group 2 – Spring coiling machine

Detailed Technical specifications of each item of the subject of this Agreement are contained in Annex IV - Technical Specifications, which is an integral part of this Contract and the Tender Number: *specify the number of tender under which this Contract sell be conclude* from *specify the date of the tender* under which this Contract sell be conclude.

Article 3 Price

The price to be paid by the Contracting entity for fulfilling the obligations referred to in Article 2 shall be specified according to the Supplier's Cost estimate – Annex III which is an integral part of this Contract and the Tender Number: *specify the number of tender under which this Contract sell be conclude* from *specify the date of the tender under which this Contract sell be conclude.*

The total price for fulfilling the obligations referred to in Article 2 hereof shall be: ***(Indicate the total price in HRK, EUR of USD with and without VAT (if applicable) in both numbers and words).***

Article 4 Language

Article 2 paragraph 1 of the General Conditions of Contract shall be amended as follows:

The language of the Contract shall be Croatian if entered into with a supplier registered in the Republic of Croatia, or English if entered into a supplier not registered in Croatia. All correspondence with the Supplier shall be in either Croatian or English.

Article 5 Performance deadline and place of delivery

The Supplier shall fulfill all obligations set out in Article 2 hereof, including submitting a valid request for acceptance of goods in accordance with Article 27 paragraph 2 of the General Conditions of Contract not later than 60/120 calendar days from signing the procurement contract.

(To be applied to individual group of the subject-matter of procurement for which the Contract is entered into)

I. Final place of delivery of subject-matter of procurement is at the address: ESCO - FOFONJKA d.o.o., 29. rujna 4, 43 000 Bjelovar, Republic of Croatia.

II. Article 11 of the General Conditions of Contract shall be amended as follows: The goods shall be delivered in accordance with Incoterms® 2010 delivery terms DAP (Delivered-at-place) Bjelovar of the International Chamber of Commerce.

Article 6 Persons authorized for communication (contacts)

The persons authorized for communication of the parties shall be:

On behalf of the Contracting entity:

Name	Dijana Tadić
Address	29. rujna 4, 43 000 Bjelovar, Republic of Croatia
Telephone	+385 43 226 255
E-mail address	dijana.tadic@esco.hr

On behalf of the Supplier:

Name	
Address	
Telephone	
E-mail address	

Article 7 Order of precedence of documentation

1. The Contract shall consist of the following documents and in case of contradictions they shall have the following order of precedence:

   A. Special Conditions of Contract
   B. General Conditions of Contract (Annex I)
   C. Cost estimate (Annex III) which is an integral part of this Contract and the Tender Number: *specify the number of tender under which this Contract sell be conclude* from *specify the date of the tender* under which this Contract sell be concluded
   D. Technical specifications (Annex IV), which is an integral part of this Contract and the Tender Number: *specify the number of tender under which this Contract sell be conclude* from *specify the date of the tender* under which this Contract sell be concluded.<including clarifications during the tender review and evaluation, as well as any catalogues/brochures/statements supplied by the producer or authorized representative, if applicable>
   E. Other relevant documentation (Annex V) – if applicable

Article 8 Subcontractors

(In case the Supplier has indicated in their tender that they intended to engage a subcontractor, the wording of the Article shall be as follows):

1. The following economic operators shall be engaged as the Supplier's subcontractors:

Name or firm	
Registered office	
VAT No.	
IBAN	
Contact person for the Subcontractor	
Bank's name and address	
Telephone	
E-mail address	
Part of the Contract to be performed by the Subcontractor (please indicate the subject-matter, quantity, value and percentage)	

(In case the Supplier has not indicated in their tender that they intended to engage a subcontractor, the wording of the Article shall be as follows):

The Supplier's tender does not indicate that they intend to engage a subcontractor. In case of potential engagement of a subcontractor during the performance of the Contract, the provisions of Article 4 of the General Conditions of Contract shall apply.

Article 9 Warranty obligation for proper functioning of sold goods

Article 28 paragraph 6 of the General Conditions of Contract shall be amended as follows:

6. The warranty period for items of individual groups of the subject-matter of procurement shall apply as specified in Annex IV – Technical specifications which is an integral part of this Contract and the Tender Number: *specify the number of tender under which this Contract sell be conclude* from *specify the date of the tender* under which this Contract shall be concluded

The warranty period shall commence on the date of acceptance of the goods and shall be extended or renewed in accordance with the provisions of paragraph 3. The warranty obligations shall not exclude the Supplier's legal obligation for material and legal defects of the goods nor affect the rights of the Contracting entity on other grounds. In any case, the Contracting entity shall reserve the right to claim indemnity.

The Supplier's warranty obligations for proper functioning of sold goods as defined in Article 28 of the General Conditions of Contract, shall also include the obligations indicated for all individual items in Technical specifications (Annex IV to the Contract).

Article 10 Advance payment guarantee

Article 13 paragraph 1 of the General Conditions of Contract shall be amended as follows:

Advance payment guarantee shall not be required.

Article 11 Performance guarantee

Article 14 paragraph 1 of the General Conditions of Contract shall be amended as follows:

Performance guarantee shall not be required.

Article 12 Guarantee for elimination of defects within the warranty period

Article 15 paragraph 1 of the General Conditions of Contract shall be amended as follows:

Guarantee for elimination of defects within the warranty period shall not be required.

Article 13 Visibility

Article 9 of the General Conditions of Contract shall be amended as follows:

If the procurement is co-financed by EU structural funds, the Contracting entity shall label the delivered goods in accordance with the visibility requirements as described in Instructions to beneficiaries in respect of information, communication and visibility of projects financed by European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund (CF) from 2014 to 2020.

Article 14 Payments

All payments shall be effected to the Supplier's account no.: (indicate account number) as set out in Article 21 of the General Conditions of Contract.

Article 21 paragraph 4 of the General Conditions of Contract shall be amended as follows:

(To be applied to individual group of the subject-matter of procurement for which the Contract is entered into)

All obligations of the Contracting entity to selected tenderer shall be effected as follow:

- **Group 1** – Contract price shall be paid within 14 days after the date of issuing an invoice or after the date of the Contracting entity's Statement on acceptance of the goods, whichever occurs later.

- **Group 2** – 30% of the contract price will be paid in advance, and the remaining 70% of the contract price will be paid after the selected Tenderer confirms the goods are ready for delivery.

Payment will be made to the Selected Tenderer in the currency in which the tender was submitted.

Article 15 Final provisions

1. This Contract shall be concluded in two (2) counterparts, one for each party.

On behalf of the Supplier:	On behalf of the Contracting entity:
Name and function:	Name and function:
_____	_____
(signature)	(signature)
Signing date:	Signing date:

ANNEX I

GENERAL CONDITIONS OF CONTRACT

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INTRODUCTORY PROVISIONS

Article 1 – Definitions

1. Where appropriate words denoting a singular number only shall include the plural and vice versa and references to the masculine gender shall include the feminine gender and vice versa.

2. "Appendix to the Contract" means a written agreement of the parties for the purpose of amending the conditions and content of the original Contract in accordance with the provisions hereof and applicable regulations on public procurement.

3. "Day" means calendar days unless otherwise specified by individual provisions.

4. "Statement on acceptance of goods" means a document in which the Contracting entity accepts the goods and confirms that the Supplier has performed the scope of the Contract as defined in Special Conditions of Contract.

5. "Warranty for proper functioning of sold goods" means a warranty whereby the Supplier guarantees proper functioning of sold goods during a certain period in accordance with the provisions hereof, while such warranty shall not affect their liability for material and legal defects of the goods. The warranty shall commence after the Contracting entity has issued the statement on acceptance of goods in accordance with the provisions hereof.

