

GENERAL PROVISIONS

1. Structure of the Agreement

- 1.1. This Agreement consists of:
 - 1.1.1. Special Provisions;
 - 1.1.2. General Provisions;
 - 1.1.3. Annexes.
- 1.2. If any contradictions between special provisions of the Agreement, general provisions of the Agreement and/or annexes to the Agreement arise when interpreting the content of the Agreement, special provisions of the Agreement shall prevail primarily, general provisions of the Agreement shall prevail secondarily, while annexes to the Agreement shall prevail in the order, in which they are specified in Clause 9 of the special provisions of the Agreement.
- 1.3. The concepts defined in the special provisions of the Agreement are used in the general provisions of the Agreement and annexes to the Agreement.
- 1.4. The procedure for performance of the Agreement applicable from general provisions of the Agreement shall be determined in the special provisions of the Agreement, and it depends on whether goods are sold and delivered or a service is provided.

2. Procedure for performance of the Agreement

(A) Placing an Order

Goods and Service, if Order is made by e-mail

- 2.1. The Customer's authorised person shall fill the regular Order form specifying all the necessary information, including the contact information of the person responsible for placement of the Order, and it shall be sent to the Contractor in an electronic format to the e-mail specified in the special provisions of the Agreement. An electronically prepared Order application is valid without a physical signature. The Order application shall be deemed received on the day when it was sent.
- 2.2. The Order shall be considered as agreed and accepted for fulfilment after the Contractor's authorised person has sent to the Customer an Order acceptance confirmation in an electronic format to the e-mail indicated by the Customer in the Order application. The Contractor shall confirm the acceptance of a regular Order for fulfilment within 2 (two) business days after its receipt, counting from the next business day after the date of receipt of the respective Order application.
- 2.3. In case the Contractor fails to send the Customer a confirmation on acceptance of the regular Order application in due time as stipulated by Clause 2.2 of the general provisions of the Agreement or fails to notify on necessary amendments to the Order application, the regular Order shall be deemed as agreed between the Parties. The 3rd (third) business day after sending of the Order to the Contractor, counting from the next business day after the date of sending, shall be considered as a first day of sending the Order application to the Contractor.
- 2.4. Each of the Parties shall register and keep record of any drawn up Orders during the entire effective period of the Agreement.
- 2.5. According to economic organisational measures Customer is entitled to change Order's placement procedure pursuant to clause 13.3 of the general provisions of the Agreement.

Goods Order is made by using Oracle iSupplier

- 2.6. The Customer's authorized person shall complete the Order form, providing all necessary information, and shall send it to the Contractor in electronic form using the website – supplier portal “Oracle iSupplier” (hereinafter – “Supplier portal”). Access rights to the website are granted by the Customer for Contractor's indicated authorized persons, as well as the Customer shall electronically send the user manual of the Supplier portal to the Contractor's (authorized person) email address. To use the supplier portal Contractor needs an internet connection and web browser (Internet Explorer 11, FireFox 38.x, 45.x, Safari 6, 7, 8). An electronically prepared Order is valid without physical signature. The Order shall be deemed received on the day of its sending.
- 2.7. The Order shall be considered as agreed and accepted for fulfillment after the Contractor's authorized person has electronically confirmed it in Supplier portal. The Contractor shall confirm the acceptance of the Order for fulfillment within two (2) business days starting from the next business day after the day of its receipt.
- 2.8. In the case the Contractor fails to send to the Customer the confirmation of acceptance of the Order in the Supplier portal in due time and manner as stipulated in clause 2.7 of the general provisions of the Agreement or fails to give notification of the necessary amendments thereto, the Order shall be considered as agreed between the Parties. The third (3rd) business day starting from the next business day after the day of sending the Order to the Contractor shall be considered as a first day of the delivery of the Goods.

- 2.9. Each of the Parties shall register and keep record of any Order drawn up during the entire effective period of the Agreement.
- 2.10. According to economic organisational measures Customer is entitled to change Order's placement procedure pursuant to clause 13.3 of the general provisions of the Agreement.

(B) Delivery or fulfilment of an Order

Goods

- 2.11. The Contractor shall deliver an Order of Goods (or part thereof) accordance with the deadlines, places and other provisions specified in the Agreement annex (Order specification), unless the Parties have agreed on different delivery terms in the Order application.
- 2.12. If the Order of Goods is placed by e-mail, no later than 2 (two) business days before the expected delivery, the Contractor shall notify the Customer's contact person specified in the annex to the Agreement (Authorised Persons and Contact Persons) in writing by e-mail that the Order will be delivered to the specified place, specifying the contact information of the supplier of the Order (vehicle make and state registration number, supplier's name, surname) to apply for an entry-pass (if an entry-pass for delivery is needed), and the Customer will be able to receive it. The Customer shall ensure acceptance of the Order during its working hours.
- 2.13. If the Order of Goods is made by using Supplier portal, within one (1) business day before delivery of the Goods the Contractor shall inform the Customer electronically, using Supplier portal, that the Goods will be delivered to the locations specified in the Order and that the Customer can receive them. The Customer shall ensure the acceptance of the Goods during its working hours.

Service

- 2.14. The Contractor shall start to fulfil a Service Order (or part thereof) on the next business day of the day of coordination of the Order. The Contractor shall be liable to fulfil the Order in accordance with the deadlines, volumes, quality defined in the annex to the Agreement (Order Specification) and other requirements defined in the Agreement and annexes thereto.

