

FRAMEWORK AGREEMENT

08.04.2024 No 2-2/24/353-1

The **Estonian Centre for Defence Investments** (registry code 70009764, address Järve 34a, 11314 Tallinn, Estonia), the **Estonian Defence Forces** (registry code 70008641, address Juhkentali 58, 15007 Tallinn, Estonia), **Ministry of Defense of the Republic of Moldova** (address Hîncești Highway 84, Chișinău, Republic of Moldova, MD-2021) and **National Army of the Republic of Moldova** (address Hîncești Highway 84, Chișinău, Republic of Moldova, MD-2021), represented by Magnus-Valdemar Saar, Director General of ECDI, pursuant to the articles of association and power of attorney, hereinafter: **Buyer**,

and

Atlas AEROSPACE Ltd (registry code 40103911104, Ulbrokas iela 19A, Rīga, LV-1021 Latvia), represented by Ivan Tolchinsky, pursuant to the articles of association, hereinafter: **Seller**,

separately: **Party** and jointly: **Parties**,

have concluded the following framework agreement (hereinafter also as: **Contract**).

1. Basis and Subject of the Contract

- 1.1. The contract is concluded on the basis of the founding documents and the Seller's tender for the public procurement "**Purchase of multirotor drones**" (reference number 271853).
- 1.2. The Buyer has concluded the contract with the Seller, relying on the Seller's tender, the Seller's applications and confirmations stipulated within this contract, and the premise of good faith in the Seller's professionalism and capability to perform the contract duly. In the event that the Seller employs subcontractors, responsibility of the proper performance of the contract rests on the Seller.
- 1.3. The Seller states and confirms that:
 - 1.3.1. they and their representative have all the necessary rights and mandates to conclude this contract;
 - 1.3.2. they have read the contract and the founding documents of the public procurement and that they understand fully the content and repercussions of duties undertaken and that they agree with the conditions therein;
 - 1.3.3. with the performance of this contract, the rights of third parties are not affected and that there are no such circumstances which might exclude their rights to conclude this contract and perform it duly;
 - 1.3.4. they have all the necessary and valid licenses, registrations, rights of representation and certificates, and at their expiry during the duration of the contract agrees to extend/renew them. If the renewal of licenses, registrations, rights of representation and certificates is not possible due to circumstances independent of the Seller, it is the Seller's obligation to promptly notify the Buyer about it;
 - 1.3.5. the Seller confirms the absence of any claims or other rights applicable on the transferred Goods or rendered Services by third parties, which third parties have the right to apply to the Goods or Services;

- 1.3.6. they and their offered Goods or Services are not subject to international sanctions or originated in an area subject to sanctions in accordance with the International Sanctions Act.
- 1.4. The subject of the contract is **drones, equipment, accessories and spare parts** (hereinafter: **Goods**) and the ordering of **training, repair and maintenance works and other additional works** related to drones. If required, the subscriber can also order a **drone rental service** (hereinafter: **Services**).
- 1.5. This contract also allows the purchase of updated versions of the subject of the agreement.
- 1.6. On the basis of the contract and its stipulations, the Seller is obligated to sell to the Buyer Goods and provide Services and the Buyer is obligated to accept the Goods or Services and pay to the Seller the price of Goods/Services. In the event that Goods are purchased with life-cycle Services, contractual conditions for the provision of Services stipulated in the Law of Obligations Act shall be applied for such provision of Services, which are not regulated, are in contradiction or are not applicable towards the nature of the Service.
- 1.7. On the basis of this contract, the Buyer can also purchase Goods and order Services for the Republic of Moldova. In order to do so, the Buyer shall reopen the competition (hereinafter also: **mini-competition**) between the framework agreement partners in accordance with the provisions set out in Section 3 of the contract.
- 1.8. When selling Goods and providing Services to the Republic of Moldova, the agreements concluded with the European Peace Facility (including EPF/2022/27, EPF/2023/21, and future agreements) shall apply. These agreements are concluded between the Estonian Centre for Defence Investments and the European Commission, the implementing entity of the European Peace Facility, to support the National Army of the Republic of Moldova. The Seller is obligated to comply with the requirements of the European Peace Facility concerning the eligibility and origin of war materials listed in the European Union's Common Military List (Annex 3) when supplying Goods and/or Services to the Republic of Moldova.
- 1.9. The type or specification, quantity, delivery locations and times or the type of Service and the time and location of provision of Service shall be specified in public contracts.
- 1.10. Goods and Services must be in compliance firstly with the founding documents of the public procurement, the invitation to tender and then the Seller's submitted tender. The delivered Goods and rendered Services must be in compliance with the terms of this contract, including in terms of quality, type, description and quantity. All documents and packaging accompanying the Goods and Services must also be in compliance with the terms of this contract.
- 1.11. The service shall comply with the terms of the contract, in particular as regards quality and description.
- 1.12. The hierarchy of documents is as follows: founding documents of the public procurement (including contracts) and then the Seller's submitted tender.

2. Parts of the Contract

The integral parts of the contract are founding documents of the public procurement, the Seller's public procurement tender and its annexes; explanations, confirmation letters, invitations to tender submitted on the basis of the contract, tenders, public contracts concluded on the basis of the contract, notices between the Parties and all concluded amendments. If no public contract has been concluded, purchase orders or other documents, with which a financial commitment is made, are also deemed as public contracts.

3. Conclusion of Public Contracts

- 3.1. Public contracts shall be concluded on the basis of this contract, based on the Buyer's necessities, for either a one-off purchase (hereinafter: **one-off purchase**) or for a fixed period (hereinafter: **duration contract**), during which orders shall be made. This contract without a public contract does not obligate the Buyer to order Goods or Services from the Seller.
- 3.1.1. Public contracts for a one-off purchase shall be concluded between framework agreement partners as a result of the reopening of the competition, the purpose of which is to order Goods or Services, which cannot be ordered on the basis of a duration contract. If the estimated cost of a one-off purchase is more than 50 000 Euros without VAT, the Buyer has the obligation to reopen the competition between all framework agreement partners. If the estimated cost of the one-off purchase is less than 50 000 Euros without VAT, the Buyer can order Goods or Services from the Seller whose tender was economically most favourable from all fixed prices at the time the one-off purchase is made.
- 3.1.2. Duration contracts shall be concluded between framework agreement partners as a result of mini-competitions to order Goods or Services for the duration of a fixed period on the basis of the list and descriptions of Goods and Services specified in the public procurement and its technical description or specified during the mini-competition (the period shall be specified prior to the conclusion of every duration contract). On the basis of duration contracts, the Buyer has the right to order Goods or Services specified in the technical description for the duration of the contract from the successful tenderer of the mini-competition.
- 3.1.2.1. Prior to the passing of the validity period of the duration contract from the conclusion of the contract, the Buyer shall reopen the competition between framework agreement partners, in order to conclude a duration contract with the successful tenderer of the mini-competition for the subsequent period.
- 3.1.2.2. Clause 3.4 shall be the basis for the mini-competition.
- 3.1.2.3. The Buyer has the right to specify the list of Goods or Services of the subject of the mini-competition, by issuing new technical descriptions during the mini-competition or by removing Goods or Services from the list.
- 3.1.2.4. The performance of the contract is based on orders issued by the Buyer, which shall specify the quantity, delivery time and location of the purchased Goods or the provision time and location of ordered Services.
- 3.2. The evaluation of the value of the tender shall be carried out on the basis of a comparison of the values of the full lists. The value of the tender with the lowest total value is the best. Where none of the tenders contains a full list, the lists drawn up in the common part of the tenders submitted shall be assessed on the basis of the lowest price. At least 50% of the names on the full list must be the common part of the tenders.
- 3.3. If the Buyer purchases Goods or orders Services for the Republic of Moldova, a public contract will be concluded with the Seller, signed by all parties (parties listed in the preamble of the contract).
- 3.4. In order to conclude public contracts on the basis of this contract, the Buyer shall reopen the competition between framework agreement partners.
- 3.5. Mini-competitions are generally undertaken at the Estonian Public Procurement Register in order to conclude duration contracts or one-off purchases under the following conditions:
- 3.5.1. The Buyer shall set a reasonable time limit for the submission of tenders, by taking into account the complexity of the procurement item and required time to submit tenders.