6. "Blueprints" means documents which in general include illustrations, obtained by either the Contracting entity or the Supplier and necessary for proper performance of the Contract.

7. "Order" means the Contracting entity's instruction to the Supplier given in accordance with the provisions hereof for the purpose of performing contractual rights and obligations.

8. "Liability for material and legal defects of performance" means the Supplier's liability pursuant to applicable provisions of the Civil Obligations Act.

9. "Subcontractor" means economic operator which fulfils a contractual obligation or its part on behalf of the Supplier.

10. "Special conditions" means provisions related to a specific contract between the Contracting entity and the selected tenderer/consortium, modifying and/or amending the provisions of the General Conditions of Contract.

11. "Procurement procedure" means the procurement of goods conducted by the Contracting entity in order to conclude a public procurement contract in accordance with the provisions of Annex IV "Procurement procedures for persons not subject to the Public Procurement Act" under Call for Project Proposals "Investments in Production Technology of SMEs" (ref.: KK.03.2.1.02) – applicable version at the time of implementation of this procurement procedure.

12. "Statement on proper performance of contractual obligations" means a document issued by the Contracting entity after the expiration of the warranty period in accordance with Article 29 hereof, in which the Contracting entity confirms that the Supplier has performed their contractual obligations.

13. "Contract performance period" means the period from the conclusion of the Contract until the performance of all contractual rights and obligations, or until the return of all contract guarantees to the Supplier in accordance with the contractual provisions.

14. "Performance deadline" means the deadline as defined by Special Contract Conditions and Article 17 hereof.

15. "Deadlines" are calculated in days, months and years. If a deadline is specified in days, it shall not include the day of delivery or notification, or the day of the event from which the deadline is to be calculated, but the first following day shall be considered the deadline commencement date. If the last day of the deadline is a public holiday in the Republic of Croatia, a Saturday or a Sunday, the deadline shall expire at the end of the first following working day. Deadlines specified in months or years shall expire at the end of the last day of the month or year corresponding in number to the commencement date of the deadline period. If there is no such day, the deadline shall expire on the last day of that month. Holidays, Saturdays and Sundays shall not affect the commencement and course of the deadline period, but only its expiration.

16. "Conflict of interest" means any event/situation associated with personal or material benefit or a similar reason which affects or may affect fair and impartial performance of the Contract. Conflict of interest undeniably exists in situations set out in the relevant Public Procurement Act.

17. "Liquidated damages" means the amount to be paid to the Contracting entity by the Supplier in case of late or improper performance of the contractual obligations in accordance with the provisions hereof and of the applicable Civil Obligations Act.

18. "Contract on public procurement of goods" (hereinafter: the Contract) means a contract the scope of which is purchase, rent or lease of goods and leasing with or without the option to purchase goods. A public procurement contract for delivery of goods, including installation, shall be considered a contract on public procurement of goods.

19. "Technical specifications" mean the specifications in the tender documentation defining the characteristics of products or services to be purchased, such as quality levels, levels of environmental impact, solutions for all requirements (including access for people with disabilities), conformity assessment, performance, usability of products, safety or dimensions, including requirements relevant to products as regards the name under which products are sold, terminology, symbols, testing and test methods, packaging, marking and labelling, user instructions, production processes and methods, as well as conformity assessment procedures.

Article 2 – Language

1. The language of the Contract shall be Croatian, as well as all communication with the Supplier.

Article 3 – Communication

1. The communication between the parties shall take place by post (or authorised provider of postal services), telephone, fax, e-mail or personal delivery of documents.

2. When the Contract provides for sending a notice, request, consent, approval, statement or decision, such documents shall be made in writing unless otherwise specified by the Contract. The consent, approval, statement or decision shall not be denied nor given late without proper reason.

3. All oral orders shall be confirmed in writing as soon as possible.
4. The deadlines specified herein shall commence upon the receipt of documents.

Article 4 – Subcontractors

1. The Supplier's subcontractors shall be the economic operators the Supplier has indicated in their tender and whose details are stated in the Special Conditions of Contract forming an integral part of the Contract.

2. The Supplier may during the performance period submit a written request to the Contracting entity, in accordance with Article 19 hereof, for (I) the replacement of the subcontractor, (II) assuming the performance of the part of the Contract previously subcontracted, and (III) the introduction of one or more new subcontractors whose total share may not exceed 30% of the contract value, regardless of whether a part of the Contract has previously been subcontracted or not.

3. Such Supplier's request shall be approved by the Contracting entity in accordance with Article 19. The Supplier shall submit the request in due time, taking into account the period in which the Contracting entity is to decide on the request and the performance deadline stipulated herein.

4. The Supplier's request to replace the subcontractor or introduce one or more new subcontractors referred to in paragraph 2 shall be accompanied by the following subcontractor's details: the name or firm, address, VAT No. (or national identification number in the country of registration) and account number, as well as the subject-matter, quantity, value and percentage of the part of the Contract being subcontracted.

5. Prior to approving the request referred to in paragraph 2 the Contracting entity may request the Supplier to submit evidence proving that the new subcontractor: (I) is not in situations defined as grounds for exclusion for subcontractors in the procurement procedure preceding the conclusion of the Contract; (II) complies with the requirements relating to financial, technical and professional capacity in case the Supplier has relied on the capacity of the subcontractor to be replaced in the procurement procedure; (III) has a valid authorisation or is a member of an organisation when submission of such evidence for the subcontractor is necessary in accordance with the relevant Public Procurement Act.

6. In case of the request for supply of additional evidence referred to in paragraph 5, the deadline shall be suspended as provided in Article 19 paragraph 5 hereof. In case of denying the request for approval the Contracting entity shall indicate reasons for such denial.

7. Subcontracting shall not imply a contractual relationship between the subcontractor and the Contracting entity. Participation of subcontractors and approval of the request referred to in paragraph 2, as well as signing an appendix to the Contract shall not affect the Supplier's liability to perform any obligations hereunder. The Supplier shall be responsible for acts, non-performance or improper performance of obligations of their subcontractors and their representatives and/or employees, as if those were acts, non-performance or improper performance of obligations of the Supplier, their representatives or employees.

8. Subcontracting a part of the Contract to a new subcontractor or concluding a written appendix to the Contract without the approval of the request referred to in paragraph 2, or notwithstanding the reasons for denial of such request, shall be considered breach of Contract, in which case the Contracting entity shall be authorised to apply the contractual obligations relating to the termination of the Contract.

Article 5 – Delivery of documents

1. The Contracting entity shall, within 30 days of signing the Contract, deliver copies of blueprints and other documents relevant for proper performance of the Contract to the Supplier free of charge, if so provided by the Special Conditions of Contract. Upon issuing the statement on proper performance of contractual obligations, the Supplier shall return to the Contracting entity all blueprints and other documents delivered by the Contracting entity for the purpose of the performance of the Contract.

2. If the Contracting entity fails to deliver the documents referred to in paragraph 1 within the prescribed period, and the Supplier needs such documents for timely and proper performance of the Contract, the Supplier may terminate the Contract as provided in Article 33 hereof.

Article 6 – Assistance in obtaining necessary permits or licences

1. The Contracting entity shall provide the Supplier, at their request, with reasonable assistance in obtaining necessary permits and/or licences for proper performance of the Contract.

2. In accordance with the laws and regulations governing the work of aliens in the Republic of Croatia, the Contracting entity shall provide the Supplier, at their request, with reasonable assistance in obtaining visas and work permits for aliens in the Republic of Croatia, including stay and work permits and/or work registration certificates for persons whose services both the Supplier and the Contracting entity consider necessary.

