

## TIMBER SALES CONTRACT No. 3-3.6.1/2024/77

Date of later digital signature

### 1. Requisites of the Seller

State Forest Management Centre (RMK)	Registry code 70004459 Mõisa/3, Sagadi Village, Haljala Municipality, 45403 Lääne-Viru County	Tel: +372 676 7500 <a href="mailto:rmk@rmk.ee">rmk@rmk.ee</a>
Representative	Jaanus Reinvee, Specialist of Timber Marketing Department	<a href="mailto:jaanus.reinvee@rmk.ee">jaanus.reinvee@rmk.ee</a>
Right of representation based on (grounds for authorisation): Decree No 1-5/41 of the RMK board member on 11th of May 2023		

Bank name/address: AS SEB Pank, Tornimäe 2, 15010 TALLINN, Estonia

IBAN: EE781010402024861004 SWIFT/BIC: EEUH22XX

### 2. Requisites of the Buyer

LV Timber SIA	Commercial Registry code: 44103041588 Address: "Lejas Dzeni", Lobergi, Bilskas pagasts, Smiltenes novads, LV-4706 VAT registration No. LV44103041588	Tel: + 371 2647 4932
Representative	Jānis Čilipāns	<a href="mailto:info@lvtimber.lv">info@lvtimber.lv</a>
Right of representation based on: Member of the board		

Bank name/address: Swedbank AS / Balasta dambis 15, Riga, LV-1048, Latvia

IBAN: LV85HABA0551013955235 SWIFT/BIC: HABALV22

### 3. Type, Object and Price of the Contract.

3.1. This Contract has been agreed under basis of decree No 1 of January 4th, 2007 of the Government of the Republic of Estonia on "Sale of right to cut standing crop and sale of timber in state forests", paragraph 5, section 2.

3.2. Based on successful tenderers protocol No 3-3.4/28 of RMK's public written tender on February 20th, 2024, Seller obliges to sell and Buyer obliges to buy Roundwood in the quantity and with the quality stated in this Contract and according to the terms and conditions stated in this Contract. Seller obliges to deliver the Roundwood to the Delivery Location at own expense.

3.3. On the basis of this Contract the Seller shall sell and the Buyer shall buy Roundwood at the following Delivery Location during the Delivery Period of 1.04.2024 – 31.05.2024 as follows:

Assortment	Delivery Location	April m <sup>3</sup>	May m <sup>3</sup>	June m <sup>3</sup>	Total quantity m <sup>3</sup>
Aspen sawlog with top end diameter 16+ cm	Lejas Dzeņi, Lobērgi, Bilskas pagasts, LV-4706, Latvia (N 57.514314 E 26.103176)	100	140		240

Allowed deviation of the Roundwood amount is up to 10 (ten) % of agreed amount.

3.4. The Price of Roundwood to be delivered to Buyer shall be as follows:

Assortment	Delivery Location	Delivery Term	Price EUR/m <sup>3</sup>
Aspen sawlog with top end diameter 16-24,4 cm	Lejas Dzeņi, Lobērgi, Bilskas pagasts, LV-4706, Latvia	DPU	55
Aspen sawlog with top end diameter 24,5-60 cm		DPU	81
logs not conforming to the Quality Requirements		DPU	30

#### 4. Delivery conditions

- 4.1. Seller obliges to deliver the Roundwood within the Delivery Period of 1.04.2024 – 31.05.2024
- 4.2. RMK shall be obliged to load, at its expense or with a help of authorised carrier, the Roundwood in the storage facility of the RMK onto Roundwood transport vehicles, to transport the Roundwood to the Delivery Location at own expense or with the help of an authorised carrier.
- 4.3. RMK or it's authorised agent shall formalise the relevant Roundwood transportation documents necessary for delivery.

#### 5. Quality

- 5.1. The delivered Roundwood must conform to the requirements stated in Annex 1 "Quality Requirements of Roundwood" to this Contract.
- 5.2. The Buyer shall assess the quality of the delivered Roundwood within 3 (three) days after arrival of the Roundwood at the Delivery Location. The representatives of the Parties may attend the assessment. The evaluation of the quality of the Roundwood shall be performed according to the instructions given in the „RMK Standard of Sawlogs” (published at [www.rmk.ee](http://www.rmk.ee)), (hereinafter: **the Assessment Methods**). Volume of wrecked logs shall be considered as Roundwood not conforming to the Quality Requirements. The quantity of Roundwood not conforming to the Quality Requirements shall not be counted into the quantity of the Roundwood agreed on in this Contract.
- 5.3. The Buyer shall be obliged to buy the Roundwood not conforming to the Quality Requirements for the price stated in clause 3.4 of this Contract.