- 3.5.2. The Buyer shall stipulate the terms of the mini-competition, the list and specifications of required Goods or Services, the time limit for delivery or transport of Goods or time of provision of Services (if applicable) and other necessary information for making the tender. During the mini-competition, the Buyer shall specify whether they will be making a one-off purchase or concluding a duration contract.
- 3.5.3. The tender submitted by the Seller must be in force for at least 60 calendar days, starting from the moment the tender was submitted.
- 3.5.4. The Buyer has no obligation to order all Goods or Services listed in the technical description of the mini-competition after all tenders have been submitted, if the Buyer's necessities have changed by the time of conclusion of the public contract.
- 3.5.5. The Buyer shall evaluate and compare the submitted tenders in accordance with the proportions of award criteria, and shall declare successful the Seller's tender which is the most economically favourable on the basis of award criteria amongst the tenders which had been declared suitable.
- 3.5.6. In order to determine the most economically favourable tender, the Buyer shall use the following award criteria during the mini-competition:
- 3.5.6.1. For the conclusion of one-off purchases (see Clause 3.1.1), the Buyer shall use the following award criteria:

Option 1:

- Cost of tender: 70-100%
- Delivery time / time of provision of Service: 1-30%

The Buyer shall use option 1 in the event of an unforeseen circumstance to the Buyer or if the timeframe between placing the order and the performance of the order is short due to the Buyer's necessities. The Buyer shall justify the unforeseen and necessity-based circumstance within the invitation to tender.

Option 2:

- Cost of tender: 100%

- 3.5.6.2. For the conclusion of duration contracts (see Clause 3.1.2), the Buyer shall use the following award criteria:

- Cost of tender: 100%

- 3.5.7. The Buyer shall notify all contractual partners about the results of the mini-competition, including those that did not submit a tender during the mini-competition, and shall order Goods or Services from the successful tenderer of the mini-competition.
- 3.5.8. In the event that the Seller declares inability to perform the contract prior to the conclusion of the public contract, the Buyer has the right to order the required Goods or Services from the framework agreement partner who came in second during the mini-competition, without conducting a mini-competition for the second time.
- 3.5.9. In the event that the successful tenderer of the mini-competition withdraws their tender before the conclusion of the public contract or fails to perform the public contract within the specified deadline, the Buyer has the right to approach the Seller(s) whose price quotation was next in the ranking and conclude the public contract without conducting a new mini-competition, and demand from the tenderer who was declared successful (the first in the ranking) to reimburse the price difference compared to the cost on which the public contract is concluded.

- 3.5.10. In the event that more than one tender has been declared successful during the mini-competition as a result of tenders with equal value, drawing lots shall be used in order to determine the successful tender. The Buyer shall specify the order of drawing lots to the Sellers prior to it taking place.
- 3.6. During the mini-competition, the Buyer can reject all submitted tenders:
- 3.6.1. if they are unreasonably expensive for the Buyer;
 - 3.6.2. if during the mini-competition, the Buyer becomes aware of information that rules out or makes the execution of the mini-competition unreasonable for the Buyer on the conditions stipulated in the founding documents of the mini-competition, or the conclusion of a public contract under the given and determined conditions would not correspond to the Buyer's earlier necessities or expectations due to the changed circumstances;
 - 3.6.3. if there is no longer a necessity for the mini-competition due to a reason that is independent of the Buyer or a reason that depends on or is derived from a change in legislature, administrative acts or actions of higher institutions.
- 3.7. The Buyer will reject tenders submitted for the mini-competition, under which the public contract to be concluded would be void pursuant to the International Sanctions Act § 7 subsection 1. The Buyer will also reject the tender submitted in the mini-competition, if the Seller has violated the obligations stipulated in Clause 1.7 of the contract.
- 3.8. In case the outcome of the public procurement results in fewer than two framework agreement partners, or if the number of framework agreement partners decreases to one during the validity period of the framework agreement, the purchase of Goods and the ordering of Services shall proceed as follows:
- 3.8.1. The Buyer submits a price inquiry to the Seller.
 - 3.8.2. The Seller shall provide a quotation, including the cost of the Goods or Services, to the Buyer within 5 working days from receiving the price inquiry, which must not exceed the maximum unit prices specified in the framework agreement. If the Seller is unable to meet this deadline, they shall promptly inform the Buyer.
 - 3.8.3. The Buyer shall either accept the quotation by placing an order or entering into a public contract, or reject the quotation within 14 days. The Buyer is not obligated to place an order or enter into a public contract based on the provided quotation. If the Buyer does not reply to the Seller within 14 days, it is deemed as a rejection of the quotation.
 - 3.8.4. In the event that, as a result of the public procurement, a contract is concluded with only one partner or if the number of contract partners has decreased to one, the Buyer may reject the submitted tender based on the criteria mentioned in clauses 3.5.1–3.5.3.
- 3.9. Public contracts are concluded by any means capable of producing a written record. If the cost of the public contract is at least 50 000 Euros without VAT, the public contract shall be concluded as a signed document by both Parties.
- 3.10. During the validity period of the duration contract, the Buyer has the right to order Goods or Services from any chosen contractual partner through a corresponding application in accordance with the Public Procurement Act § 30 section 8, in the event that the Seller informs the Buyer that they are not able to perform a corresponding order or they are not able to perform an order at the agreed-upon time or by the Buyer's requested time limit, on the premise that the total cost of said orders does not exceed 20% of the total cost of the contract and that the cost of each such order is less than the public procurement threshold. In the event that this clause of the contract is utilized, the Buyer shall stipulate corresponding circumstances within the public contract or purchase order and if necessary, submit the corresponding report to the contract manager.
- 3.11. The Seller has the right to request, by submitting an application once a calendar year, an adjustment of fixed unit prices in the framework agreement and in duration contracts with a duration longer than 12 months, based on the extent of the change in the producer price index of industrial output published by Statistics Estonia in the 12 months preceding the application,

but not exceeding 10% in case of price increase. The Seller has the right to request once a calendar year a reduction of fixed unit prices in the framework agreement and in duration contracts with a duration longer than 12 months. The Buyer also has the right to submit a unilateral declaration to reduce unit prices once a calendar year, if the change in the producer price index of industrial output published by Statistics Estonia is negative on the extent of the change in the producer price index of industrial output.