Article 7 – General obligations of the supplier

1. The Supplier shall perform the Contract with due care, effectively, in accordance with the principle of good faith and professional rules, while applying best management practices.

2. The Supplier shall, in accordance with the provisions hereof, deliver to the place of delivery, install, test and commission the goods, as well as perform all other actions, including eliminating any defects in the goods. The Supplier shall also provide all necessary equipment and devices, surveillance and work force for the performance of obligations.

3. The Contracting entity shall be authorised to issue orders to the Supplier related to proper performance of the Contract. The order shall be accompanied by documentation necessary for proper performance and eliminating defects arising during the performance hereof.

4. The Supplier shall comply with the Contracting entity's orders. In case the Supplier considers that such orders exceed the scope of their rights and obligations specified herein, or that such orders are contrary to the Contract provisions, they shall notify the Contracting entity thereof within 15 days from the receipt of the order and indicate the reasons for such claims.

5. The Supplier shall deliver to the Contracting entity, without delay and at their request, any information and documents relating to the performance of the Contract.

6. The parties shall comply with all applicable laws and regulations in the Republic of Croatia. In case of violations of regulations by the Supplier and the persons under their responsibility, the Supplier shall, in case of proceedings for such violations against the Contracting entity, assume liability for claims arising from such violations. By signing this contract the Supplier shall consent to being a defendant in possible legal proceedings, if a plaintiff gives their consent.

7. In case of any unforeseen event, action or omission obstructing the performance of the contract either directly or indirectly, in whole or in part, The Supplier shall immediately notify

the Contracting entity thereof. The notice shall include a description of the problem and the time of its occurrence, as well as the actions the Supplier has already taken and intends to take in order to eliminate obstacles to the performance of the Contract. In case of force majeure, Article 34 hereof shall apply.

8. The Supplier shall maintain the confidentiality of information and documents relating to the performance of the Contract and shall not make them available to third parties without the Contracting entity's prior consent. The Supplier shall act accordingly even after the performance of all obligations and ensure that their employees comply with such obligation. However, references to the Contract for the purpose of recommendations in the market or submission of tenders shall be allowed without the Contracting entity's prior consent, unless he Contract is considered confidential in accordance with applicable legislation governing the confidentiality of data.

9. If the Supplier is a member of a consortium or association of more economic operators in accordance with applicable regulations governing procurement procedures, all members of such consortium shall be jointly and severally responsible for proper performance of the contractual obligations. Such consortium shall perform the Contract in accordance with the joint tender indicating which part of the Contract will be performed by individual consortium members. The Contracting entity shall effect direct payments to each consortium member for the part of the Contract they have performed, unless the consortium has indicated otherwise. If, upon the selection of the consortium, a specific legal from of the structure of the consortium necessary for proper performance of the Contract, has been contracted, the Contracting entity's prior consent shall be needed to change such legal form of the structure of the consortium. The change of the legal form of the structure of the consortium without the Contracting entity's prior consent, if required, shall be considered breach of contract by the Supplier. The consortium shall designate a person for communication with the Contracting entity on behalf of the consortium for the purpose of the performance of the Contract.

10. Pursuant to the provisions hereof, all documentation shall be kept for 7 years, counting from the last received payment, or at least 5 years after the closure of the programme under which the Contract is financed, whichever period is longer.

Article 8 – Conflict of interest

1. The Supplier shall take all necessary actions and/or measures for the prevention or termination of any situation which may compromise impartial and objective performance of the Contract. Conflict of interest may occur in particular as a result of economic interest, political or national affection, family or emotional ties, or any other relevant connection or common interest. The Supplier shall immediately notify the Contracting entity of any threat of the occurrence of conflict of interest arising during the performance of the Contract. In case of threat of the occurrence of conflict of interest, the Supplier shall immediately take all possible actions and/or measures to prevent such occurrence.

2. The Contracting entity shall reserve the right to verify and evaluate whether appropriate actions and/or measures have been taken or not and, if necessary, to request taking additional actions and/or measures. The Supplier shall ensure that their employees, including those in management positions, avoid situations from which conflict of interest may arise. Without affecting the performance of their contractual obligations, the Supplier shall without delay and the right to the compensation of costs, replace any employee exposed to such situation.

3. The Supplier shall refrain from taking actions which may call into question the impartiality and/or objectivity of the Supplier of their employees.

4. If during the performance of the Contract, conflict of interest occurs with the Supplier or if the existence of such conflict of interest at the time of signing the Contract is discovered at a later stage, the Contracting entity shall be entitled to terminate the Contract and the Supplier shall not be entitled to indemnity.

Article 9 – Visibility

1. The Contracting entity shall label the delivered goods in accordance with the visibility requirements as described inInstructions to beneficiaries in respect of information, communication and visibility of projects financed by European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund (CF) from 2014 to 2020.

Article 10 – Final tender prices

1. The Supplier shall be responsible for the accuracy and completeness of their tender and shall take into account, when submitting the tender, all necessary aspects for proper performance of the contractual obligations and include in the offered price all costs relating to the proper performance hereof.

2. Since it is considered that the Supplier had determined their prices based on their own calculations, business operations and estimates, the Supplier shall perform all work included in individual items, for which they have not indicated unit or lump price, without the right to additional compensation.

Article 11 – Custom duties

1. Unless otherwise provided in the Special Conditions of Contract, the delivery terms shall be DDP (delivery duty paid) according to Incoterms 2010 of the International Chamber of Commerce (http://www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/the-incoterms-rules/).

Article 12 – Infringement of third party rights

1. Unless otherwise provided in the Special Conditions of Contract, the Supplier shall indemnify the Contracting entity and assume liability for any damage and costs incurred by the Contracting entity arising from claims of any third parties, including authors and other holders of intellectual property rights, due to alleged or actual infringement of intellectual property rights or any other right occurring during the Contracting entity's use of patents, licences, blueprints, designs, models, brands or trade marks in accordance with the Contract, except where the infringement has occurred due to matching designs or specifications provided by the Supplier.

GUARANTEES

Article 13 – Advance payment guarantee

1. Unless otherwise provided in the tender documentation and the Special Conditions of Contract, the Supplier shall submit advance payment guarantee in case of refund of advance payment overpayment.

2. The guarantee referred to in paragraph 1 shall be 20% of the contract price, including any amounts defined in appendices hereto, or any other amount indicated in the tender documentation of the Special Conditions of Contract.

3. The form and terms of the guarantee shall be specified in the tender documentation and the Special Conditions of Contract, while if a bank guarantee is required, it shall be irrevocable, unconditional, 'on first demand' and 'without protest'. The advance payment guarantee shall remain valid until the Contracting entity returns it in accordance with paragraph 6.

4. If during the Contract term, the guarantee expires or a natural or legal person providing the guarantee ceases to be able to warrant for the advance payment, the Contracting entity shall invite the Supplier to submit a new guarantee on equal terms as the previous guarantee, or retain as cash deposit the amount equal to the advance payment amount from future payments due to the Supplier according to the Contract. The Contracting entity may terminate the Contract if the Supplier fails to submit the new guarantee.

5. In case the Contract is terminated for any reason, the advance payment guarantee may be immediately activated to repay the amount of the advance payment the Supplier must return to the Contracting entity.

6. The advance payment shall not be paid to the Supplier before submitting the guarantee. The Contracting entity shall return the advance payment guarantee to the Supplier within 30 days from the issue date of the statement on acceptance of goods.

Article 14 – Performance guarantee

1. Unless otherwise provided in the tender documentation and the Special Conditions of Contract, the Supplier shall deliver to the Contracting entity a performance guarantee together with the signed copy of the Contract.