(C) Transfer and acceptance of an Order

Goods

- 2.15. The Contractor shall transfer the Order of Goods (or part thereof) to the Customer together with goods delivery documents prepared in accordance with applicable laws and regulations. In individual cases, upon agreement between the Parties, an Order of goods (or part thereof) may be transferred with a deed of goods delivery and acceptance.
- 2.16. Together with the goods the Contractor shall transfer to the Customer technical documentation, certificates of origin and warranty certificates of these goods, as well as other documents which are necessary for full use, operation, functionality of these goods.
- 2.17. Upon acceptance and during assembly of the Goods (if assembly of the Good is made by the Contractor), the Customer shall be entitled to randomly select the compliance and quality of the goods. If any of the goods do not conform to the requirements defined in this Agreement, including if the goods are not delivered in the specified quantity, the authorised representative of the Customer shall draw up a statement of defects that shall be signed by the authorised representatives of the Parties. Moreover, in such event the Customer is entitled not to accept and not to pay for the Order in the part related to damaged goods. No later than in 10 (ten) business days or within other mutually agreed or in the statement of defects mentioned term counting from the next day after the day when the statement of defects has been signed, the Contractor shall eliminate the defects specified in this statement of defects at their own expense and pay a penalty to the Customer for delayed fulfilment of the Order in accordance with the Clause 4.3 of the general provisions of the Agreement. The term for elimination of the defects indicated in this statement shall not be deemed as extension of the term for the performance of the Order (the specific stage). If the Contractor refuses to sign the statement of defects, it shall be signed unilaterally by the Customer and it shall be binding upon the Contractor. If the Contractor repeatedly delivers Goods requiring a statement of defects to be drawn up (i.e., both Goods delivered pursuant to a new Order or Goods delivered repeatedly after the statement of defects), Customer shall be entitled to terminate this Agreement in accordance with clause 12.2 of the general provisions of the Agreement.
- 2.18. The Goods to be delivered within the scope of an Order shall be deemed delivered and transferred to the Customer, when authorised representatives of the Parties have signed delivery documents regarding the delivery of the goods or the deed of goods delivery and acceptance, and the Contractor has transferred to the Customer the documents specified in Clause 2.16 of the general provisions of the Agreement.

- 2.19. Within 14 (fourteen) days of the Goods acceptance day the Customer shall have the right to pursue the claims on shortage of the goods, defects and/or damages made during portage which have not been identified during the acceptance of the goods and/or claims regarding the quality (defects) of the Goods, detected during assembly (installation) of the Goods (if assembly of the Good is made by the Contractor). The Customer may pursue claims on hidden defects during the entire Warranty Period. If the Customer has pursued claims within the period specified in this Clause, the Contractor shall be obliged at his own cost to eliminate the shortage and/or non-compliance of quality (defects) of the Goods by replacing the defective Goods or its parts by new ones, no later than within 10 (ten) business days or within other mutually agreed term, as well as shall pay a penalty to the Customer in accordance with the Clause 4.4 of the general provisions of the Agreement.
- 2.20. If the Contractor has not eliminated the defects of the Goods within the term specified in clause 2.19 of the general provisions of the Agreement and/or the Contractor delivers the Goods, which require the statement of defects to be drawn up repeatedly, the Customer at his own discretion may perform necessary actions to eliminate the defects of the Goods at the cost and risk of the Contractor and/or unilaterally terminate the Agreement pursuant to clause 12.2 of the general provisions of the Agreement regardless of the remedial work.

Service

- 2.21. An Order of a Service (or part thereof) shall be deemed to be completed and delivered to the Customer if the deed of Service delivery and acceptance has been signed by both Parties.
- 2.22. The Contractor shall notify the Customer's contact person specified in the annex to the Agreement (Authorised Persons and Contact Persons) in writing by e-mail immediately upon the fulfilment of the services under the Order about their readiness to transfer the Order or part thereof, at the same time issuing a signed deed of Service delivery and acceptance signed by them.
- 2.23. The Contractor shall transfer together with the fulfilled Order and the deed of delivery and acceptance to the Customer all the documentation related to the Services (operation manuals, quality conformity, technical, etc.). The conveyance of the documentation mentioned above to the Customer shall be a precondition for signing of the deed of delivery and acceptance of the fulfilled Order, unless the Parties have agreed otherwise.
- 2.24. When accepting an Order, the Customer shall be entitled to reject the Order (or part thereof), as well as refuse to pay, if the services provided (incl. materials, equipment) fail to conform to the provisions of the Agreement and/or are not fully completed. In this event, the authorised representative of the Customer shall draw up a statement of defects that shall be signed by the authorised representatives of the Parties. If the Contractor's authorised representative does not sign the statement of defects within 3 (three) business days of receiving the notice, the statement of defects prepared by the Customer's authorised person shall be binding upon the Contractor. No later than in 10 (ten) business days after the date when the statement of defects has been signed, the Contractor shall eliminate the defects specified in this statement of defects at their own expense and pay a penalty to the Customer for delayed fulfilment of the Order in accordance with the Clause 4.3 of the general provisions of the Agreement. The term for elimination of the defects indicated in this statement shall not be deemed as extension of the term for the performance of the Order (the specific part).
- 2.25. Repeated delivery-acceptance of the Order shall take place after the elimination of the faults specified in the statement of defects in accordance with the conveyance and acceptance procedure of the services laid down in the Agreement.
- 2.26. If the Order fulfilment result is not useful and/or usable for the Customer due to the delayed Order delivery, the Customer has refuse to accept and pay for the Order (or the specific stage/part).
- 2.27. The services provided within an Order shall be deemed to be completed and delivered to the Customer, when both authorised representatives of the Parties have signed the deed of deliver and acceptance of the Order for the respective services and the Customer has delivered the documents referred to in Clause 2.232.23 of the general provisions of the Agreement to the Customer. If the Parties have agreed on fulfilment of the Order in stages, any interim deeds on the works performed in the previous month (or other period defined by the Parties) shall not be deemed an Order acceptance document, but serve as a basis for issuing a document (invoice) and payment in stages, of the respective interim deed has been signed by both Parties.