- 3.12. The right to adjust unit prices mentioned in Clause 3.10 of the contract begins after the first year of performance of the framework agreement.
- 3.13. The Buyer may reject the application to modify unit prices, if the Buyer does not have the financial means to fulfill the contract with the adjusted unit prices. In this case, the previous fixed unit prices remain valid.
- 3.14. The Buyer has the right to order other Goods or Services from the Seller that meet the requirements of the technical description. The ordering of such Goods or Services takes place between framework agreement partners during the mini-competitions, whereby the Buyer shall give the Sellers exact technical descriptions and the pricing conditions for Goods or Services.

4. The Buyer's Rights and Obligations

- 4.1. The Buyer has the right to check the performance of contractual obligations and documents relevant to the ordering of Goods or Services on an ongoing basis and may demand information at any time regarding the performance of the contract.
- 4.2. The payer of invoices (Estonian Centre for Defence Investments and/or Estonian Defence Forces) has the right to check the validity and compliance of issued invoices, calculations and other expenses. If necessary, the Buyer has the right to claim invoices from subcontractors.
- 4.3. The Buyer has the right to consult with the Seller about questions relevant to the Goods (e.g. delivery and use of Goods) or Services.
- 4.4. The Buyer is obligated to pay to the Seller for the contractually delivered Goods and rendered Services in accordance with the conditions stipulated in this contract.
- 4.5. The Buyer is obligated to reply within a reasonable time to all the Seller's requests in order to specify instructions.
- 4.6. The Buyer has the right to demand immediate rectification of any defects in the Goods or Services.
- 4.7. The Buyer has the right to demand compensation for damages caused by the fault of the Seller.
- 4.8. The Buyer reserves the right to purchase Goods and/or order Services outside of the contract if: no Seller submits a tender; the tenders submitted by Sellers do not meet the requirements set by the Buyer; no Seller is able to perform the public contract, or there has been a withdrawal from the contract or public contract; the offered price for the Service and/or Goods is unreasonably high compared to the average market price and economically unreasonable for the Buyer.

5. The Seller's Rights and Obligations

- 5.1. The seller undertakes to commence planned repair - maintenance work no later than 14 days after confirmation of the order unless otherwise agreed.
- 5.2. The Seller is obligated, on the Buyer's demand, to submit a centralized statement for all Goods and Services ordered (including date of conclusion of public contracts or purchase orders; name, quantity and cost of Goods/Services without VAT; total cost of public contracts / purchase orders without VAT etc.) in MS Excel format or in another format agreed upon with

the Buyer within 10 days after receiving said request, unless the Parties have agreed otherwise.

- 5.3. The Seller is obligated to submit information (quantity and purpose) on the Buyer's demand about subcontractors. In the event that such information has been submitted by the Seller prior to the conclusion of this contract, the Seller must coordinate any changes with contact persons with the Buyer.
- 5.4. The Seller is obligated to inform the Buyer about any circumstances which obstruct the performance of this contract.
- 5.5. The Seller is obligated to inform the Buyer promptly about cyber attacks and cyber incidents undertaken against the Seller and issue a cyber incident report to the Buyer on the Buyer's demand.
- 5.6. The Seller is obligated to follow fair trade conditions, environmentally friendly principles and not use slave or child labor during the performance of the contract.
- 5.7. The Seller undertakes to immediately inform the Buyer if they are unable to deliver the Goods or provide the Service by the agreed-upon deadline.
- 5.8. The Seller has the right to receive the agreed-upon payment for delivered Goods or rendered Services in accordance with the terms of this contract.
- 5.9. The Seller has the right to receive instructions, explanations or other information which affects the performance of the contract.
- 5.10. The Seller has the right to make proposals regarding the better organization of activities related to the delivery of Goods or provision of Services.
- 5.11. The Seller is obligated not to satisfy at least one of the prohibited conditions provided for in the Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of the Russian Federation's actions destabilising the situation in the Republic of Ukraine, including amendments made by Council Regulation (EU) 2022/576 of 8 April 2022 amending Regulation (EU) No 833/2014, Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of the Republic of Ukraine, including amendments made by Council Implementing Regulation (EU) 2022/581 of 8 April 2022.
- 5.12. The Seller undertakes to deliver Goods and/or provide Services in a timely and proper manner, in the agreed-upon quantity and frequencies, in accordance with the conditions specified in the contract and during the order submission, following the best practices, applicable requirements, norms and standards.
- 5.13. The seller shall organise user training for the purchaser of the equipment. More detailed arrangements for training are set out in chapter 5 of the technical description in Annex 4.

6. Packaging and Labelling of Goods

- 6.1. The Seller is obligated to provide packaging of Goods in such a way that ensures its conservation during transport and storage in an unchanged manner (Annex 2).
- 6.2. For packaging and marking Goods, the Seller must adhere to the requirements stipulated by the Buyer.

7. Delivery and Acceptance of Goods

- 7.1. Incoterms 2020: DAP Republic of Estonia or Republic of Moldova conditions apply to the delivery and transfer of Goods (exact delivery locations, conditions and destinations shall be specified in public contracts).
- 7.2. In the event that the Goods are subject to export inspection by the Seller's country of origin, the Seller shall submit to the Buyer an appropriate form of the end user's certificate and provide the necessary export license.