2. The guarantee referred to in paragraph 1 shall be 10% of the contract price, including any amounts defined in appendices hereto.

3. The performance guarantee serves as insurance to the Contracting entity in case of breach of contract by the Supplier.

4. The form and terms of the performance guarantee to be submitted by the Supplier shall be specified in the tender documentation and the Special Conditions of Contract. If a bank guarantee is required, it shall be irrevocable, unconditional, 'on first demand' and 'without protest'.

5. No payments shall effected to the Supplier before submitting the guarantee. The guarantee shall remain valid until complete and proper performance of the Contract.

6. If during the Contract term, a natural or legal person providing the guarantee ceases to be able to warrant for the proper performance of the Contract, the Supplier shall submit a new

guarantee on equal terms as the previous guarantee. The Contracting entity may terminate the Contract if the Supplier fails to submit the new guarantee.

7. In case of breach of contract by the Supplier, the Contracting entity shall be entitled to request activation of the guarantee for any amount warranted by the guarantor up to the guaranteed amount in accordance with the issued guarantee. The Contracting entity shall notify the Supplier of their intention to request activation of the guarantee and indicate reasons thereof prior to submitting such request. The performance guarantee shall be returned within 30 days from the issue date of the statement on proper performance of contractual obligations.

Article 15 – Guarantee for elimination of defects within the warranty period

1. Unless otherwise provided in the tender documentation and the Special Conditions of Contract, the Supplier shall submit a guarantee for elimination of defects within the warranty period together with a request for acceptance of goods.

2. The guarantee referred to in paragraph 1 shall be 5% of the contract price, including any amounts defined in appendices hereto.

3. The guarantee for elimination of defects within the warranty period serves as insurance to the Contracting entity in case the Supplier fails to meet their obligations to eliminate defects arising from the warranty or indemnity.

4. The form and terms of the guarantee for elimination of defects within the warranty period to be submitted by the Supplier shall be specified in the tender documentation and the Special Conditions of Contract. If a bank guarantee is required, it shall be irrevocable, unconditional, 'on first demand' and 'without protest'. The guarantee shall remain valid until the expiration of the warranty period.

5. If during the Contract term, a natural or legal person providing the guarantee ceases to be able to warrant for elimination of defects within the warranty period, the Supplier shall submit a new guarantee on equal terms as the previous guarantee. The Contracting entity may terminate the Contract if the Supplier fails to submit the new guarantee.

6. In case the Supplier fails to eliminate defects or indemnify the Contracting entity, the Contracting entity shall be entitled to request activation of the guarantee for any amount warranted by the guarantor up to the guaranteed amount in accordance with the issued guarantee. The Contracting entity shall notify the Supplier of their intention to request activation of the guarantee and indicate reasons thereof prior to submitting such request. The guarantee for elimination of defects within the warranty period shall be returned within 30 days from the issue date of the statement on proper performance of contractual obligations.

PERFORMANCE OF OBLIGATIONS, DELAYS AND AMENDMENTS TO THE CONTRACT

Article 16 – Performance commencement date

1. The exercise of rights and performance of obligations shall commence with the conclusion of the Contract.

2. The Special Conditions of Contract may stipulate another moment for the commencement of the Supplier's obligations within the scope hereof.

Article 17 – Performance deadline

1. The deadline for the performance of the Supplier's obligations hereunder shall be stipulated by the Special Conditions of Contract.

2. In case of separate deadlines for separate phases of the performance of obligations within the scope hereunder for different groups of the subject-matter of procurement, and in case a single Supplier has been awarded multiple groups of the subject-matter of procurement, the performance deadlines for individual groups shall not be added up.

Article 18 – Liquidated damages

1. In case of late or improper performance of obligations by the Supplier which is their fault, the Contracting entity shall be authorised to claim liquidated damages for each day of the delay until proper performance of obligations. The daily amount of damages shall be 0.5% of the value of non-delivered or improperly delivered goods, whereby liquidated damages may not exceed 10% of the total contract value. The right of the Contracting entity to claim liquidated damages shall not affect other rights they may exercise hereunder.

2. The liquidated damages in terms of paragraph 1 shall run from the expiry of the performance deadline of obligations within the scope hereunder, stipulated in the Special Conditions of Contract, until the actual performance of such obligations. The Supplier shall be considered to have performed their obligations hereunder after they have performed all obligations within the scope of the Contract and submitted a valid request for acceptance of goods, which serves as the basis upon which the statement on acceptance of goods has been issued. The day of receipt of the valid request for acceptance of goods by the Supplier shall be considered the day of completion of the Supplier's obligations hereunder.

3. In case breach of contract by the Supplier applies only to part of the goods, the liquidated damages shall be calculated based on the value of such part and shall not exceed 10% of such value. In case late or improper performance of obligations relating to any part of the goods prevents the normal use of the subject-matter of procurement as a whole, the liquidated damages referred to in paragraph 1 shall be calculated based on the total value of the goods.

4. The Contracting entity may, after notifying the Supplier thereof, activate the performance guarantee if they are entitled to claim liquidated damages in the amount of at least 10% of the total contract value or at least 10% of the value of the part of the goods, if the breach of contract relates only to such part. Irrespective of the right to activate the performance guarantee, the Contracting entity may:
   - Terminate the Contract;
   - Stipulate a new performance deadline;
   - Conclude a contract on procurement of goods with a third party, in which case the Supplier shall indemnify the Contracting entity for any damage arising from the conclusion of a new contract on procurement of goods, including any costs arising from the difference in procurement value.

5. The Contracting entity shall reserve the right to liquidated damages in a letter accompanying the statement on acceptance of goods if they are entitled to liquidated damages pursuant to the provisions hereof.

Article 19 – Amendments to the contract

1. Any amendments to the Contract shall be in the form of a written appendix to the Contract and may only refer to those amendments which are not considered material in terms of content and basic elements of the Contract, in line with the regulations governing public procurement. Notwithstanding this provision, in cases provided in paragraph 6 a written appendix to the Contract shall not be necessary.

2. The following amendments shall be considered material in terms of this Article:

a) Amendments introducing conditions which, had they been part of the procurement procedure preceding the conclusion of the Contract, would have allowed submitting different tenders than those submitted in the procurement procedure, or the selection of a different tender than the one selected in the procurement procedure;
b) Amendments significantly expanding the scope of the Contract;
c) Amendments modifying the economic balance of the Contract in favour of the Supplier in a manner not
envisaged in the Contract;
d) Amendments modifying the contracting party of the successful tenderer, or the Supplier respectively.

3. The following amendments to the public procurement contract shall not be considered material in terms of paragraph 2:

a) Possible amendments to the Contract in terms of scope and nature, as well as conditions for such amendments, have been provided in the tender documentation in a clear and unambiguous manner, provided that such amendments do not change the legal nature of the Contract;
b) The total value of all amendments is less than 10% of the total contract value, provided that such amendments do not change the legal nature of the Contract;
c) Change of the Supplier has occurred due to legal succession, which is the result of the status change on the part of the Supplier, provided that such succession has not been conducted in order to avoid application of the Public procurement Act and that the economic operator becoming the new contracting party complies with all conditions and requirements provided in the completed public procurement procedure. For the purpose of such change the Contracting entity shall be entitled, before consenting to the change, to request from the Supplier, or the new economic operator respectively, to submit evidence proving that the new contracting party complies with conditions and requirements provided in the public procurement procedure preceding the conclusion of the Contract.

4. The contracting party on the side of which circumstances causing amendments to the Contract have arisen, shall immediately submit a proposal for amendment to the counterparty. The proposition shall be made in writing and contain reasons for the proposed amendments. The counterparty shall respond whether they accept the proposed amendments within 10 days from the receipt of the proposal. In case both parties agree on the amendment content, the Contracting entity shall prepare an addendum to the Contract and submit it for signature to the Supplier within 10 days from such agreement or the day of notification thereof.