#### 6. Quantity

- 6.1. The Buyer shall measure the quantity of the delivered Roundwood within 3 (three) days after transfer of the Roundwood at the Place of Delivery. The representatives of the Parties may attend the measurement. The measuring of the Roundwood shall be performed according to the instructions given in the „RMK Standard of Sawlogs” (published on the website [www.rmk.ee](http://www.rmk.ee)). Each log shall be measured according to the instructions given in RMK's standard of sawlog. Diameter of a log has to be measured as average diameter at the top end of the log under bark and mathematical rounding is allowed as follows ( 240-244 mm =24 cm; 245-249 = 25 cm). Applicable log volume formula is  $V=(d^2 L(a1+a2L)+a3L^2)/10000$ , whereas V – volume of log in cubic meter, L – accountable length of log in decimetre, d – top diameter under bark in centimetre, a1-a3 coefficients;  
coefficients for the aspen are: a1- 0,07830, a2 - 0,00023600, a3 - 0,04500
- 6.2. As a result of the measuring of the Roundwood quantity, the Buyer shall prepare a Roundwood measurement report (hereinafter called the **Measurement Report**). This report must be compiled by trucks and contain information of dimensions, the quality and the quantity of the Roundwood. The report shall be transferred to RMK's ftp server within 3 (three) day after deliver.

#### 7. Solving disputes

The Buyer shall have the right to present to the Seller a claim regarding the quality and/or quantity of the Roundwood within 3 (three) days after arrival of the Roundwood at the Place of Delivery. If the share of the Roundwood not conforming to the Quality Requirements exceeds 10%, then the Buyer shall not allow further handling of the Roundwood. Upon request of the Seller, the Buyer shall store separately the Roundwood being the basis for the claim and shall ensure the preservation and traceability of such Roundwood until the solving of the respective claim. The presented claim shall be solved by re-measuring and assessing the Roundwood in the presence of representatives of the Parties; the basis of the instrument of delivery and receipt of the Roundwood shall be the quantity as measured and assessed in the presence of representatives of the Parties.

## 8. Limitation of liability

Unless otherwise expressly stated in this Contract and except in cases of gross negligence or wilful misconduct, neither Party shall be under any liability to the other Party for loss of production, loss of business or profit or for any other indirect damages.

## 9. Invoicing, payment deadline and credit limit

9.1. The invoicing regarding the sales contract for the Roundwood shall be performed according to the conditions stated in clause 5 of the Standard Terms.

9.2. Payment term	9.3. Credit limit
Advance payment before deliveries Advance payment schedule: 28.03.2024 – 7476,00 EUR; 29.04.2024 – 10466,40 EUR;  The balance payment shall be performed within 14 (fourteen) Days after final invoice.	0.00 (zero) EUR

9.4. RMK shall send invoices for the Roundwood electronically to the following e-mail address: [info@lvtimber.lv](mailto:info@lvtimber.lv)

## 10. Validity of the Contract

10.1. This Contract shall enter into force upon being signed.

10.2. This Contract shall be valid from the date of:	Date of later digital signature	10.3. This Contract shall be valid until the date of:	31.12.2024
------------------------------------------------------	---------------------------------	-------------------------------------------------------	------------

## 11. Contact persons and contact data of the Parties

11.1. The Seller's representative for preparing the instrument of delivery and receipt shall be:

Name	ID code	Address	Telephone	E-mail
Katrin Võlli	46009226515	RMK, Ristipalo, Rāpina vald, 64418 Põlva maakond, Estonia	+372 512 3633	<a href="mailto:aktid.kagu@rmk.ee">aktid.kagu@rmk.ee</a>

11.2. The Buyer's representative for preparing the instrument of delivery and receipt shall be:

Name	ID code	Address	Telephone	E-mail
Jānis Čilipāns	22128311367	"Lejas Dzeni", Lobergi, Bilskas pagasts, Smiltenes novads, LV-4706	+371 26474932	<a href="mailto:info@lvtimber.lv">info@lvtimber.lv</a>

11.3. The Seller's representative for Roundwood transportation shall be:

Name	Telephone	E-mail
Andres Metjer	+372 521 6706	<a href="mailto:andres.metjer@rmk.ee">andres.metjer@rmk.ee</a>

11.4. In case of any changes to the contact data of the Parties as stated in clauses 11.1.-11.3. of this Contract, the respective Party shall be obliged to notify the other Party about this.