- 7.3. The time for receiving delivery of the Goods is generally from Monday to Thursday between 8.30 and 15.00, except on state and national holidays and working days that precede them and the last three working days of each month, unless agreed otherwise in public contracts.
- 7.4. The Seller shall submit to the Buyer a shipping notice for the delivery of Goods at least 5 working days prior to the scheduled delivery time to the email address stipulated in the public contract (cc must be sent to invoices@ecdi.ee), unless agreed otherwise in public contracts. The shipping notice must include:
- 7.4.1. name of Goods
 - 7.4.2. public contract (purchase order) number
 - 7.4.3. public procurement reference number 271853
 - 7.4.4. delivered quantity, incl. number of pallets, containers etc.
 - 7.4.5. logistical unit measurements
 - 7.4.6. packaging method (plastic packaging, net wrapping, pallet etc.)
 - 7.4.7. mode of transportation, which is used for delivery (truck, lorry etc.), and quantity
 - 7.4.8. specific requirements or needs to unload the delivery
 - 7.4.9. scheduled delivery date and time
 - 7.4.10. delivery address
- 7.5. The Seller shall deliver the Goods to the Buyer and the Buyer shall accept the delivery under conditions agreed upon in the public contract.
- 7.6. The Seller shall issue a delivery note alongside a shipping notice or during the delivery of Goods at the latest or after a Service has been rendered. The delivery note must include:
- 7.6.1. the Seller's details
 - 7.6.2. the Buyer's details
 - 7.6.3. the Goods' recipient's details
 - 7.6.4. public contract (purchase order) number
 - 7.6.5. public procurement reference number 271853
 - 7.6.6. name, product code and quantity of Goods / type and time of provision of Service
- 7.7. In addition to the delivery note, the Seller is obligated to hand over to the Buyer all documents that are necessary for the receiving, management, use and disposal of the Goods.
- 7.8. The Buyer has the right to inspect the quality of delivered Goods or rendered Services for compliance with the terms of the contract and public contract within two weeks. In such an event, the Buyer shall issue a quality control act, which shall be sent to the Seller.
- 7.9. The Buyer shall issue a delivery-acceptance act about the purchase of Goods or provision of Services, which shall be signed by both Parties and sent to the Seller alongside the quality control act, if necessary. A delivery note signed by both Parties is also deemed as delivery-acceptance act.
- 7.10. In the absence of the delivery note, the Buyer has the right to take possession of the given Goods or accept the rendered Service, however, delivery and acceptance shall be deemed to be finalized upon the reception of a proper delivery note. The Buyer has the right to refuse the signing of a delivery-acceptance act, if there are visual deficiencies with the Goods.

8. Cost of Contract and Terms of Payment

- 8.1. The estimated maximum total cost of public contracts to be concluded is **25 000 000** euros, whereas VAT shall be added in accordance with the law.
- 8.2. Unit prices fixed in the contract are specified as maximum unit prices.
- 8.3. Unit prices submitted for the conclusion of duration contracts shall be fixed for the duration of the duration contracts.
- 8.4. If the Goods are delivered to the Republic of Moldova, a 0% VAT rate applies.
- 8.5. If the Goods are delivered to the Republic of Moldova, all activities related to import, including VAT exemptions and import-related documents, are the responsibility of and signed by the representative of the Republic of Moldova in accordance with Decision No. 246/2010 of the

Government of the Republic of Moldova and the VAT exemption authorization of the European Union granted to the Estonian Centre for Defence Investments. In case of tax obligations arising from the purchase of Goods to the Republic of Moldova and/or payment obligations related to the import of the Goods, the Republic of Moldova bears these obligations.

- 8.6. In the event that unforeseen circumstances arise during the export and/or import of the Goods (e.g. delays due to inactivity of institutions, lack of necessary documentation etc.), the Party is obligated to promptly inform the other Party about these circumstances at the earliest opportunity.
- 8.7. The Seller bears all costs relevant to the delivery and transportation of Goods until the delivery has been finalized. The Seller also bears all Goods-related costs and incumbrances until the delivery has been finalized, except costs which derive from circumstances arising from the Buyer.
- 8.8. Unit prices for Services are stipulated in the Seller's public procurement tender. Unit prices for Services include all costs necessary for the performance of the contract, including actions listed in the technical description.
- 8.9. For Services, payments shall be made in accordance with ordered and actually rendered Services, by taking into account delivery notes signed by both Parties.
- 8.10. One e-invoice shall be issued for each delivery or rendered Service, unless agreed otherwise.
- 8.11. The Seller shall issue an e-invoice. In the event that a Seller registered outside of the Republic of Estonia has no technical capabilities to issue e-invoices, then they shall issue invoices in PDF-format to the email address stipulated in the contract, unless agreed otherwise in the public contract.
- 8.12. The Seller shall issue an invoice with the following details:
 - 8.12.1. The Buyer's details:

Estonian Centre for Defence Investments, Järve 34a, 11314 Tallinn, Estonia, registry code 70009764 / Estonian Defence Forces, registry code 70008641, Juhkentali 58, 15007 Tallinn, Estonia.
 - 8.12.2. Other details to be included on the invoice:

Contact person name (shall be specified in the public contract);
Framework agreement number;
Public contract (purchase order) number;
Public procurement reference number 271853;
Quantity and name of Goods / type and time of rendered Services;
EPF/2022/27, EPF/2023/21 (if Goods and/or Services are ordered for the Ministry of Defence and National Army of the Republic of Moldova).
- 8.13. The Buyer shall pay for the Goods or Services that were accepted and comply with the terms of the contract to the billing account set on the invoice within 28 days of receiving an invoice that complies with the terms of the contract. The basis for issuing an invoice is a quality control act and/or delivery note that is signed by the Parties.
- 8.14. The Buyer shall not accept an invoice which does not comply with the terms of the contract. In such an event, the Seller shall issue a new invoice within seven working days.
- 8.15. For a Seller registered in the Republic of Estonia, prior to finalizing a payment, which is 10 000 Euros with VAT or more, the Buyer shall check for the absence of tax arrears via the Tax and Customs Board website. In the event of a tax arrear of 10 000 Euros or more, the Buyer shall inform the Tax and Customs Board of the invoice that is due for payment.
- 8.16. The Seller is obligated to issue a separate invoice (in English, unless agreed upon otherwise) for costs relevant to NATO Armed Forces.
 - 8.16.1. For Goods ordered for NATO Armed Forces, a 0% VAT rate applies, in accordance with Value-Added Tax Act § 15 section 3 subsections 6, 6¹ and section 4 subsections 14 and 14¹.

8.16.2. Conditions for Goods ordered for NATO Armed Forces shall be agreed upon within the corresponding public contract or purchase order.