5. In case of need for additional documentation in order to consider the amendment proposal, the contracting party receiving the amendment proposal shall request submitting such documentation. In such case, the deadline for responding to the proposed amendments referred

to in paragraph 4 shall stand still during the period from requesting additional documentation until its receipt and shall continue upon the expiry of such period.

6. A written appendix to the Contract for the purpose of changes of lesser importance, such as change of address, bank account or contact details, shall not be required, but one party shall notify in writing the other thereof. The effect of such change shall enter into force upon the receipt of such notice.

Article 20 – Suspension

1. Following the Contract entity's order, the Supplier shall suspend the performance of the Contract or any part hereof for the time and in a way the Contracting entity considers necessary. The suspension shall commence on the day of the receipt of the Contracting entity's order or later on the date specified in the order.

2. For the duration of the suspension of the Contract, the Supplier shall keep and protect from damage the goods to which such suspension refers, in their warehouse or other appropriate place, to the extent possible and in accordance with the Contracting entity's instructions. Where such goods have already been delivered and are in possession of the Contracting entity, they shall keep them for the duration of the suspension and handle them with due care.

3. The Supplier shall be entitled to reimbursement of the actual costs incurred as the result of taking actions and/or measures referred to in paragraph 2, which shall be added to the contract price in accordance with the terms of Article 19, except where the suspension occurred due to the Supplier's actions.

4. The Supplier shall submit the request for reimbursement of costs referred to in paragraph 4 at the moment of their incurrence and not later than 15 days thereof. The request shall be justified and accompanied by appropriate evidence of the actual costs incurred.

5. The Contracting entity shall, as soon as possible, order the Supplier to continue with the performance of the Contract or notify them of the inability to continue the performance and of the termination of the Contract. Where the duration of the suspension exceeds 90 continuous days and this is not due to the Supplier's actions, the Supplier may request, by sending a notice to the Contracting entity, to continue the performance of the Contract within 30 days from the receipt of the notice or terminate the Contract. Where the performance of the Contract fails to continue within such period, the Supplier may terminate the Contract without providing a later period for the performance continuation.

PAYMENT

Article 21 – General provisions on payments

1. The Contracting entity shall effect payments in the currency specified in the Special Conditions of Contract into the bank account indicated by the Supplier in their tender, as well as into the bank account of subcontractors or consortium members, where direct payments to subcontractors or consortium members are stipulated by the tender documentation and Special Conditions of Contract. The Supplier shall immediately notify the Contracting entity of any changes to their bank account, or subcontractors' and/or consortium members' bank accounts, if any.

2. Payments shall be effected in terms and under conditions stipulated in this Article. In order for the Contracting entity to be able to effect payments of the Supplier's invoices, or invoices of subcontractors and/or consortium members, such invoices shall be eligible for payment. The invoice shall not be considered eligible if it does not comply with the Contract and contain the

minimum content stipulated by relevant regulations. Where the invoice is not eligible for payment due to missing elements or the Supplier not submitting the documents set out herein, the Contracting entity shall notify the Supplier thereof, request submitting an eligible invoice and the missing documents. The Supplier shall correct and amend the invoice within 30 days of the receipt of such request. Where such request has been notified, the payment deadline shall stand still and continue from the moment of the receipt of the correct and complete invoice. The day of the receipt of a money order by the Supplier's bank in their favour, or the favour of the subcontractor and/or consortium member, or a payment order by the Contracting entity's bank approving the payment of the order amount in favour of the Supplier's account, shall be considered payment date.

3. Where the Contract provides for advance payments, such payments shall be effected within 30 days of the receipt by the Contracting entity of eligible invoice(s), advance payment guarantee and performance guarantee, where such guarantees are provided herein. Where such guarantees are provided herein, the advance payment shall not be effected until the Supplier submits such guarantees to the Contracting entity. Final payment shall be effected within 30 days after the Contracting entity's statement on acceptance of the goods or receipt of the invoice(s), whichever occurs later.

4. Unless otherwise provided by Special Conditions of Contract, the payments shall be effected as follows:

   - 30% of the contract value shall be paid as advance payment after signing the Contract, receipt of an invoice, performance guarantee and advance payment guarantee for the entire amount of the advance payment, where such guarantees are required;

   - 70% of the contract value shall be paid as the difference to the total amount after the Contracting entity receives the invoice(s) in accordance with paragraph 2 and issues the statement on acceptance of goods.

5. In case of partial acceptance of the goods or acceptance of goods delivered at different times according to the Contract, the payment shall be effected in the amount of 100% of the contract value of the accepted goods.

6. In case of doubt that the procurement procedure or performance of the Contract have been subject to irregularities or fraud attributable to the Supplier, the Contracting entity may suspend payments, as well as the performance of the Contract in accordance with Article 20. Where irregularities or fraud in the procurement procedure or performance of the Contract have been determined, the Contracting entity may, besides Contract termination, refuse to effect further payments and/or reclaim already effected payments in accordance with applicable legislation of the European Union and the Republic of Croatia.

Article 22 – Payment delay

1. In case of exceeding payment deadlines provided herein, the Supplier shall be entitled to interest in arrears in accordance with the relevant regulations. Interest in arrears shall be calculated from the last day of the payment deadline until payment. Any partial payments shall be primarily used to cover the interest and then the principal amount.

2. In case of payment delays the Supplier shall warn the Contracting entity in writing about the payment obligation and leave another 15 days for them to effect the payment. Where the payment is not effected during such period, the Supplier shall be entitled to terminate the Contract in accordance with Article 33.

Article 23 – Claiming receivables from the supplier

1. The Supplier shall refund to the Contracting entity any overpaid amounts within 30 days from the receipt of request for refund.

2. Where the Supplier fails to refund the overpaid amounts within such period, the Contracting entity shall be entitled to interest in arrears for the due amount in accordance with the relevant regulations. Where the refund refers to the paid advance payment, the Contracting entity shall be authorised to activate advance payment guarantee in accordance with Article 13, if so provided herein.

3. Amounts to be refunded to the Contracting entity may be offset with any amounts the Contracting entity owes the Supplier, provided that all legal conditions for the offset have been met. The offsetting shall be conducted by a statement on offsetting stating the claims to be offset, whereby its effects occur from the moment the conditions for the offset are met.

4. Bank commissions, fees and other charges with the same effect pertaining to the refund of due amounts to the Contracting entity, shall be borne by the Supplier.

Article 24 – Price modifications

1. Unless otherwise provided in the Special Conditions of Contract, the agreed unit prices shall be fixed.

ACCEPTANCE AND OBLIGATIONS FOLLOWING ACCCEPTANCE

Article 25 – Delivery

1. The Supplier shall deliver the goods in accordance with the provisions hereof and to the place specified in the Special Conditions of Contract. The delivered goods shall fully comply with the requirements hereof, as well as any other requirements arising herefrom (studies, models, samples, templates, etc.). The delivered goods must be of required quality according to the technical specifications, and where such quality has not been specified, then of usual quality corresponding to the type of goods being delivered. The Supplier shall enable the Contracting entity to inspect the delivered goods for compliance with the requirements hereof (e.g. by submitting relevant documentation indicating product characteristics, product labels, etc.).

2. The Supplier shall pack the goods in a manner that prevents damage or deterioration of their properties during the transportation to the place of delivery stipulated herein. The packaging shall be good enough to withstand, without limitation, rough handling, exposure to extreme temperatures, salt and moisture during the transport and storage in the open. When selecting the size and weight of the packaging the distance of the final place of delivery of the goods shall be taken into account, as well as possible lack of resources to handle heavy loads at all points of transportation.