(D) Settlement

Goods and Service

- 2.28. The total amount of each Order is defined in accordance with the prices defined in the annex to the Agreement (Order Specification).
- 2.29. The Parties shall issue and send invoices to each other to the e-mail or postal address, if any, of the contact person of the Party specified in the annex to the Agreement (Authorised Persons and Contact Persons). Invoices may be issued and delivered at the Order acceptance place during conveyance and acceptance of the Order.

- 2.30. Unless special provisions of the Agreement provide otherwise, the payment for the Order shall be a postpayment. Post-payment for the fulfilment of the Order shall be made by transfer to the Contractor's account in a credit institution specified in the supporting document (invoice, goods delivery document containing details of the supporting document) issued by the Contractor, which corresponds to the Contractor's account in a credit institution specified in the Agreement. The Customer shall make the payment within 30 (thirty) days of fulfilment of the Order (its stage), signing of the respective document on delivery and acceptance of the Order or its part (goods delivery document, interim deed, deed of delivery and acceptance) by both parties, and receiving the relevant supporting document from the Customer. The date of the payment order of the Customer shall be deemed the date of the payment order.
- 2.31. If the Parties agree on a payment procedure with partial or full prepayment in the special provisions of the Agreement, the Customer shall make prepayments in the amounts and within the deadlines specified in the special provisions of the Agreement having received a respective supporting document (invoice) from the Contractor. After complete payment for the Order and signing of the document of delivery and acceptance of the respective Order (goods delivery document, interim deed, deed of delivery and acceptance) by both parties, the Contractor shall submit to the Customer a supporting document (invoice), which states the total Contract Amount, the received prepayment amount and the remaining outstanding part of the Contract Amount, if any.
- 2.32. If the Contractor receives a prepayment and has not fulfilled the Order in accordance with provisions of the Agreement and therefore the fulfilled Order or part thereof is not or cannot be accepted, the Contractor shall pay the value of this Order or its unaccepted part to the Customer. In this event, the Contractor shall issue a credit invoice to the Customer and shall return the received prepayment for the unfulfilled and/or unaccepted part of the Order within 10 (ten) days of the set date of fulfilment of the Order.

3. Liability of the Parties

- 3.1. Until the Order is completely fulfilled and delivered, the Contractor shall:
- 3.1.1. bear all the risk for complete or partial destruction of the Order;
 - 3.1.2. bear all risks for accidents with persons, damage or destruction of materials, equipment or other property (both the Customer's and third persons'), including also accidental case;
 - 3.1.3. be liable for compliance with the requirements of labour safety, fire safety, environmental protection as well as other laws and regulations regulating the fulfilment of such an Order.
- 3.2. The Parties shall be liable for direct losses caused to the other Party as a result of their acts/omissions.
- 3.3. The Customer shall be entitled to withhold on a no contestation basis any applicable penalties and/or inflicted direct losses from the Performance Security of the Agreement, if any, and/or withhold the amount of penalty and/or direct losses by the way of set off by reducing the amount of payment to be made to the Contractor, and/or issue a penalty invoice to the Contractor.
- 3.4. The Contractor guarantees and ensures good quality, functional operation, safe use, compliance of the Order result with the manufacturer's technical documentation, the provisions of this Agreement and the Order Specification, a quality certificate and/or certificate of conformity and regulatory enactments of the Republic of Latvia, and, to the extent applicable to the subject of the Agreement, the Contractor shall guarantee that the result of the Order is new, unused, is the latest or currently manufactured model, and includes all the improvement to materials and structural solutions made in the last ten (10) years.
- 3.5. If the fulfilment of the Order by the Contractor results in an intellectual property infringement and a claim is brought against the Customer, the Contractor undertakes to cover all the costs and direct losses results from the Customer's efforts to refute these claims. The Contractor shall also cover all expenses and indemnify against any losses awarded to the third parties. Upon agreement with the Customer, the Contractor at its own cost may provide the Customer with the right to continue to use the result of the fulfilled Order, to replace or alter it in the manner not creating the intellectual property infringements.
- 3.6. In the Customer's approved politics it is determined that the Customer's employees and cooperation partners, including the Contractor and its subcontractors, shall observe high ethics standards in their operations. According to the politics, in case if the Customer has fundamental suspicions about corruptive or fraudulent actions in relation to the Agreement's fulfilment, the Customer is entitled during the Order fulfilment and within 365 days after the termination of the Agreement to require information and/or to carry out an audit/check in relation to the Agreement's fulfilment. The Customer selects the auditor and pays for its services. The information gained in the result of the audit/check shall be deemed confidential and shall not be revealed to third persons. The Customer ensures that the auditor observes Agreement's terms regarding confidentiality. The Contractor's duty is to incorporate the requirements stipulated herein in the Agreement that the Contractor concludes with the subcontractors to ensure the fulfilment of this Agreement. If the Customer finds that the Contractor or its subcontractors do not cooperate with the Customer in the fulfilment of this Clause, the Customer shall be entitled

to terminate the agreement by a unilateral written notice one month in advance, but if this happens again, then the Customer shall be entitled to exclude the Contractor from the register of qualified suppliers of the qualification system "Construction Works", if it is registered there, for a year by sending a respective written notice to the Contractor.