8.16.3. The basis for tax relief is proof of exemption from VAT, issued by the Buyer to the Seller.

9. Rental of goods

- 9.1. If the need arises, the buyer will be able to rent goods from the seller on the basis of the contract, the more precise terms of which will be agreed upon in the procurement contracts to be awarded. The provisions of this Agreement shall apply to the hiring of goods in such a way that they do not conflict with the nature of the hiring of the goods. The rent of goods shall be based on the general principles specified in clause 9) of the contract and, in the procurement contracts, additionally and differently from those agreed in the general principles.
- 9.2. When renting the goods, the buyer undertakes to use the rented goods sparingly and prudently, to carefully comply with the requirements arising from the rules for the maintenance, use and exploitation of the manufacturing plant of the rented goods.
- 9.3. When renting goods, the buyer undertakes to ensure that if the user of the rented goods has a legal obligation to have a permit for operating the rented goods, then the rented goods are operated by an authorized person with a valid permit.
- 9.4. When renting goods, the buyer undertakes to comply with safety regulations and to implement prescribed security measures when using the rented goods.
- 9.5. Upon termination of the procurement contract, the buyer undertakes to return the leased goods to the seller, unless this is not possible.
- 9.6. The rented goods to be returned by the buyer to the seller must be in the same complete set, contain the accessories supplied with the rented goods or installed by the seller and improvements belonging to the seller. The goods must not have significant damage (significant damage does not include natural damage to the exterior paint coating that occurs during operation, such as stone chips, color tone changes due to UV radiation, and scratches that do not penetrate the paint coating or natural wear and tear).
- 9.7. The buyer has the right to return the rented goods to the seller before the end of the rental period, of which the buyer informs the seller within the time limit specified in the procurement contract.
- 9.8. In case of damage, the buyer undertakes:
 - 9.8.1. prevent the damage from increasing with all the means at his disposal, find out the reasons for the damage at the scene and record them in writing;
 - 9.8.2. in the event of damage, theft, robbery, report the incident of damage immediately upon discovery, but no later than within 24 hours of its discovery, to the police, submit a written criminal complaint, report or request to initiate misdemeanor proceedings, and provide the seller with written evidence of the submission of the application;
 - 9.8.3. notify the emergency services if fire or water damage is discovered;
 - 9.8.4. notify the seller of the incident of damage, submit a written statement of damage and the necessary documents to explain the circumstances of the incident immediately, but no later than within 2 working days of learning about the incident of damage; to keep the damaged rented goods in the condition after the damage event until the rented goods are inspected by the seller; ask the seller for instructions on how to reduce the damage, store and preserve the damaged rented goods in the condition after the damage and follow the corresponding instructions.
- 9.9. If the rented goods are damaged as a result of a damage incident, the buyer wants to replace the damaged rented goods with new rented goods as soon as possible. In such a case, the parties agree on future rental options to rent equivalent rented goods for the rest of the rental period. The use of the replacement leased goods by the buyer and the re-use of the repaired

leased goods by the buyer is carried out under the conditions stipulated in the procurement contract and on the basis of the monthly fee fixed in the procurement contract.

10. Force Majeure

- 10.1. Breach of contractual obligations is excusable, if the Party was in breach of obligations due to force majeure. Under force majeure, the Parties deem circumstances, which the Party that was in breach of obligation could not influence, and on the grounds of the prudent person principle the Party could not have been expected to take that circumstance into account during the performance of the contract or avoid it or overcome the hindrance or its consequence, e.g. natural disasters, power failures, hostilities, blockades. The Parties do not deem the inability of the Seller's third party contractual partner to perform the contract as force majeure.
- 10.2. If any circumstance that applies to the conditions of force majeure incurred the non-performance of the contract within a deadline stipulated in the contract or its annexes and its effect is temporary, the behaviour of the Party in breach of obligations is excusable only at a time when the force majeure inhibited the performance of the obligation.
- 10.3. Due to the event of a force majeure, the time limit for the performance of the contractual obligation shall be postponed, but for no more than 90 calendar days, unless the Parties have agreed otherwise.
- 10.4. The Party who cannot perform their obligations due to force majeure must promptly notify the other Party of the arisen circumstance and its conclusion. Failure to notify or failure to notify timely removes from the Party the right to refer to the excusability of the breach, i.e. the emergence of the force majeure, and the Party who was in breach of obligation to notify is responsible for the breach of contractual obligations, according to the stipulations of this contract.
- 10.5. In the event that the effect of the force majeure is permanent and does not enable the Parties to perform their contractual obligations in full or partially, the Parties have the right to terminate or withdraw from the contract, by submitting a corresponding termination of / withdrawal from the contract to the other Party.
- 10.6. Circumstances arising from the COVID-19 pandemic shall not be deemed as force majeure. In the event that new unforeseen restrictions are implemented after the conclusion of the contract, which are related to the COVID-19 pandemic and prohibit or inhibit the performance of the contract, they may be deemed as force majeure.
- 10.7. Effects on the obligation of delivering Goods or providing Services arising from the restrictions on import from the Russian Federation and Republic of Belarus shall not be deemed as force majeure by the Parties, provided that these circumstances were present at the moment of conclusion of the contract.

11. Warranty Obligation

- 11.1. With the contract, the seller gives a warranty of **24 months** for the goods, a warranty of **6 months** for the repairs performed and batteries, and a warranty of **12 months** for the installed spare parts.
- 11.2. Warranty applies from the moment that the Goods have been received by the Buyer without any deficiencies or from the moment that the delivery-acceptance act or delivery note has been signed by both parties for Services which have been rendered without deficiencies.
- 11.3. In the event that the manufacturer's warranty for Goods or Services is in any way more favourable towards the Buyer (e.g. in terms of time) than the warranty obligation stipulated in the contract, the Seller is obligated to provide the utilization of such warranty claim to the Buyer, if such a circumstance arises, under more favourable conditions towards the Buyer, which are derived from the manufacturer's warranty conditions.

- 11.4. Warranty covers all deficiencies that become evident during the warranty period, all the while taking into account normal wear and tear for Goods, and for Services, the manufacturer's instructions.
- 11.5. The Buyer is obligated to inform the Seller about deficiencies regarding ordered Goods or Services to the Seller's email address, unless agreed otherwise in the public contract.
- 11.6. The Seller is obligated to replace the defective Goods or remedy the repercussions of insufficiently rendered Services free of charge within 90 calendar days, starting from the moment that the Buyer's corresponding and justified warranty claim was received. With the Buyer's written consent, this period may be longer.
- 11.7. The Seller covers all costs relevant to the replacement of defective Goods or insufficiently rendered Services, including transport.
- 11.8. Goods replaced or Services rendered insufficiently during the warranty period shall be given a new warranty that has the same duration as the original Goods or Services.

12. Confidentiality and Security Requirements

- 12.1. Under confidential information, the Parties deem information, personal details, security details and documents that are clearly marked for internal use only, that become available during the performance of the contract, and other information, whose disclosure might damage the interests of the Buyer. Confidential information does not include information whose obligation of disclosure derives from legislation, on the condition that such a disclosure is performed in the most restricted way possible from all possible options.
- 12.2. Parties agree not to disclose the other Party's confidential information neither during the duration of the contract nor later without the other Party's written agreement. Both Parties shall protect the confidentiality of the information that was made known to them during the performance of the contract.
- 12.3. The Seller agrees not to use any documents or information that pertains to the contract without the Buyer's written agreement, except in cases which are necessary to perform the contract. All documents except the contract are property of the Buyer and at the Buyer's demand, the Seller is obligated to return them after the expiry of the contract.
- 12.4. Disclosure of information to any third parties that is for internal use only is prohibited.
- 12.5. In the event that the Seller must enter premises under the area of administration of the Estonian Ministry of Defence in order to perform the contract, the Seller must follow applicable security conditions (Annex 1). In the event that the Seller employs subcontractors at the aforementioned premises, they must previously be coordinated with the Buyer in writing and all security conditions stipulated in the contract apply to them as well. Responsibility for the performance of security conditions by the subcontractors rests on the Seller.
- 12.6. In the event that the Seller must enter premises under the area of administration of the Ministry of Defense of the Republic of Moldova in order to perform the contract, the Seller must follow applicable security conditions, which shall be added to the concluded public contract. In the event that the Seller employs subcontractors at the aforementioned premises, they must previously be coordinated with the Ministry of Defense of the Republic of Moldova in writing and all security conditions stipulated in the contract apply to them as well. Responsibility for the performance of security conditions by the subcontractors rests on the Seller.
- 12.7. Notices relating to the subject of the contract or its performance that are directed towards the general public, including press releases, referring to the Buyer in an advertisement or Internet publication, is allowed only with the Buyer's consent by any means capable of producing a written record.