3. The Supplier shall deliver, together with the goods, a bill of lading containing data on the type and quantity of the delivered goods and a complete delivery log template forming an integral part hereof. The Special Conditions of Contract may stipulate additional documentation to be delivered by the Supplier with the goods.

4. During the delivery of the goods the parties shall sign the delivery log referred to in paragraph 3. In case of multiple place of delivery provided herein, a delivery log shall be signed for all individual places of delivery. The delivery log shall serve as confirmation of the delivery, but shall not serve as acceptance of the goods performed in accordance with Article 27.

Article 26 – Inspection of goods

1. The goods shall not be accepted in accordance with Article 27 before the Contracting entity inspects the goods, including performing all necessary tests, checks and other actions to determine whether the goods comply with the requirements hereof. The inspection of the goods shall be performed after the Supplier has performed all their contractual obligations and submitted a valid request for acceptance of goods in accordance with Article 27 paragraph 2.

2. Prior to acceptance of the goods, but after the inspection performed in accordance of the provisions hereof, the Contracting entity shall inform the Supplier if they consider that the goods and/or services within the scope of the Contract do not comply with the Contract. In such case the Contracting entity shall be authorised to request from the Supplier to take the following actions within the reasonable deadline specified in a relevant notice:

   a. To remove the delivered goods at their own cost and replace them with new goods which complies with the Contract; or
   b. To perform necessary repairs or otherwise eliminate defects in the goods in order for them to comply with the requirements hereof;
   c. To reinstall the goods properly where the installation fails to comply with the Contract in any aspect, regardless of any previous tests and payments effected in the meantime.

3. The Supplier shall, at their own cost and as soon as possible, and within the period indicated in the Contracting entity's request at the latest, eliminate the indicated defects in accordance with paragraph 2. Where the Supplier fails to comply with such order, the Contracting entity may eliminate such defects on their own or with the assistance of third parties, at the cost of the Supplier. The Contracting entity may offset such cost with any amounts due to the Supplier.

4. The goods not complying with all requirements hereof shall not be accepted. The Supplier shall remove the non-accepted goods from the place of acceptance at the Contracting entity's request and within the deadline set by them. Otherwise, the goods shall be removed at the Supplier's cost and risk. Any work pertaining to the installation of non-accepted parts shall also not be accepted.

5. The provisions of this Article shall not affect the Contracting entity's right to liquidated damages pursuant to Article 18, nor shall they release the Supplier from their obligations arising from the warranty for proper functioning of sold goods, as well as any other obligations hereunder. The provisions of this Article shall not affect the Contracting entity's rights arising from the Supplier's liability for defects of sold goods in accordance with the provisions of the applicable Civil Obligations Act.

Article 27 – Acceptance of goods

1. The Supplier shall bear the risk of accidental destruction and damage to the goods until the moment of its acceptance by the Contracting entity in accordance with the provisions of this Article. After the delivery of the goods has been completed pursuant to the provisions of Article 25, the Contracting entity shall keep them with due care until their acceptance according to the provisions of this Article.

2. The Contracting entity shall accept the goods by issuing the statement on acceptance of goods. The statement on acceptance of goods shall be issued in the form of a template forming an integral part hereof to be delivered to the Supplier enclosed to a letter. The statement on acceptance of goods shall be issued based on the Supplier's valid request for acceptance of goods and after completed inspection. The Supplier shall submit to the Contracting entity the valid request for acceptance of goods within the period stipulated herein. By submitting such

request the Supplier shall declare that they consider the goods to be properly delivered and available for acceptance, and that they have performed all their contractual obligations, such as installation, testing and training of employees, within the stipulated deadline. In order to be considered valid the request fro acceptance of goods shall be submitted in writing and accompanied b the following documentation:

a) The guarantee for elimination of defects referred to in Article 15;
b) The delivery log signed by the Supplier referred to in Article 25;
c) The warranty for proper functioning of sold goods referred to in Article 28, if such warranty has not been submitted earlier;
d) The form of the statement of acceptance of goods signed by the Supplier in 2 counterparts.

3. The Contracting entity shall, within 10 days of the receipt of such request, either issue the statement of acceptance of goods to the Supplier, where the goods have been delivered pursuant to the provisions hereof and the Supplier has completely and properly performed their obligations, or deny the Supplier's request, stating the reasons for such denial and actions to be taken by the Supplier in order for the goods to be accepted. Where the goods cannot be accepted within the period stipulated herein, due to circumstances beyond the Contracting entity's control or circumstances they had not been able to prevent, eliminate or avoid, they shall notify the Supplier thereof and issue the statement as soon as possible, and not later than 10 days after such circumstances have ceased to exist.

4. Where the Contracting entity fails to issue or deny issuing the statement within 10 days, the Supplier shall invite them in writing to issue the statement. Where the Contracting entity fails to issue the statement or notify the Supplier thereof within the following 10 days fro the receipt of such invitation, the goods shall be considered accepted. Where the Contract stipulates the delivery of goods in multiple groups of the subject-matter of procurement, the Supplier shall be authorised to request acceptance of individual groups.

5. In case of partial delivery of the goods or delivery of goods at different times according to the Contract, the Contracting entity shall accept the delivered goods by issuing the statement on acceptance of goods for individual parts of the delivered goods, pursuant to the Supplier's request for acceptance of goods submitted in accordance with paragraph 2. Partial deliveries shall be accepted where the delivered goods function as a single unit which may be used individually and independently from the rest of the goods. The warranty for proper functioning of sold goods shall commence for the accepted part of the goods.

6. Upon the acceptance of goods, the Supplier shall remove any packaging and tidy up the place of acceptance, pursuant to the provisions hereof.

7. The Contracting entity may put the delivered goods into use immediately upon the acceptance. The issue date of the statement of acceptance of goods indicated next to the Contracting entity's signature thereon shall be considered the acceptance date.

Article 28 – Warranty obligation for proper functioning of sold goods

1. The Supplier shall warrant that the goods are functioning, new, unused and compliant with the requirements hereof.

2. The Supplier shall, at the Contracting entity's request, repair defective and/or damaged goods, or any part thereof, or replace them, if such repair is not possible, regardless of the time of occurrence of such deficiencies. The Supplier shall repair or replace such goods within the reasonable period stipulated by the Contracting entity in their notice of deficiency. The

Contracting entity shall be entitled to request repair or replacement for the duration of the warranty period. The Supplier's obligation shall refer to any defect and/or damage, including those resulting from the use of defective materials, design or work.

3. All costs of the repair and/or replacement, including the cost of transporting the goods to the place of repair and return of the goods to the Contracting entity, shall be borne by the Supplier. The Supplier shall bear the risk of accidental destruction and damage to the goods for the duration of the repair. In case of minor repair of the goods, the warranty period shall be extended for as long as the Contracting entity has been deprived of the use of the goods, while in case of major repair or replacement the warranty period shall recommence from the replacement or return of the repaired goods. Where only a part of the goods has been replaced or significantly repaired, the warranty period shall recommence only for such part.

4. The Contracting entity shall notify the Supplier of any defect or damage within the warranty period. Where the Supplier fails to repair or replace defective goods within the period stipulated in the notice, the Contracting entity may:

   a) Eliminate the deficiency or repair the defect or engage a third party to do so at the Supplier's risk and cost, whereby all costs incurred by the Contracting entity shall be claimed from the submitted guarantees if the Supplier fails to reimburse such costs; or
   b) Terminate the Contract.