4. Penalties

- 4.1. The payment of the penalty shall not release the Parties from fulfilment of their obligations stipulated hereof and the award of direct losses.
- 4.2. Penalty invoices, if any, shall be paid within the deadline specified in the invoice, which is not shorter than 10 (ten) business days of the date of issuing the invoice.

Contractor's penalties

- 4.3. For failure to respect the deadline under the Agreement (including also the Order fulfilment deadline) the Contractor shall pay a penalty of 0.5% (zero point five per cent) of the amount of the delayed Order without VAT for each day of delay, but no more than 10% (ten per cent) of the amount of the delayed Order without VAT.
- 4.4. If fulfilment of any Order or part thereof is not compliant (quality, functionality, specification) with provisions of the Agreement, the Contractor shall pay a penalty of 10% (ten per cent) of the amount of the improperly fulfilled Order or part thereof without VAT.
- 4.5. If the Order consists of goods and the Contractor does not ensure replacement of low quality/non-compliant goods (its part) in accordance with the procedure laid down in the Agreement (including delay the delivery term of the replaceable Goods (its part) indicated in the statement of defects), the Contractor within ten (10) days shall pay the Customer the amount of the low quality/non-compliant goods and/or pay a penalty of 10% (ten per cent) of the amount of the unreplaced or in due time undelivered replaceable Goods' price goods without VAT.
- 4.6. In the case the Contractor ignores the delivery terms of the Goods indicated in the Orders and/or quantity and/or quality of the delivered Goods does not comply with the terms of the Agreement (Order), and statement of defects has been drawn up in this respect, that results as Customer's right to terminate the Agreement according to Clause 12.2 of the general provisions of the Agreement, the Customer shall be entitled to refuse from the placed Order and/or unilaterally terminate the Agreement pursuant to clause 12.2 of the general provisions of the Agreement, by notifying the Contractor in writing, and to purchase the Goods of similar specification from other suppliers. In such case the Contractor shall pay to the Customer a penalty in the amount of 10% (ten percent) of the amount of the Order without VAT.
- 4.7. If the Customer terminated the Agreement based on Clause 12.2 of the general provisions of the Agreement, the Contractor shall pay a penalty for default of liabilities in the amount of 10% (ten per cent) of the average amount of one Order without VAT (the average amount of an Order is determined by dividing the total amount (without VAT) of the Orders that have been placed by the number of placed Orders).
- 4.8. During the effective period of the Agreement the Contractor undertakes to prevent any parallel (simultaneous) employment of Customer's employees and not to conclude any employment contracts or other civil liability contracts on performance of certain work with any Customer's employee. Employment contracts or other civil liability contracts on performance of certain work with such an employee of the Customer can be concluded only, if a written consent of the Customer is received. If there has been parallel (simultaneous) employment of the Customer's employee without Customer's consent and the Contractor is unable to prove that actions have been taken to ensure the fulfilment of the prohibition of parallel (simultaneous) employment of the Customer's employee by the Contractor (for example, a certification of the employee has been received that there is no legal employment relationship between the employee and the Customer), the Customer shall be entitled to calculate a penalty amounting to 5 (five) minimum monthly wages defined in the Republic of Latvia for each such violation. The Parties agree that the employment restriction set in this Clause shall apply only to parallel (simultaneous) employment of an employee by the Customer and the Contractor, and it has no effect on usual consecutive turnover of personnel on the labour market, as a result of which an employee ends a labour employment relationship with the Customer and establishes a labour employment relationship with the Contractor.

Customer's penalties

- 4.9. For failure to respect payment deadline the Customer shall pay a penalty of 0.5% (zero point five per cent) of the amount of the outstanding payment without VAT for each day of delay, but no more than 10% (ten per cent) of the amount of the outstanding payment without VAT. The contractual penalty stated in this Clause shall not be calculated in cases, when the Contractor is subject to international or national sanctions, or significant sanctions affecting financial and capital market interests, imposed by a Member State of the European Union or the North Atlantic Treaty Organization, and, therefore, settlement of payment is impossible.

- 4.10. If the Contractor has terminated the Agreement based on Clause 12.3 of the general provisions of the Agreement, the Customer shall pay a penalty for default of liabilities in the amount of 10% (ten per cent) of the twofold average amount of one Order without VAT (the average amount of an Order is determined by dividing the total amount (without VAT) of the Orders by the number of placed Orders).