13. Intellectual Property Rights

In the event that the Goods or a part of them (incl. relevant information) are protected by intellectual property rights, the Seller shall grant to the Buyer a global irrevocable royalty-free license in accordance with the Copyright Law, which is valid until the term of protection of copyright. The license shall be deemed to be transferred from the moment that the Goods or a part of them (incl. relevant information) have been transferred. The terms for transfer and utilization of intellectual property rights can be agreed upon otherwise in the corresponding public contract.

14. Liability

- 14.1. In the event of improper performance or non-performance of contractual obligations, Parties shall accept responsibilities with regard to the other, in accordance with the terms of the contract and valid legislation.
- 14.2. The Seller is responsible for any breach of the contract, especially if the Goods and/or Services do not meet the requirements agreed upon in the contract and its annexes.
- 14.3. Ownership of Goods and the risk of loss of, or damage to, the Goods is transferred from the Seller to the Buyer generally at the appropriate delivery of Goods, unless agreed otherwise.
- 14.4. The Seller is responsible for the non-compliance of Goods (deficiencies) to the terms of the contract, if the non-compliance exists during the transfer of risk of loss of, or damage to, the Goods to the Buyer and if the non-compliance of Goods to the terms of the contract is discovered (i.e. it was not possible to discover the deficiencies during normal inspection, so-called hidden deficiencies) after the said risk was transferred to the Buyer.
- 14.5. The Seller is responsible for the non-compliance of Services (deficiencies) to the terms of the contract, if the non-compliance of the Service to the terms of the contract is discovered (i.e. it was not possible to discover the non-compliance during regular inspection, so-called hidden deficiencies) after the Service was rendered.
- 14.6. In the event that the Seller performs the contract improperly, the Buyer has the right to refuse the acceptance of Goods or rendered Services and the obligation of payment per purchase price, and issue to the Seller a claim to perform the obligation in accordance with the contract after the discovery of the breach of obligation, by giving the Seller a reasonable time limit to perform the contract. Until the proper delivery of Goods or provision of Services to the Buyer, the Seller is deemed late with delivery.
- 14.7. Goods do not comply with the terms of the contract *inter alia* if the Goods do not have the agreed-upon attributes, the Goods cannot be utilized for their intended purpose, a third party has claims to the Goods or other claims that they can issue or the Goods have not been packaged in accordance with the terms of the contract or the delivery note is absent.
- 14.8. Services do not meet the terms of the contract, *inter alia*, when the Service has not been provided at the expected quality level, when there is no invoice submitted for the Service, the Service lacks agreed-upon characteristics, the Service has not been provided by the agreed-upon deadline, in the agreed quantity, at the specified frequency, the Seller does not provide proper documentation regarding the provision of the Service, or fails to provide information to the Buyer regarding the performance of the contract, and similar situations.
- 14.9. The Buyer is obligated to inform the Seller in writing about the non-compliance of the Goods or Services (incl. deficit with the Goods) within 14 days, if the Buyer or the Buyer's authorized representative discovered the non-compliance of the Goods or Services to the terms of the contract. In said notice, the Buyer is obligated to claim performance of the obligation, by giving a reasonable time limit to the Seller for the duly performance of the obligation, which generally cannot be longer than 60 days.
- 14.10. In the event that the Buyer does not inform the Seller about deficiencies with the Goods or Services within the time limit stipulated in the contract after the discovery of the deficiencies,

- the Seller is free from responsibility from the deficiencies with the Goods or Services, except in cases when not informing the other Party of deficiencies was reasonably excusable.
- 14.11. If the Goods delivered or Services rendered to the Buyer are not in compliance with the terms of the contract, the Buyer has the right to demand from the Seller the replacement of non-compliant Goods with Goods that are in accordance with the terms of the contract or the second provision of Services that is in compliance with the terms of the contract.
- 14.12. If the Goods have not been delivered or Services have not been rendered by the set time limit, the Buyer has the right to claim a contractual penalty of up to 0.25% per day of the Goods not delivered or Services not rendered on time for every calendar day due, but no more than 50% of the cost of the respective public contract.
- 14.13. If there is a deficit in the quantity of the Goods, the Buyer is entitled to accept the given Goods and issue a claim to the Seller to deliver the missing quantity of the Goods to a delivery point designated by the Buyer within the borders of the Republic of Estonia and/or Republic of Moldova at the Seller's expense.
- 14.14. If during the performance of the Contract, it is established that the Seller, their subcontractors, the economic entities whose capacities are relied upon, or persons controlling them, or the Goods supplied by the Seller (including their components and manufacturers of goods and parts thereof) pose a threat to the national security of the Beneficiary state and/or satisfies at least one of the prohibited conditions provided for in the Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, including amendments made by Council Regulation (EU) 2022/576 of 8 April 2022 amending Regulation (EU) No 833/2014, Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, including amendments made by Council Implementing Regulation (EU) 2022/581 of 8 April 2022, the Buyer has the right to claim from the Seller a contractual penalty, which makes up 10% of the cost of the public contract.
- 14.15. In addition to terminating or withdrawing from the contract, the Parties have the right to demand a contractual penalty for a significant breach of the contract, compensation for damages, and use other legal remedies.
- 14.16. If the Seller is in breach of any other contractual obligations beside on-time delivery or on-time provision of Services, the Buyer has the right to claim a contractual penalty of up to 10% of the total cost of the Goods or Services of the subject of the public contract.
- 14.17. If a Party is in breach of a confidentiality obligation, the other Party has the right to claim a contractual penalty of up to 10 000 Euros per each corresponding breach.
- 14.18. In the event that the Buyer delays payment of the invoice, the Seller has the right to claim from the Buyer default interest stipulated in the Law of Obligations § 113 subsection 1 for the sum unpaid by the time limit of up to 0.25% per day for every calendary day overdue, on the condition that the Buyer has been informed of the default interest within 30 days since its occurrence. The total sum of the default interest shall not exceed 10% of the sum overdue.
- 14.19. Contractual penalties are to ensure the performance of the agreed-upon obligation, not to replace the performance of the obligation. Claiming a contractual penalty does not remove from the Buyer the right to claim compensation of damages relevant to the breach of contract.
- 14.20. The right of claim of contractual penalties is 180 days from the discovery of the corresponding breach.
- 14.21. Contractual penalties and default interests are paid within 28 working days, starting from the reception of the corresponding claim. The Buyer has the right to deduct the sums of claims of the contractual penalties and sums of compensations from the amounts to be paid to the Buyer.
- 14.22. In the event that the Seller does not start to perform the public contract concluded as a result of the mini-competition, the Buyer has the right to claim compensation of damages

within the range of difference in cost between the Seller's submitted tender and the new successful tenderer's tender.