5. In cases of emergency, where the Supplier cannot be contacted or they inform, after making the contact, that they are incapable of taking necessary actions/measures, the Contracting entity may take the necessary actions/measures at the Supplier's cost. The Contracting entity shall notify the Supplier of the actions/measures taken as soon as possible.

6. Unless otherwise provided by the Special Conditions of Contract, the warranty period shall be one year. The warranty period shall commence on the date of acceptance of the goods and shall be extended or renewed in accordance with the provisions of paragraph 3. The warranty obligations shall not exclude the Supplier's legal obligation for material and legal defects of the goods nor affect the rights of the Contracting entity on other grounds. In any case, the Contracting entity shall reserve the right to claim indemnity.

7. Where the Supplier has a warranty for proper functioning of goods issued by the producer of the goods which refers to a period longer than the Supplier's warranty period pursuant to the provisions hereof, the Supplier shall submit such warranty to the Contracting entity after the expiry of the warranty period referred to in paragraph 6. The producer's warranty period shall not affect the issuance of a statement on proper performance of contractual obligations referred to in Article 29.

Article 29 – Statement on proper performance of contractual obligations

1. Upon the expiry of the Supplier's warranty period referred to in Article 28 or any warranties in case of the delivery of the goods at different times, including any extensions and renewals thereof, the Contracting entity shall issue a statement on proper performance of contractual obligations to the Supplier, indicating the date as on which the Supplier is considered to have performed all their contractual obligations. The date as on which obligations have been performed shall correspond to the expiry date of the warranty period or the last warranty period in case of multiple warranties. The statement shall be issued within 30 days from the expiry date of the warranty period or the last warranty period in case of multiple warranties. Where the Contracting entity fails to issue such statement or notify the reasons thereof within such period, the Supplier shall invite them in writing to issue the statement. Where the Contracting entity fails to issue the statement or notify the reasons thereof within the

following 15 days from the receipt of such written invitation, the Supplier shall be considered to have performed their obligations.

2. Where the statement cannot be issued due to circumstances beyond the Contracting entity's control or circumstances they had not been able to prevent, eliminate or avoid, they shall notify the Supplier thereof and issue the statement within 15 days after such circumstances have ceased to exist.

BREACH AND TERMINATION OF THE CONTRACT

Article 30 – Breach of contract

1. Both parties shall perform their contractual obligations and be held liable for their performance. Where a party breaches a contractual obligation, fails to perform it or fails to perform it pursuant to the provisions hereof, they shall be held liable in accordance with the provisions of the Civil obligations Act and other applicable regulations.

2. In case of breach of contract the suffering party shall be entitled to:

a) Damage repair, and/or
b) Termination of the Contract.

3. Where the Supplier fails to perform any of their contractual obligations, the Contracting entity shall, without prejudice to their rights referred to in paragraph 2, also be entitled to:

   a) Suspend payments; and/or

   b) Reduce payments or exercise the right to reimbursement of the amount corresponding to the value of the breach of contract.

4. Where the Contracting entity is entitled to damage repair, they shall be able to offset the damage amount with any amounts due to the Supplier or claim reimbursement for such damage from the relevant guarantee.

5. The parties shall exercise the right to damage repair within the limitation periods stipulated by the applicable Civil Obligations Act.

Article 31 – Termination of the contract

1. Each party shall have the right in accordance with the provisions hereof governing Contract termination, to terminate the Contract if the counterparty breaches the Contract or fails to perform contractual obligations in the agreed manner and within the agreed deadlines and fails to eliminate such omissions within an additional period determined by the other party.

2. The suffering party shall submit to the party in breach of contract a notice of omission in writing, by fax or registered mail, from the receipt of which the additional period shall commence. Where the party in breach of contract fails to comply with contractual obligations, the Contract shall be deemed terminated without further notice or statements. Where the party in breach of contract eliminates the omission during the additional period, the termination shall not have any effect.

3. Notwithstanding paragraph 2, the Contract may be terminated by written notice without providing the additional period if the behaviour of any party suggests they shall not perform

their obligations even during the additional period, or if they declare that they shall not perform their obligation at all.

Article 32 – Termination of the contract by the Contracting entity

1. The Contracting entity may terminate the Contract and provide additional 15 days from the receipt of the notice to eliminate the omission, for the following reasons:

a) Where the Supplier fails to perform their contractual obligations or fails to perform them properly;
b) Where the Supplier refuses or fails to perform any of the Contracting entity's orders/instructions given in accordance with the Contract, without reasonable excuse;
c) Where the Supplier subcontracts the Contract in whole or in part or engages subcontractors contrary to the contractual provisions;
d) Where the Supplier undergoes status changes, including the change of legal personality, resulting in the change of the contracting party, or other reasons due to which further cooperation is impossible, except where such change has been performed in accordance with Article 19 of the General Conditions of Contract;
e) Where the Supplier fails to submit requested guarantees pursuant to the provisions hereof, or a guarantee provider is not capable of performing their obligations, whereby the Supplier fails to submit a new valid guarantee;
f) Where the Supplier fails to perform their obligation in accordance with Article 8 of the General Conditions of Contract;
g) Where the Supplier fails to perform their obligation in accordance with Article 9 of the General Conditions of Contract.

2. The Contracting entity may, in exceptional cases and depending on the type and cause of the breach, extend the period for the performance or elimination of omission stipulated in paragraph 1 where such extension is justified by the circumstances of an individual case.

3. The Contracting entity may, at any time and without providing the additional period for the performance, terminate the Contract effective from the receipt of the written notice to the Supplier for the following reasons:

a) Where the Supplier is bankrupt or being wound up, is having affairs administered by a person appointed by a competent court, has entered into a settlement with creditors, has suspended business activities or is in any similar situation arising from a similar procedure under regulations of their country of registration, as well as if preliminary proceedings have been instigated against the Supplier in order to determine conditions for opening bankruptcy proceedings, or liquidation proceedings ex officio, or proceedings of the competent court for appointment of the person to manage their business activities, or settlement proceedings with the creditors, or similar proceedings under regulations of their country of registration;
b) Where the Supplier or their legal representative have been convicted of any of the felonies provided in the Statement of non-existence of grounds for exclusion, forming an integral part of the Supplier's tender in the public procurement procedure, or of corresponding felonies under regulations of the country of nationality of the representative;
c) Where it is determined, after the conclusion of the Contract, that the procurement procedure or performance of the Contract have been subject to irregularities or fraud;
d) Where it is proved that the procurement procedure or performance of another contract financed from the budget of the EU and/or the Republic of Croatia to which the Supplier was a party, have been subject to irregularities or fraud, whereby it is likely that that may affect the performance hereof.

4. In case of the termination due to the reasons referred to in paragraphs 1 and 3, the Contracting entity shall be entitled to claim damages from the Supplier incurred due to the termination,

including additional costs incurred from the Contract performance. The Supplier shall bear all costs arising from the terminations, including the cost of returning the goods. The Contracting entity's right to damage repair shall not affect other rights they may exercise hereunder.

5. Where the Supplier is incapable to deliver part of the goods to the Contracting entity due to their own fault, the Contracting entity shall reserve the right to partial termination of the Contract, as well as the right to complete procurement with due care of other goods corresponding to the undelivered goods in terms of quality and quantity. The Supplier shall continue the performance of the remaining part of the Contract. The Contracting entity shall, in any case, reserve the right to reimbursement of any thus caused damages, including the costs arising from differences in procurement value. Upon completing the procurement procedure, the Contracting entity shall be reimbursed for any unexpected costs incurred in the procurement of the goods, if any, or effect the payment of remaining due amounts to the Supplier.