5. Rules of performance security of the Agreement

- 5.1. Provisions of this section shall apply, if special provisions of the Agreement provide for the Contractor's duty to submit a Performance Security of the Agreement.
- 5.2. A Performance Security of the Agreement can be submitted as:
- 5.2.1. a guarantee of a credit institution;
 - 5.2.2. an insurance policy;
 - 5.2.3. if provided for by documents of the procurement procedure of the Agreement and/or special provisions of the Agreement – as crediting of money to the Customer's account in a credit institution.
- 5.3. The Performance Security of the Agreement, regardless of the submitted type of the Performance Security of the Agreement, shall provide for the unconditional duty of the submitter of the security to pay security for the requested amount to the Customer at the Customer's first demand. The content of the Performance Security of the Agreement shall be approved by the Customer.
- 5.4. The Performance Security of the Agreement shall be effective during the entire period defined in Clause 3.2 of the special provisions of the Agreement and acceptance of the Order and for 30 (thirty) days thereafter. If the period specified in Clause 3.2 of the special provisions of the Agreement is extended, the Contractor shall be liable to extend the Performance Security of the Agreement for an identical period.
- 5.5. In case a guarantee of a credit institution or an insurance policy is submitted, the Contractor should submit the original document to the Customer.
- 5.6. The Customer shall withhold of performance security of the Agreement:
- 5.6.1. to compensate any direct losses inflicted upon the Customer and/or withhold the penalties applied to the Contractor – in the amount of these payments;
 - 5.6.2. if the Performance Security of the Agreement should be extended in accordance with Clause 5.4 of the general provisions of the Agreement, but the Contractor does not do this – in full amount.
- 5.7. If an insurance policy is submitted as an Agreement performance security, the insurance premium should be paid in full. The Contractor shall submit to the Customer the proof of payment for premium along with the insurance policy.
- 5.8. The Performance Security of the Agreement shall be returned and/or terminated by the Customer as follows:
- 5.8.1. In case a guarantee of a credit institution or an insurance policy is provided as the Performance Security of the Agreement, the Customer, if the submitter of the Performance Security of the Agreement requests this, shall send them a written notice relieving of the Contractor of the liabilities and/or shall return originals of the documents of Performance Security of the Agreement.
 - 5.8.2. In case crediting of money is provided as the Performance Security of the Agreement, the Customer shall transfer it in full or in the amount that has remained or was not withhold to the Contractor's account in a credit institution specified in the Agreement within 10 (ten) business days of termination of the Performance Security of the Agreement in accordance with Clause 5.4 of the general provisions of the Agreement.

6. Warranty

- 6.1. Provisions of this section shall apply only, if special provisions of the Agreement provide for a warranty period.
- 6.2. The Contractor undertakes responsibility for failures and defects concerning the Order incurred during the warranty period. If the Order consists of goods, the Contractor shall cover all costs related to the transportation of the defective and replaceable (new) Goods to the Contractor and back to the Customer.
- 6.3. The Contractor's warranty does not cover proven defects, damage or failures that occur due to:
- 6.3.1. use by the Customer contrary to the usage guidelines (manufacturer's instructions);
 - 6.3.2. evident users' negligence, improper usage or intentional damage of the Order;
 - 6.3.3. unauthorized alteration, repair or inspection, use of non-approved components or assembly or connection of the constituent parts (components) of the Order in a way contradicting the manufacturer's instructions;
 - 6.3.4. force majeure.
- 6.4. The Contractor within the warranty period after receipt of written notice from the Customer at his own cost undertakes to eliminate damages, failures or inconformity to the requirement of the Agreement or the laws and

regulations. If the Order consists of goods, in such cases the warranty period for respective Goods shall be extended for the period required for replacement of Goods or repairs (if Parties has agreed for Goods repair), as well as the replacement of Goods or its components in Customer's objects shall be performed according to standard LEK 025 electrical safety regulations. When sending the notice, the Customer shall indicate the place and the time when the Contractor should arrive for preparation of the statement of defects. The term stipulated by the Customer shall not be shorter than 3 (three) business days unless the Parties agree otherwise. The above mentioned 3 (three) business days term shall not apply to the accidents or other emergency situations when the Contractor shall arrive promptly (no later than within 24 (twenty four) hour period).

- 6.5. Within the stipulated term the Parties shall prepare the statement of defects, indicating damages, incompliance or failures in fulfilment of the Order, as well as the term for their elimination. If the Contractor fails to arrive for preparation of the statement of defects within the stipulated term, the Customer shall unilaterally prepare this statement of defects that shall be binding to the Contractor.
- 6.6. If the Parties preparing the statement of defects fail to agree on defects identified, applicability of the warranty or terms necessary for the elimination of the defects, or quality of the works performed within the framework of the warranty, the Parties may agree on the involvement of an expert commission (up to three experts) in resolution of the dispute and its opinion shall be decisive. The Parties shall cover expenses of the expert commission in equal parts.
- 6.7. If the Contractor fails to eliminate the defects to which the warranty is applicable within the stipulated term or the Parties cannot agree on the expert commission, or in case the Order consists of goods, the Contractor delivers Goods requiring a statement of defects to be drawn up repeatedly, the Customer shall be entitled to eliminate the defects and/or failures by himself or by involvement of the third parties or terminate the Agreement pursuant to clause 12.2 of the general provisions of the Agreement regardless of the remedial work. In such event, the Contractor compensates the Customer all expenses related to the elimination of the defects.

7. Authorisation

- 7.1. Any authorisations issued and contact persons designated for the purposes of fulfilment of the Agreement are specified in the annex to the Agreement "(Authorised Persons and Contact Persons).

8. Property rights

- 8.1. All property rights to the Order and its fulfilment, as well as related preparations and documentation (projects, drawings) after payment of the Agreement Amount in full amount belong to the Customer.
- 8.2. The Customer shall have the economic rights to the objects of copyright created as a result of performance of the Agreement.
- 8.3. After making the payment for the goods in full, all the property rights relating to the goods shall be transferred to the Customer.

9. Subcontractors

- 9.1. The list of subcontractors and works delegated to the subcontractors is determined in the annex to the Agreement (List of Subcontractors and Works Delegated to Them). The Contractor shall have the right to replace subcontractors or involve additional subcontractors only upon a prior written agreement with the Customer.
- 9.2. The Contractor assumes full responsibility for work performed by the subcontractors, for compliance with the deadlines of work performed by the subcontractors, loss incurred, as well as remuneration of the subcontractors.
- 9.3. Customer shall not be held liable for Contractor's obligations assumed towards subcontractors or third parties in order to ensure performance of the Agreement or in relation to the Agreement.
- 9.4. The procedure of attraction of subcontractors applied by the Parties shall be specified in the special provisions of the Agreement.

(A) Simplified procedure

- 9.5. When using the simplified procedure of attraction of subcontractors, the Contractor shall submit to the Customer a written application on replacement of subcontractors or involvement of additional subcontractors, or changes to the list of the works entrusted to subcontractors. The involvement of subcontractors cannot be in conflict with provisions of the Agreement, as well as the requirements of the procurement procedure, if the Agreement has been concluded as a result of a procurement procedure. After examination of the application and approval for the changes proposed by the Contractor by the Customer, the Parties shall add or amend the annex to the Agreement (List of Subcontractors and Works Delegated to Them) in accordance with Clause 13.3 of the general provisions of the Agreement.

(B) Procedure in accordance with the requirements of the Law On the Procurement of Public Service Providers

- 9.6. When involving a subcontractor in accordance with the requirements of the Law On the Procurement of Public Service Providers, the Contractor shall submit to the Customer a written application on replacement of subcontractors or on engagement of additional subcontractors, or amendments to the List of Works entrusted to the subcontractors accompanied by a memorandum of agreement with the said subcontractor, as well as documents attesting to subcontractor's qualification in the amount requested in the procurement procedure documents.
- 9.7. Customer shall not approve replacement or engagement of subcontractors in the event of any of the following:
- 9.7.1. the subcontractor offered does not conform with the requirements for subcontractors laid down in the procurement procedure documents;
 - 9.7.2. the subcontractor whose abilities the Contractor relied upon to certify its compliance with the requirements set in the procurement procedure documents is replaced, and the offered subcontractor does not have at least the same qualification, to which the Contractor referred when certifying its compliance with the requirements of the procurement procedure, or it meets the tenderer exclusion conditions listed in documents of the procurement procedure;
 - 9.7.3. replacement of subcontractor would require amending the procurement tender in a way that would have affected the choice of proposal in accordance with the proposal assessment criteria stated in the procurement procedure documents, had they been included initially.
- 9.8. Customer approves replacement of subcontractor, provided that conditions referred to in Clause 9.7 of the general provisions of the Agreement do not apply to the new subcontractor, in the following cases:
- 9.8.1. the subcontractor specified in the annex to the Agreement (List of Subcontractors and Works Delegated to Them) has submitted a written notice on withdrawal from performance of the Agreement;
 - 9.8.2. the subcontractor specified in the annex to the Agreement (List of Subcontractors and Works Delegated to Them) meets the tenderer exclusion conditions stated in the procurement documents.
- 9.9. If the Customer agrees with the changes proposed by the Contractor, the Parties shall amend/supplement the annex to the Agreement (List of Subcontractors and Works Delegated to Them) in accordance with Clause 13.3 of the general provisions of the Agreement.

10. Protection of personal data and rules on Information Technology security

- 10.1. For the purpose of ensuring the fulfilment of the provisions of the Agreement, including the circulation of information, as well as to fulfil the legal obligations applicable to the Parties and to respect the legitimate interests of the Parties, the Parties shall have the right to process personal data obtained from the other Party (such as the contact details of the Parties), complying with the legal requirements for the processing and protection of such data, including, but not limited to the General Data Protection Regulation ((EU) 2016/679).
- 10.2. A Party disclosing the personal data to the other Party for processing shall be responsible for ensuring the legal basis for the processing of personal data of the respective data subjects. The Party obtaining persons data within the scope of fulfilment of the Agreement shall be deemed the controller of the obtained personal data and shall be responsible for further compliance of the processing of these personal data with the requirements of regulatory enactments.
- 10.3. If the fulfilment of the subject of the Agreement (Order) provides that one of the Parties (processor) processes personal data at the instruction of the other Party (controller), such processing of personal data shall take place in accordance with the Rules of processing of personal data appended to this Agreement as a separate annex.

Rules on Information Technology security, if Goods Order is placed by using Oracle iSupplier

- 10.4. Information exchange shall be ensured only through the contact persons specified in the Agreement, observing the type of information exchange (for example, encrypted e-mail, Customer's applications processing system), which ensures its confidentiality, integrity and availability.
- 10.5. The Contractor shall be responsible for any action addressed towards security circumvention or damaging of Customer's information technology (hereinafter-IT) systems.
- 10.6. The Contractor shall be responsible for ensuring, that actions in the Customer's IS are performed only in the amount necessary to ensure fulfilment of Agreement subject.
- 10.7. Within the validity term of this Agreement the Customer shall create user accounts in the Customer's IS for mutually coordinated Contractor's representatives for a specified period of time, which does not exceed the term of the Agreement, thus ensuring Contractor's access to IS production, testing and/or development environment being in possession or ownership of the Customer.
- 10.8. The user account created for Contractor's employee is unique, and the Contractor shall be obliged to ensure supervision of use, storage and non-disclosure of the user account.