15. Grounds for Termination of Contract

- 15.1. Upon termination of or withdrawal from the contract, the Buyer shall grant the Seller a reasonable time limit for performing the contract, which generally cannot be longer than 30 days. The time limit provided for the performance of the contract does not exempt the Party from the liability for breach of obligations.
- 15.2. The Buyer is not obligated to grant the Seller a time limit for performing the contract upon the termination of / withdrawal from the contract in the event of a significant breach of contract. In such an event, the Buyer shall submit to the Seller an application for termination of / withdrawal from the contract within a reasonable time limit, starting from the moment the significant breach of contract became apparent. The termination of / withdrawal from the contract is deemed to have been finalized when the application for termination of / withdrawal from the contract has been received by the Seller.
- 15.3. Upon expiry of the additional time limit given for the performance of the contract, the Buyer can submit to the Seller a written application for the termination of / withdrawal from the contract. The contract is deemed to be terminated / withdrawn from at the moment of the application's reception by the Seller. An application for the termination of / withdrawal from the contract is not necessary, if upon previously granting an additional time limit, the Buyer has informed the Seller in writing about the termination of / withdrawal from the contract in the event of an unperformed contractual obligation during the given time limit. In such an event, the contract shall be terminated upon the passing of the time limit provided by the Buyer for the performance of the contract and on the condition that the Seller has not offered proper performance of the contract to the Buyer.
- 15.4. Both Parties have the right to terminate or withdraw from the contract, if the other Party is in significant breach of contractual obligations (significant breach of contract). Significant breaches of contract include *inter alia*:
 - 15.4.1. one Party is in breach of contractual obligations wilfully or due to severe negligence;
 - 15.4.2. the Seller has not performed their obligations during the additional time limit given by the Buyer;
 - 15.4.3. the Seller has notified the Buyer about their refusal to perform the contract;
 - 15.4.4. the Seller has submitted false information or forged information;
 - 15.4.5. one Party is in breach of the obligation of confidentiality;
 - 15.4.6. the breach of obligation gives one Party reasonable cause to presume that the other Party will not be performing their obligations in the future;
 - 15.4.7. the Seller has infringements of the law with the sale of the item of the contract or provision of Services;
 - 15.4.8. the Seller's licenses for the performance of the contract expire and the Seller does not extend them or the extension of the licenses is not possible for circumstances independent of the Seller;
 - 15.4.9. the Seller has been in breach of contractual (including public contracts) conditions more than three times.
- 15.5. The Buyer has the right to terminate the contract under extraordinary circumstances, if a bankruptcy order or process of liquidation has been initiated towards the Seller.
- 15.6. The Buyer has the right to terminate or withdraw from the contract at any time, by informing the Seller at least 30 calendar days beforehand.
- 15.7. Both Parties have the right to terminate the contract at any time with both Parties' written consent.
- 15.8. In the event of terminating the contract, the Parties are not obligated to perform the contract. In the event of a termination of / withdrawal from the contract, both Parties are

obligated to return to the other Party everything that has been already delivered for the time following the termination of the contract, in accordance with the Law of Obligations Act.

15.9. In the event that one of the Buyers has terminated the contract under the basis mentioned in Section 14 of the contract, the termination applies to all Buyers.

16. Contact Persons

16.1. The buyer's contact person is the category manager of the relevant field, who is the category manager of air, sea and combat vehicles at the time of signing the contract **Marek Mardo**, tel +372 5853 9577, e-mail marek.mardo@ecdi.ee.

16.2. The Buyer's purchase manager or the Buyer's authorized contact persons shall issue purchase orders. Authorizations and their retractions take place via email.

16.3. The Seller's contact person is **Aleksejs Korolovs**, tel +371 2710 2858, e-mail aleksejs.korolovs@atlasdynamics.eu.

16.4. All notices which do not have legal consequences shall be issued via email and must be addressed to the contractual persons of contact, unless agreed otherwise in the contract.

16.5. In the event of changes to contact persons or other information, the corresponding Party shall inform the other Party of such changes promptly via email. This notice shall not be deemed as amendment to the contract.

17. Final Provisions

17.1. This contract shall enter into force with the Buyer's signature.

17.2. The contract is valid for 48 months or until the estimated maximum cost has been met.

17.3. Language used to perform the contract is Estonian, unless the Parties have agreed otherwise.

17.4. This contract is in Estonian and English. In case of any discrepancy between the Estonian and English versions of the agreement, the wording of the Estonian version shall prevail.

17.5. For the performance of this contract and disputes arising from the contract, legislation of the Republic of Estonia is prevalent, unless the Parties have agreed otherwise.

17.6. Both Parties have agreed to use all means necessary to settle differences between one another through negotiations. In the event of not reaching an agreement, the dispute shall be settled in accordance with the legislation of the Republic of Estonia at the Harju District Court, unless the Parties have agreed otherwise.

17.7. The invalidity of a single provision of the contract does not bring about the invalidity of the entire contract or other provisions.

17.8. Neither Party has the right to transfer their contractual rights and obligations to third parties without a written consent of the other Party.

17.9. Amending the concluded contract can be agreed upon on the grounds and extent of the Estonian Public Procurement Act.

17.10. Amendments to the contract are valid if they have been formalized in writing. Not following the written format requirement deems any amendments to the contract void. All amendments to the contract shall enter into force upon signature by both Parties or upon the time limit stipulated by the Parties.

17.11. Notifications of legal effect between the Parties must be submitted in writing or via e-mail with signatures from the respective Party. A written notice shall be deemed to have been received *inter alia* if it has been sent by registered mail to the address specified in the contract and 5 working days have passed since the notice was mailed. When sending the notice via email, the notice is be deemed to have been received on the working day after the notice was sent.

17.12. In the event of a conflict between the provisions of the contract and the public contract concluded for purchasing Goods or ordering Services in the Republic of Moldova, the

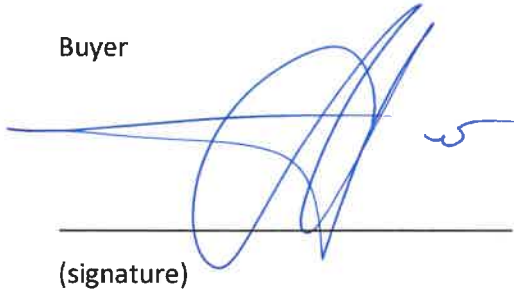
provisions of the public contract for purchasing Goods or ordering Services in the Republic of Moldova shall apply.