## **12. Standard Terms as a part of the Roundwood sales contract, entire agreement between the Parties, original counterparts of the Contract**

12.1. Any and all issues not regulated with this Roundwood sales contract shall be regulated by applying the Standard Terms for forest material sales contracts, issued by the State Forest Management Centre and published on the website [www.rmk.ee](http://www.rmk.ee). By signing this Contract, the the Buyer hereby confirms having reviewed the above stated Standard Terms and being in knowledge about their contents. RMK shall have the right to unilaterally change the Standard Terms in a way stated in the Standard Terms. This Roundwood sales contract together with its annexes and the Standard Terms shall constitute the entire agreement between the Parties and shall include all conditions regarding the sale of Roundwood stated in this Contract that the Parties have intended to agree about between them.

12.2. Upon signing this Contract it has the following Annex

Annex 1 “Roundwood Quality Requirements”.

Annex 2 “Form of Measurement Report”.

12.3. This Contract together with the Annexes constitutes a wholesome and integral Contract, replacing any and all earlier spoken or written agreements between the Parties regarding the object of this Contract.

Signatures of the Parties

The Seller Representative:

The Buyer Representative:

\_\_\_\_\_  
Jaanus Reinvee  
Specialist of Timber Marketing Department

\_\_\_\_\_  
Jānis Čilipāns  
Member of the Board

# ANNEX 1 TO THE TIMBER SALES CONTRACT No. 3-3.6.1/2024/77

## ROUNDWOOD QUALITY REQUIREMENTS

### Requisites of the Seller

State Forest Management Centre (RMK)	Registry code 70004459 Mõisa/3, Sagadi Village, Haljala Municipality, 45403 Lääne-Viru County	Tel: +372 676 7500 <a href="mailto:rmk@rmk.ee">rmk@rmk.ee</a>
Representative	Jaanus Reinvee, Specialist of Timber Marketing Department	<a href="mailto:jaanus.reinvee@rmk.ee">jaanus.reinvee@rmk.ee</a>
Right of representation based on (grounds for authorisation): Decree No 1-5/41 of the RMK board member on 11th of May 2023		

### Requisites of the Buyer

LV Timber SIA	Commercial Registry code: 44103041588 Address: "Lejas Dzeni", Lobergi, Bilskas pagasts, Smiltenes novads, LV-4706 VAT registration No. LV44103041588	Tel: + 371 26474932
Representative	Janis Cilipans	<a href="mailto:info@lvtimber.lv">info@lvtimber.lv</a>
Right of representation based on: Member of the board		

1. The Seller shall sell and the Buyer shall buy the Roundwood with the following quality:

Aspen log Quality requirements

<b>Diameter under bark at top end:</b>	16-60 cm
<b>Maximum diameter over bark at bottom end:</b>	max 80 cm
<b>Lengths:</b>	3,0 / (2,4) m
<b>Overmeasure:</b>	min. 5 cm
<b>Knots (sound knots)</b>	allowed $\varnothing \leq \frac{1}{2}$ of top diameter, max 140 mm
<b>Knots (dry, dead)</b>	allowed $\varnothing \leq 80$ mm
<b>Height of knots</b>	allowed $\leq 50$ mm
<b>Simple crookedness</b>	$\leq 3\%$
<b>Multiple crookedness</b>	$\leq 1,5\%$
<b>Cracks in top and butt end</b>	radial cracks (heart and drying cracks) allowed wide 2 mm measured under bark. If the side surface is not split allowed without limiting the width. Frost and lightning crack not allowed.
<b>Side cracks</b>	allowed depth up to 10% of processing cylinder. Frost and lightning crack not allowed.
<b>Ring cracks</b>	A ring cracks up to 40 mm in diameter is allowed as a full circle, larger ones are allowed as a half circle
<b>Open scar</b>	allowed depth up to 10% of processing cylinder
<b>Closed scar</b>	allowed
<b>Red heart</b>	allowed
<b>Hard rot</b>	allowed
<b>Soft rot</b>	allowed in the one end of log with a diameter > 25 cm up to 80 mm
<b>Storage decay</b>	not allowed
<b>Mechanical damage</b>	allowed depth up to 10% of processing cylinder
<b>Wrong matter</b>	not allowed

2. In the case of terms and definitions concerning the quality requirements the Parties shall be guided by the RMK Standard of Sawlogs published at [www.rmk.ee](http://www.rmk.ee).

Signatures of the Parties

The Seller Representative:

---

Jaanus Reinvee  
Specialist of Timber Marketing Department

The Buyer Representative:

---

Jānis Čilipāns  
Member of the Board

**FORM OF MEASUREMENT REPORT****1. The Parties have agreed on the format and content of the Measurement Report file and sending thereof to the Seller as follows:****1.1.File format**

The Buyer sends the Seller an electronic measurement report file in csv format (with CR/LF line ending). The column separator is a semicolon. The file structure has been set out in sub-clause 1.3. File fields.

File names in a current month are unique.