- 10.9. If the Contractor's employee, whom the user account is created for, terminates his/her employment relations and/or commitments with the Contractor, the Contractor shall immediately inform the Customer about this situation.
- 10.10. The Contractor undertakes to use additional IT security protection software indicated by the Customer, and to ensure maintenance thereof during the Agreement period, if the Customer requests installation of such software.
- 10.11. The Contractor shall be obliged to acquaint own employees and/or representatives, who ensure provision of the Service, with these IT security requirements.
- 10.12. If the Contractor has suspicions about any security incident mentioned in the Agreement, the Contractor shall immediately inform the Customer's contact person or the Customer's Help Desk, phone: +371 67728888.

11. Force majeure

- 11.1. Neither Party shall have any liability for full or partial failure to fulfil any obligations under this Agreement if such failure to fulfil the obligations occurred caused due to force-majeure circumstances occurred after signing of the Agreement and which the Parties could not foresee and prevent.
- 11.2. Such circumstances include fires, acts of war, terrorist attacks, epidemic, natural disaster as well as other circumstances beyond the possible limits of control or impact of the Parties.
- 11.3. Non-fulfilment or undue performance of obligations by the Contractor, suppliers and other involved persons shall not be deemed as force majeure circumstance.
- 11.4. A Party referring to force-majeure circumstance shall within 3 (three) days notify about that the other Party specifying the possible term for fulfilment of the obligations.
- 11.5. If due to force-majeure circumstance the fulfilment of the Agreement delays for more than 30 (thirty) days each Party has the right to terminate the Agreement unilaterally. If the Agreement is terminated in such way, neither Party may claim compensation of damages from the other Party.

12. Termination of the Agreement

- 12.1. The Agreement may be terminated by mutual written agreement by the Parties or according to the provisions of the Agreement.
- 12.2. The Customer shall have the right to terminate the Agreement or its part unilaterally by sending a written notice to the Contractor if at least one of the following events has occurred:
 - 12.2.1. the Contractor fails to fulfil the Order or part thereof within 10 (ten) business days counting from the next day after expiry of the delivery term specified in the Agreement or repeatedly has delayed the delivery terms of the Goods;
 - 12.2.2. the Contractor fails to perform any other obligations or duties provided by the Agreement and the Customer has not eliminated such failure within 10 (ten) business days after receipt of the relevant written notice of the Customer;
 - 12.2.3. after signing the statement of defects the Contractor repeatedly delivers an Order not meeting provisions of the Agreement and/or repeatedly statements of defects have been prepared, and/or the Contractor has not eliminated faults in accordance with Clauses 2.17, 2.20, 2.24 and/or 2.24 of the general provisions of the Agreement;
 - 12.2.4. by a prosecutor's penal prescription or court judgement which has entered into force and has become indisputable and non-appealable, the Contractor or the person, who is Contractor's member of the board or member of the council, representative or proctor, or the person, who is authorized to represent the Contractor in the actions, which are related to its branch, has been found guilty of or has been subject to a coercive measure for any of the following criminal offences:
 - a. establishment, running or involvement in a criminal organisation or an organised group within said organisation, or any other establishment of criminal nature, or participation in crimes committed by such an organisation,
 - b. bribe-taking, bribery, misappropriation of a bribe, mediation in bribery, unlawful participation in property transactions, unauthorised acceptance of benefits, commercial bribery, unlawful requesting, accepting or giving a benefit, trading in influence,
 - c. fraud, misappropriation or money laundering,
 - d. terrorism, terrorist financing, formation or organisation of terrorist group, travelling for the purpose of terrorism, justification of terrorism, encouraging terrorism, terrorist threat or recruiting and training persons for the perpetration of terrorist acts,
 - e. human trafficking,
 - f. evasion of taxes or payments equal to taxes;