6. The Contract termination shall not affect other rights of the parties hereunder. After the termination, the Contracting entity may conclude any contract with a third party, in which case the Supplier shall indemnify the Contracting entity for any damage arising from the conclusion of a new contract on procurement of goods, including any costs arising from the difference in procurement value.

7. Entering into force of the Contract termination shall release both parties from their obligations hereunder, except from indemnity. Where the Contract is terminated due to the Supplier's fault, the Supplier shall indemnify the Contracting entity for any damages incurred therefrom.

8. In case of the Contract termination, the Supplier shall immediately take all necessary actions and/or measures for timely and proper abortion of the performance and minimise all further costs as much as possible.

9. In case of the Contract termination both parties shall be entitled to return of all resources given to the other party for the purpose of performing their obligations hereunder. The party returning the money shall pay interest in arrears calculated from the receipt of the payment. Upon the Contract termination, the Contracting entity shall, as soon as possible, determine the value of the goods and any amounts due to the Supplier as at the termination date, as well as any amounts due to the Contracting entity by the Supplier as at the termination date.

10. In case of the Contract termination, the Contracting entity shall, as soon as possible and in either presence or absence of the Supplier's representative, make a report on the goods delivered and works performed during their placement and installation, and sign the delivered, but unused materials.

11. The Contracting entity may terminate the Contract at any time by written notice to the Supplier with a notice period of 15 days from receipt of the notice of termination without indicating reasons thereof. In case of termination due to reasons which cannot be attributed to the Supplier's fault, force majeure, accident, or circumstances beyond the Contracting entity's control, the Supplier may, in addition to the reimbursement for the work already performed, seek compensation for damages incurred in terms of regular damage, but not of lost profit.

Article 33 – Termination of the contract by the Supplier

1. The Supplier may terminate the Contract and provide additional 15 days from the receipt of the notice to eliminate the omission, for the following reasons:

a) In the situation referred to in Article 5 hereof;

b) Where the Contracting entity fails to effect the payments of due amounts to the Supplier after the expiry of the additional period referred to in Article 22;
c) Where the Contracting entity fails to perform their contractual obligations;
d) Upon the expiry of 90 days from the suspension of the Contract or part of the Contract not cause by the Supplier's fault, where the performance of the Contract or the part of the Contract fails to continue in accordance with the Supplier's request referred to in Article 20.

2. The Supplier may, in exceptional cases and depending on the type and cause of the breach, extend the period for the performance, where such extension is justified by the circumstances of an individual case.

3. The Contract termination shall not affect other rights of the parties hereunder.
4. Where the Contract is terminated due to the Contracting entity's fault, the Contracting entity shall indemnify the Supplier for any damages incurred therefrom.

Article 34 – Force majeure

1. Neither of the parties shall be considered to breach the Contract where the performance of their contractual obligations has been prevented by any circumstances pertaining to force majeure occurring after the conclusion of the Contract and before the obligation performance deadline.

2. The term force majeure used herein means a situation in which the performance of contractual obligations of a contracting party becomes impossible due to extraordinary external events which could not have been predicted, nor could they have been prevented, avoided or eliminated by the party and for which neither of the parties is responsible.

3. If a contracting party considers that any circumstance of force majeure which may affect the performance of their obligations, has occurred, they shall immediately inform the counterparty thereof orally, and in writing within 3 days from the occurrence of such circumstance. Such notice shall contain relevant details about the nature, possible duration and likely effects of the circumstance, and evidence of its occurrence. A contracting party which fails to notify the counterparty, shall be liable to the counterparty for any damage they may incur due to such failure. Unless otherwise instructed by the Contracting entity in writing, the Supplier shall continue with the performance of their contractual obligations to the extent possible and shall explore different methods of performing the Contract. The Supplier shall apply a different method of performance only based on the Contracting entity's instruction.

4. Where the Supplier has incurred additional costs due to the Contracting entity's instruction, they shall be entitled to reimbursement of such costs. The Contracting entity shall approve the requested amount before executing the payment.

5. Where the circumstances of force majeure exceed 90 days, either party may terminate the Contract by written notice with a notice period of 30 days from the receipt thereof. Where the circumstances of force majeure cease to exist for the duration of the notice period, the Contract shall remain in force. Otherwise, the termination shall enter into force and the contracting parties shall be released from their obligations.

DISPUTE SETTLEMENT AND APPLICABLE LAW

Article 35 – Dispute settlement

1. The contracting parties shall seek to settle all disputes arising herefrom amicably.

2. In case of dispute, one contracting party shall inform the other thereof in writing, stating their position in relation to the dispute, propose a solution, and request the dispute to be settled amicably or by negotiation. The counterparty shall respond to the proposed amicable settlement within 30 days from the receipt thereof and indicate their position in relation to the dispute. Unless otherwise agreed by the contracting parties, the period for amicable settlement by negotiation shall not exceed 60 days from the receipt of the notice requesting such solution. The attempt at amicable settlement by negotiation shall be considered unsuccessful if a party fails to accept the counterparty's proposal for amicable settlement, or to respond to the proposal within the stipulated period, or if amicable settlement is not reached within the maximum period or if a party withdraws from negotiation for the duration thereof.

3. Where the parties fail to settle the dispute amicably, they shall agree to refer the dispute to the competent court in the Republic of Croatia.

Article 36 – Applicable law

The law applicable to this Contract shall be the law of the Republic of Croatia.

FINAL PROVISIONS

Article 37 – Personal data protection

Personal data of natural persons shall be protected and treated in accordance with the relevant Personal Data Protection Act. Personal data shall be collected, processed and used solely for the purpose of exercising the rights and obligations hereunder and monitoring by the Contracting entity of the Contract performance, which shall not affect the possibility of delivering such data to authorities responsible for monitoring and inspection in accordance with applicable regulations. Personal data shall not be delivered to third, unauthorised parties, unless that is in accordance with the specified purpose of processing personal data. In case of violation of the right to protection of personal data, protection shall be sought from the competent authority pursuant to the relevant Personal Data Protection Act.

ANNEX II

DELIVERY LOG

Contract No.: < Please indicate the Contract No. >

Contract title: < Please indicate the Contract title >

The Supplier: < Please indicate the Supplier's name and address

The Contracting entity: < Please indicate the Contracting entity name and address >

Place of delivery: < place of delivery >

Contract scope:

Item	Quantity	Name	Remarks
1	[...]	< Please indicate the item's name and model and the name of the producer >	
2	[...]	< Please indicate the item's name and model and the name of the producer >	

This delivery log shall serve as confirmation of the delivery, but shall not serve as acceptance of the goods performed in accordance with Article 27.

On behalf of the Supplier:

Name and function:

_____

(signature)

Signing date:

On behalf of the Contracting entity:

Name and function:

_____

(signature)

Signing date:

ANNEX III

STATEMENT ON ACCEPTANCE OF GOODS

Contract No.: < Please indicate the Contract No. >

Contract title: < Please indicate the Contract title >

The Supplie: < Please indicate the Supplier's name and address >

The Contracting entity: < Please indicate the Contracting entity name and address >

Contract scope:

Item	Quantity	Name	Delivery (YES/NO)	Unloading (YES/NO)	Remarks
1	[...]	< Please indicate the item's name and model and the name of the producer >			
2	[...]	< Please indicate the item's name and model and the name of the producer >			

This statement confirms that the scope of the Contract has been delivered in accordance with the provisions of the Contract.

The Contracting entity may put the delivered goods into use immediately upon the acceptance. The issue date of the statement of acceptance of goods indicated next to the Contracting entity's signature thereon shall be considered the acceptance date.

On behalf of the Supplier:

Name and function:

_____

(signature)

Signing date:

On behalf of the Contracting entity:

Name and function:

_____

(signature)

Signing date: