TECHNICAL SPECIFICATION (TS)

1. DEFINITIONS AND ABBREVIATIONS

1.1. **The Buyer** is SC KN Energies /KN.

1.2. **The Supplier –** the economic operator – shall mean a natural person, a private legal person, a public legal person, other organizations and divisions thereof or a group of such persons the Buyer enters into a Contract with.

1.3. **The Contract** shall mean the Contract concluded between the Supplier and the Buyer with regard to the Procurement object.

1.4. **The Procurement object** shall mean Services.

2. PROCUREMENT OBJECT

Services for conducting an Underwriting Assessment and preparing an Underwriting Report (hereinafter referred to as the Procurement Object).

The Procurement Object is not divided into lots.

3. CURRENT SITUATION

SC KN Energies operates strategically important energy infrastructure that is exposed to property damage, business interruption, process safety, fire, explosion, environmental, technological systems and external events risks.

4. REQUIREMENTS FOR THE PROCUREMENT OBJECT

4.1. The Procurement Object is subject to green procurement requirements

The Buyer seeks to ensure that its own activities and those of the Supplier have the least possible environmental impact; therefore:

4.1.1. During the public procurement procedure and the performance of the Contract, communication between the Supplier and the Buyer shall be conducted exclusively by electronic means (via the Central Public Procurement Information System (CVP IS), telephone, email or other electronic means);

4.1.2. All documentation related to the performance of the Contract shall be provided to the Buyer and the Supplier by electronic means (via CVP IS, email or other electronic means);

4.1.3. The Parties shall seek to sign the Contract exclusively by electronic means (using an electronic signature);

4.1.4. The Supplier undertakes to reduce paper consumption and avoid unnecessary copying and printing of documents. Where stationery supplies are used, they shall be made from recycled materials or be suitable for recycling;

4.1.5. Where printing is necessary, the Supplier undertakes to use recycled paper that complies with the green procurement requirements approved by Order No. D1-508 of the Minister of Environment of the Republic of Lithuania of 28 June 2011 "On the Approval of the Description of the Procedure for the Application of Environmental Protection Criteria in Green Procurement" (hereinafter referred to as the "Description");

4.1.6. The Supplier undertakes to sort waste generated during the provision of the Services and to transfer waste suitable for recycling or reuse to a waste management operator authorised to manage such waste, while waste unsuitable for recycling or reuse shall be disposed of at designated waste disposal sites;

4.1.7. The Supplier undertakes to seek to ensure that the Supplier's specialists providing the Services use non-polluting means of transport that comply with the green procurement requirements established in the Description when travelling to the place where the Services are to be provided;

4.1.8. The Supplier undertakes to seek to ensure that an optimal route is selected for the Supplier's specialists travelling to the place where the Services are to be provided;

4.1.9. The Supplier undertakes to seek to ensure that a specialist located as close as possible to the intended place of provision of the Services is proposed for the provision of the Services;

4.1.10. The Supplier undertakes to seek to ensure that its activities do not pollute the environment or pose a risk to health, thereby complying with the environmental principle established in Clause 4.4.4 of the Description.

The Services being procured are intangible services that are not related to the creation of a tangible object. No significant adverse environmental impact is expected during the provision of the Services, no source of pollution will be created, and no waste will be generated.

4.2. Requirements relating to compliance with national security interests

The Buyer shall reject the Supplier's tender if at least one of the grounds set out in Article 58(4[1]) of the Law on Procurement by Contracting Entities of the Republic of Lithuania is established.

5. DESCRIPTION OF THE PROCUREMENT OBJECT

The Buyer intends to procure Services for conducting an Underwriting Assessment and preparing an Underwriting Report for the terminals operated by SC KN Energies in Klaipėda and Subačius, covering following facilities:

I. Klaipėda Liquid Energy Products Terminal (Burių St. 19, Klaipėda);
II. Subačius Liquid Energy Products Terminal (Kunčiai village, Subačius eldership, Kupiškis district);
III. Klaipėda Liquefied Natural Gas (hereinafter referred to as LNG) Distribution Station (located within the territory of the Klaipėda Liquid Energy Products Terminal, Burių St. 19, Klaipėda);
IV. LNG Terminal infrastructure: the jetty with equipment, the connecting pipeline with the gas pipeline, and the gas metering station (Kairių St. 23, Klaipėda, and Kiškėnai village, Dovilai eldership, Klaipėda district municipality).

5.1. The Underwriting Assessment shall include at least:

5.1.1. Operations and Facility Analysis – analyze the operations, technological processes, infrastructure and key sources of risk of the specified facilities.
5.1.2. Location and External Risk Assessment – assess the geographical location of the facilities, surrounding infrastructure, Third Party Exposure, Natural Hazards, and other external factors that may affect the underwriting risk. *The Third-Party Exposure assessment shall include a qualitative assessment of the impact of external facilities and activities on the underwriting risk of the terminals. Detailed liability assessment or quantitative modelling of the impact on third parties is not included in the scope of the Services.*
5.1.3. Property and Infrastructure Assessment – assess the main insured property, technological equipment, supporting infrastructure, critical equipment and their significance in determining the scale of potential losses.
5.1.4. Risk Management and Process Safety Systems Assessment – assess the effectiveness of process safety, risk management, work control, management of change, emergency preparedness, and other risk control measures.
5.1.5. Maintenance and Asset Integrity Assessment – assess maintenance, inspection, asset integrity assurance, and other technical risk management processes.
5.1.6. Protection and Emergency Response Systems Assessment – assess the adequacy and effectiveness of fire protection, physical security, cybersecurity, and emergency response measures. *The cybersecurity assessment shall be performed only to the extent that it relates to the reliability of the technological systems being assessed and their potential impact on property damage or business interruption risk. A comprehensive IT or OT cybersecurity audit is not included in the scope of the Services.*
5.1.7. Analysis of Insured Values – analyze the insured values provided by the Buyer, the assumptions regarding property replacement values, and their suitability for risk assessment purposes. *The Supplier shall not perform an independent property valuation or determine new property replacement values. The Supplier shall assess the adequacy and suitability of the insured values and assumptions provided by the Buyer for the assessment of underwriting risk and maximum possible losses.*
5.1.8. Maximum Possible Loss Assessment – assess the maximum possible losses, including property damage, business interruption and machinery breakdown scenarios.
5.1.9. Risk Quality Assessment – perform an overall underwriting Risk Quality Assessment, summarizing the key strengths, weaknesses, and the overall risk profile of the facility. *The Risk Quality Assessment shall be provided separately for each facility and by key assessment area, including infrastructure and technical protection measures, management systems, operations, engineering, maintenance, inspection, and emergency response. The assessment scale applied shall be explained, and a comparison with international practice for similar energy or petroleum product terminals shall be provided.*
5.1.10. Risk Mitigation Recommendations – develop risk mitigation recommendations aimed at reducing the likelihood and severity of potential losses and improving the insurability of the facility.

The Underwriting Assessment shall be carried out based on document analysis, interviews with personnel responsible, and on-site inspections of the facilities. The assessment shall evaluate the actual practices relating to facility operations, maintenance, safety, emergency response, and business continuity.

5.2. The Underwriting Report.

Based on the completed Underwriting Assessment, the Supplier shall prepare one consolidated Underwriting Report covering all specified facilities. Although one consolidated report shall be prepared, the key Risk Quality Assessments, Maximum Possible Loss assessments, key risks, and recommendations shall be presented separately for each facility, with the overall conclusions additionally consolidated.

The Report shall include all results, conclusions and recommendations of the Underwriting Assessment carried out in accordance with Clause 5.1 of the Technical Specification.

The Report shall additionally include:

5.2.1. Executive Summary – key conclusions, most significant risks, key recommendations, main potential loss scenarios, and priority risk mitigation measures.

5.2.2. Assessment Methods and Assumptions – methods applied, data sources used, key assessment and calculation assumptions, limitations, and uncertainties that may affect the assessment results.

5.2.3. Risk and Recommendations Summary – a consolidated summary of identified risks, recommendations and their priorities, suitable for further risk management and monitoring.

5.2.4. Supporting Information and Appendices – information, data, diagrams, plans, calculation assumptions, and other relevant assessment materials required to support the conclusions of the Report.

The Report shall be suitable for use by the Buyer, insurance brokers, insurers and reinsurers in assessing underwriting risks related to Property Damage, Machinery Breakdown and Business Interruption, including combined Property Damage and Business Interruption scenarios, and for arranging insurance coverage for the said property.

The Report shall be prepared in English.

Service standards

The Supplier shall provide the Services professionally, independently and objectively, in accordance with international best practices. The assessments, conclusions and recommendations presented in the Report shall be based on the information collected, document analysis, data obtained during interviews/meetings, the Supplier's expert judgement, and clearly stated assumptions.

The Supplier shall ensure that the Services are provided by qualified specialists with experience in assessing risks related to energy and petroleum product terminal infrastructure. Where specialized expertise is required for certain parts of the Report, the Supplier shall engage specialists in the relevant field and ensure the quality of their work.

During the provision of the Services, the Supplier shall comply with the Buyer's cybersecurity and personal data protection requirements, including KN's publicly available cybersecurity requirements and the requirements of the General Data Protection Regulation (hereinafter referred to as the GDPR). All information provided by the Buyer shall be used solely for the purposes of performing the Contract and shall not be disclosed to third parties without the Buyer's prior written consent.

Conflict of Interest

When entering into and performing the Contract, the Supplier shall avoid any conflict of interest. KN shall be notified immediately in writing of any actual or potential conflict of interest as soon as it becomes apparent. In the event of any actual or potential conflict of interest, KN may, at its sole discretion, determine the actions it considers appropriate.

6. SCOPE OF THE PROCUREMENT OBJECT

6.1. Pricing Model:

☒ Fixed Price

6.2. The exact quantity is specified. The Contract Price shall be equal to the Supplier's tender price excluding VAT. The Buyer undertakes to purchase the entire specified quantity of the Services.

No.	Description	Unit	Quantity
1.	Services for conducting an Underwriting Assessment and preparing an Underwriting Report	set	1

6.2.1. The price payable directly to the Supplier for the Services shall be the fixed price specified in the Supplier's tender for the entire scope of the Services for conducting the Underwriting Assessment and preparing the Underwriting Report. The tender price shall include all costs of the Supplier necessary for the proper provision of the Services, including preparation, document analysis, meetings/interviews, assessment of the facilities, preparation and coordination of the draft report, submission of the final report, travel, administrative and other related costs.

7. PLACE OF CONTRACT PERFORMANCE

☒ Remotely and physically at locations specified by the Buyer in the Republic of Lithuania, including facilities operated by KN. Site inspections are a mandatory part of the provision of the Services, ensuring the proper preparation of the Underwriting Report.
The Supplier shall be prepared to organize and participate in remote meetings, interviews with the Buyer's representatives and document review sessions, as well as to carry out on-site inspections of the facilities. Specific inspection dates, participants, facilities and scope shall be agreed with the Buyer in advance.

8. PROCEDURE AND TERMS FOR THE PROVISION OF SERVICES

The Services shall be provided as a one-off service for conducting the Underwriting Assessment and preparing the Underwriting Report.

The overall term for the performance of the Services shall not exceed 4 (four) months from the effective date of the Contract.

Stages and indicative deadlines for the provision of the Services:
- the initial meeting and agreement on the schedule for the provision of the Services, within 10 (ten) business days from the effective date of the Contract;
- provision of the information and documents available to the Buyer, in accordance with the agreed schedule for the provision of the Services;
- site inspections, interviews and assessment activities, in accordance with the agreed schedule for the provision of the Services;
- submission of the draft report to the Buyer, no later than 3 (three) months from the effective date of the Contract;
- the Buyer shall provide one consolidated set of comments within 5 (five) business days from receipt of the draft report;
- assessment of the Buyer's comments and submission of the final report, no later than within 10 (ten) business days from receipt of the Buyer's comments, without exceeding the overall 4 (four)-month term.

If the Buyer is late in providing information or documents in accordance with the agreed schedule for the provision of the Services, arranging access for site inspections or interviews, or providing consolidated comments, the deadline for the relevant stage of the Services and the overall deadline for the provision of the Services may be extended by the duration of the Buyer's actual delay. The Supplier shall inform the Buyer in writing of such circumstances and their impact on the deadlines for the provision of the Services no later than within 3 (three) business days after becoming aware of such circumstances.

The fixed price for the Services shall include one submission of the draft report, one consolidated round of comments by the Buyer and submission of the Supplier's final report. Any additional revisions resulting from the Supplier's failure to provide the Services in compliance with the Technical Specification shall be deemed part of the Services at no additional charge.
All communication related to the performance of the Services, requests for information, submission of documents, and submission of the draft and final reports shall be carried out by electronic means, unless otherwise agreed by the Parties. The Buyer shall have the right to provide the Supplier with comments, additional questions and requests to clarify the content of the report, insofar as these relate to the scope of the Services set out in the Contract.

9. QUALITY AND REMEDY OF DEFICIENCIES

The results of the Services shall be deemed satisfactory where all facilities and areas of assessment specified in the Technical Specification have been assessed and the conclusions are supported by document analysis, interviews, site inspections, data and clearly stated assumptions.

Any deficiencies in the draft report, final report or other results provided by the Supplier identified during the performance of the Contract, including non-compliance with the Technical Specification or the Buyer's justified comments, shall be remedied within 10 (ten) business days from the date on which the Buyer's written notification of the deficiencies is sent to the Supplier. If remedying the deficiencies objectively requires additional information from the Buyer, additional calculations, further assessment or a substantial revision of the report, the Parties may agree in writing on another reasonable deadline for remedying the deficiencies.