- 12.2.5. The Contractor has been found guilty of the violation of the competition law consisting in a horizontal cartel agreement by a decision of a competent authority or a court judgement which has entered into force and has become indisputable and non-appealable unless the competent authority has secured the Contractor's immunity from the fine or has reduced the amount of the fine for cooperation within the framework of a leniency programme when discovering the violation of the competition law;
 - 12.2.6. If the Contractor's insolvency proceedings have been announced, the Contractor's economic activity has been suspended, the Contractor is liquidated;
 - 12.2.7. By a decision of a competent authority, a prosecutor's penal prescription or a court judgement which has entered into force and has become indisputable and non-appealable, the Contractor has been found guilty of an offence has been found guilty of an offence manifesting as:
 - a. employment of one or more persons not holding the required permit or rights to reside in a European Union Member State,
 - b. employment of a person without a written labour contract, failure to submit within the statutory term the informative statement on this person required to be submitted on employees commencing their employment;
 - 12.2.8. It has been established that during the procurement procedure the Contractor has provided false information for the assessment of its qualifications;
 - 12.2.9. The Contractor or any other person among the Contractor's staff, representatives or subcontractors has given or offered (directly or indirectly) to any person a bribe, gift, gratitude money, commission money or any other valuable item as an incentive or reward for performance or non-performance of any activity, or for showing or not showing favour or disfavour towards any person in connection to this Agreement;
 - 12.2.10. The Contractor or any of the Contractor's personnel, representatives or subcontractors has been found guilty of illegal possession according to the law regarding the implementation of the Agreement;
 - 12.2.11. It is detected that the Contractor or any of the Contractor's personnel, representatives or subcontractors is involved in business relationships that create a conflict of interest situation regarding the implementation of the Agreement.
 - 12.2.12. The Contractor fails to submit the performance security of the Agreement within the term set forth in the Agreement or if the provided performance security of the Agreement has become invalid;
 - 12.2.13. The Contractor according to the International and the Republic of Latvia's National Sanction Law, has received international or national sanctions, or European Union or North Atlantic Treaty Organisation sanctions affecting its vital financial and capital market interests, and cannot duly perform this Agreement or a part of it due to these sanctions;
 - 12.2.14. The Contractor has committed a severe violation of professional activity, which calls into question its honesty, or has failed to perform a procurement contract, general agreement or concession agreement with the Customer, and it is admitted by a decision of competent institution or court judgment, which has come into force and has become indisputable and non-appealable.
- 12.3. The Contractor has the right to terminate the Agreement unilaterally by sending a written notice to the Customer if the Customer has failed to settle the payments under the Agreement for the Orders fulfilled and accepted as specified in the Agreement and the delay of the Customer lasts at least 60 (sixty) days. The condition set out in this Clause shall not apply where the Contractor has been subject to international or national sanctions or sanctions imposed by a Member State of the European Union or a Member State of the North Atlantic Treaty Organization that significantly affects the financial and capital market interests and, therefore, the payment cannot be taken.
- 12.4. If the Agreement is terminated in cases specified in Clauses 12.1 – 12.3 of the general provisions of the Agreement, the Parties shall prepare and mutually sign a separate statement for the scope of the Order actually fulfilled and its value. When preparing the statement the Parties shall take into account the quality of fulfilment of the Order. The Customer shall pay to the Contractor for the fulfilled Order or its stages provided according to the terms of the Agreement, in compliance with the prepared statement and the price schedule indicated in the annex (Order Specification). The Customer shall have the right to deduct the calculated penalty and/or direct loss award from the amount of payment when performing the payment according to the Agreement. The Parties shall perform the mutual settlement in the case provided herein within 30 (thirty) days after the statement mentioned herein is signed, unless the Customer, pursuant to laws and regulations of the Republic of Latvia is prohibited to make settlements with the Contractor.
- 12.5. If the Order consists of goods and the Customer terminates the Agreement in the cases mentioned in clauses 12.2.2 or 12.2.3 of the general provisions of the Agreement, in addition to the penalty specified in clause 4.7. of the general provisions of the Agreement the Contractor shall reimburse to the Customer the price of Goods without VAT, which are defective and/or not compliant with the terms of the Agreement, as well as at his own

cost shall ensure the withdrawal of the Goods, which are defective and/or not compliant with the terms of the Agreement, from the Customer's warehouses or shall cover to the Customer the expenditure related to the storage of the Goods, which are defective and/or not compliant with the terms of the Agreement. If within period of two (2) months from the termination of this Agreement the Contractor has not provided the withdrawal of the Goods, which are defective and/or not compliant with the terms of the Agreement, from the Customer's warehouses, the Customer without extra notification is entitled to act with these Goods at its own discretion, however this provision does not absolve the Contractor from its obligation to cover to the Customer the expenditure related to the storage and realization or disposal of the Goods, which are defective and/or not compliant with the terms of the Agreement.

13. Final provisions

- 13.1. The Parties represent and warrant that they are duly authorised to enter into this Agreement and to provide the undertakings set forth herein as well as they have capability to fulfil the obligations under this Agreement.
- 13.2. The Parties agree that the Agreement with its annexes as well as the information obtained during the performance of the Agreement is confidential, except the subject, term, the Amount of the Agreement and the Parties; and this information shall not be divulged to third parties. Restrictions mentioned in this Clause shall not apply to cases when any of the Parties must divulge the information pursuant to laws and regulation of the Republic of Latvia.
- 13.3. Any amendments or supplements to the Agreement shall be drawn up in writing and signed by both Parties. Upon signing, such amendments and supplements shall become the integral part of this Agreement. Amendments to the Agreement shall not be drawn in writing in the case specified in Clause 13.8 of the Agreement, when changes are notified by sending a notification.
- 13.4. Matters that are not stipulated by this Agreement shall be resolved pursuant to the laws and regulations of the Republic of Latvia.
- 13.5. The Parties shall solve any disputes and/or disagreements related to the fulfilment of this Agreement through negotiations. If the Parties are unable to achieve a solution through negotiations within 2 (two) weeks of occurrence of the dispute, the Parties shall solve such disputed in courts of the Republic of Latvia in accordance with the laws and regulations of the Republic of Latvia.
- 13.6. All negotiations, agreements, correspondence of the Parties and other acts, taking place prior to the conclusion of this Agreement, that are related to the subject of this Agreement shall become invalid upon signing the Agreement. This provision shall not be applicable to the regulations of the procurement procedure related to the Agreement and the bid submitted by the Contractor (Candidate).
- 13.7. If any provision of this Agreement becomes invalid due to amendments of legal acts, the other provisions of the Agreement shall remain valid and in such case the Parties shall apply the Agreement pursuant to requirements of the governing legal acts.
- 13.8. In case of changes in the legal status of any Party, rights of representation of employees of the Parties or any other details of the Parties specified in the Agreement, including current accounts in a credit institution, phone numbers, e-mails, registered addresses, etc., this should be notified to the other Party in writing immediately. In case if the bank account details of the Contractor (resident of the Republic of Latvia) are being changed and the credit institution is situated outside the Republic of Latvia, the Contractor is obliged to supplement the notification to the Customer with a certified printout/statement from the State Revenue Service's Electronic declaration system (VID EDS) attesting that the particular bank details are declared to the State Revenue Service. If the Party fails to comply with the provisions of this Clause, the other Party shall be deemed to have fully performed its obligations by using the information on the other Party, contained in the Agreement. The provisions of this Clause shall also apply to the representatives of the Parties and their details mentioned in the Agreement and its annexes.