**1.2.File content**

In the file, the Buyer sets out the received Timber log-by-log, i.e. one line per log if the measurement is performed on a measurement line. The data of one waybill may be set out in different files. One file may contain data on Timber delivered by several waybills. If the calculation obligation is incumbent on the Seller, the parties will agree on the file content separately.

**1.3.File fields**

Column headings are not mandatory, but they are useful for verification purposes (e.g. due to the alternation of units of measurement, such as mm, cm and dm). The field length is irrelevant.

Column name	Column number	Mandatory field	Description
Buyer	1	yes	The Buyer's name (as set out on the waybill) or the Buyer's registration number
Seller	2	yes	The SFMC
Place of delivery	3	yes	The name of the place of delivery set out in the contract of sale
Delivery term	4	Yes	The delivery term in compliance with Incoterms 2010. If the cell is empty, the default delivery term is deemed to be DAT
Contract number	5	yes	The number of the contract of sale (the serial number 3-3.6.1 need not be specified)
ELVIS WB number	6	yes	The electronic waybill number (e.g. RMK012345)
Alternative WB no.	7	if necessary	The SFMC paper waybill number (e.g. RMK-111AAA-012345)
Waybill date	8	yes	The date noted on the waybill (DD.MM.YYYY)
Certified	9	no	
Measurement date	10	yes	The date when the measurement was performed (DD.MM.YYYY)
Measurement report number	11	no	The Buyer's measurement report number
Tree species	12	yes	The two-letter abbreviation of the tree species (MA-pine; KU-spruce; KS-birch)
Quantity	13	yes	May be greater than 1 in the case of manual measurement
Quality	14	yes	In the case of softwood logs ABC; D; M; PRAAK(F); in the case of hardwood logs A; BC; D; M; PRAAK(F)
Code of substandard log	15	yes	The codes of substandard logs are set out in clause 2
Buyer's commodity code	16	no	
Price group "key"	17	no	Text field
Top diameter over bark	18	if possible	Top diameter over bark – mm (full millimetre)

Top diameter under bark	19	Yes	Top diameter under bark – mm (full millimetre)
Butt diameter	20	if necessary	Butt diameter – cm
Rated diameter	21	Yes	Rated diameter – cm, to the accuracy of one decimal place, i.e. as set out in the price agreement of the contract (the field value is one of the price features and, if necessary, the log diameter measurement is taken from here for the volume calculation)
Actual length measured	22	if possible	Actual length measured – in full centimetres
Rated length	23	Yes	Rated length – full decimetre, i.e. as set out in the price agreement of the contract (the field value is one of the price features and, if necessary, the log length measurement is taken from here for the volume calculation)
Price	24	No	Not mandatory
Actual volume	25	no	Not mandatory
Rated volume	26	yes	Provided that the Buyer themselves performs the volume calculation
Name of the measurer	27	if possible	Name of the Buyer's measurer

## 2. Codes of substandard logs

Reason for substandard logs	Code sign in the report	Explanation about non-compliances with the contract
Thin	PEE	smaller diameter
Thick	JAM	larger diameter
Short	LYH	short length
Long	PIK	excessive length
Sweep	KAA	the simple sweep determined by the machine
Metal	MET	log with metal
Rot	MAD	all rot species
Curvature	KOV	the simple, multiple and sharp sweep determined by the operator
Incorrect knot	OKS	too thick knot, number of knots, knot cluster, spike knot, unsound (rotten) knot
Growth defects	RIK	scar, double pith
Logging mistake	YTO	felling and crosscutting shakes, cuts, height of knot from surface, distortion of butt, poor lopping
Blue stain	SIN	Blue staining
Insect damage	PUT	insect and larva defects
Blackened	TAH	Blackened and charred Timber
Thickening	TYY	crumple thickening, fluting
Other	MUU	forest-dry, resin scar
Tree species	VPL	incorrect tree species
Red heart	SYD	false heartwood (in the case of hardwood)
Cracks	LOH	ring shake, heart shake, frost crack (in the case of hardwood)

## 3. Sending the file

The Buyer uploads the file to the Seller's corresponding ftp server the address of which is **mreports.rmk.ee**.

The protocol used is FTP. The port used is 21.

username: mr-ftp-etilts

password: u2ZU7xCL



#### **4. Error management**

If the file uploaded to the Seller's ftp server contains any errors, the Seller will notify the Buyer thereof and the Buyer will send the Seller a corrected file. If the Buyer detects any errors in the file after uploading it to the ftp server, the Buyer will notify the Seller thereof immediately and send the Seller a corrected file.

Signatures of the Parties

The Seller Representative:

The Buyer Representative:

---

Jaanus Reinvee

Specialist of Timber Marketing Department

---

Jānis Čilipāns

Member of the Board