17.13. This contract has been made in one copy and signed by both Parties digitally / in writing and issued to all Parties with signatures.

18. Annexes

Annex 1. Security Requirements with Annexes;
Annex 2. Conditions for Packaging and Delivering Spare Parts;
Annex 3. EPF Requirements;
Annex 4. The Seller's Tender.

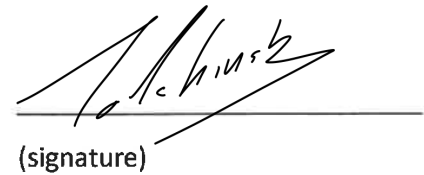
Buyer

A blue ink handwritten signature, appearing to be 'Magnus-Valdemar Saar', is written over a horizontal line. The signature is stylized with large loops and a long horizontal stroke extending to the left.

(signature)

Magnus-Valdemar Saar
Director General
National Armaments Director

Seller

A blue ink handwritten signature, appearing to be 'Ivan Tolchinsky', is written over a horizontal line. The signature is stylized with a large 'I' and a long horizontal stroke extending to the right.

(signature)

Ivan Tolchinsky
Member of the board

Annex 1 Security requirements with annexes

The location of the public procurement object is in the restricted military area of the Defence Forces and due to that, the contracting party is notified of the following conditions:

1. Purpose of giving notice of security conditions

- 1.1. The purpose of giving the contracting party notice is to explain to the contracting party the relations, rights and obligations of the parties in adhering to security requirements in the restricted military area of the Defence Forces.

2. Definitions

- 2.1. Giving notice, the following definitions shall apply:
 - 2.1.1. **Person to be checked** – employee of the contractor or subcontractor who is subject to a background check, having given his or her prior written consent when applying for the right to enter to the restricted military area of the Defence Forces.
 - 2.1.2. **Background check** – inspection of the circumstances provided for in § 41³ of the Estonian Defence Forces Organisation Act with the purpose of ensuring the security of the Defence Forces and to decide on allowing the person to be checked to enter the restricted military area of the Defence Forces.
 - 2.1.3. **Structural unit of the Defence Forces** – in the meaning of § 12 and § 13 of the Estonian Defence Forces Organisation Act.
 - 2.1.4. **Restricted military area of the Defence Forces** – in the meaning of § 50 of the Estonian Defence Forces Organisation Act.
 - 2.1.5. **Subject-matter of the public procurement** – the area of work located in the restricted military area of the Defence Forces intended for performing the contract.
 - 2.1.6. **Security requirements** – the general security requirements specified in this document, incl. the requirements related to conducting background checks and the requirements established to ensure the security of the Defence Forces arising from other legal acts.
 - 2.1.7. **Access application – document**, that the contractor's responsible person is obligated to submit in order to initiate a background check of the person to be checked and for that person to obtain a right to access the site. Access application can be submitted using the attached sample or by sending a free-form e-mail to the e-mail address: teenusepakkujad@mil.ee. **Completed background check consent forms shall be attached to the application.**
 - 2.1.8. **Consent form** – document form accompanying the access application that the person to be checked is required to complete.
 - 2.1.9. **Right of access** – the right to be present at the site in connection to performing the contract. One of the prerequisites for obtaining the right of access is to pass a background check,
 - 2.1.10. **Person with the right of access** – employee of the contractor or subcontractor who has passed the background check and who has the right to enter and stay at the site unaccompanied in connection with performing the contract. Person with the right of access shall be admitted to the object under the conditions established by the specific structural unit of the Defence Forces.
 - 2.1.11. **Person with a special right of access** – person with the right of access who, only in exceptional cases and with the prior approval of the responsible person of the Defence Forces, has the right to enter and stay at the site with an escort of the contractor in connection with performing the contract.
 - 2.1.12. **Responsible person of the Defence Forces** – person appointed by the Defence Forces who is responsible for compliance with the security requirements at a site in a specific restricted military area of the Defence Forces.

- 2.1.13. **Responsible person of the Centre for Defence Investment** – contractual contact person, through whom the performance of contractual obligations and the forwarding of the notices, requirements and other documents prescribed in the contract is organized.
- 2.1.14. **Responsible person of the contractor** – person appointed by the contractor responsible for compliance with security requirements.
- 2.1.15. **Responsible person at the site** – person appointed by the contractor responsible for compliance with security requirements at the site located in the restricted military area of the Defence Forces.
- Person referred to in clauses 2.1.14 and 2.1.15 may be the same person.

3. Rights and obligations of the contractor

3.1. Contractor has the right to:

- 3.1.1. receive from the responsible person of the Defence Forces information necessary for fulfilling security requirements;
- 3.1.2. receive information on obtaining a right of access from the responsible person of the Defence Forces, dependent on the results of the background check.

3.2. Contractor is obligated to:

- 3.2.1. ensure the provision of the service agreed upon in the contract only by a person with a right of access;
- 3.2.2. ensure the compliance of the person with a right of access, incl. a person with a special right of access, with the conditions established in the restricted military area of the Defence Forces and to ensure the compliance of the subcontractor as well;
- 3.2.3. not to make a plan whereby the service would be provided by a person:
- to whom a right of access has not been granted;
 - who has not undergone a background check; or
 - who has a special right of access but the right of access has not been coordinated;
- 3.2.4. submit the following documents to the e-mail address teenusepakkujad@mil.ee, that are required to be presented in order to obtain a right of access and initiate the background check as soon as possible, ad not later than seven (7) working days before the commencement of the work agreed upon in the contract, of the physical person providing a service at the site
- access application (see example), and
 - completed and handwritten (scanned) or digitally signed consent of the person to be checked;
- 3.2.5. forward the original documents of the consents indicated in the aforementioned clause to the postal address: Defence Forces, Magasini 31A, 10138, Tallinn;
- 3.2.6. indicate in the free-form access application:
- the forename and surname, personal identification code of the natural person providing the service and the name of the contractor and / or subcontractor;
 - justification for obtaining the right of access, i.e. description of the service or work to be performed at the specific site;
 - reference to the contract concluded and the term of the contract;
 - information on the vehicle (make/model and registration number) with which the restricted military area of the Defence Forces would be accessed;
 - contact details of the contractor's representative (e-mail address, phone number);
 - signed consent of the person to be checked; attach it to the application.
- 3.2.7. add the following to the application for gaining right of access and initiating a background check for an alien:
- copy of the picture page of the identity document, incl. a visa or other document confirming the legal basis for staying in Estonia;

- 3.2.8. confirmation and certification of granting, possessing and extending the legal basis for the employment of an alien in Estonia (Aliens Act § 19 and § 20);
- 3.2.9. submit a new access application together with the person's consent, if, as a result of the background check of the person being checked, a right of access has not been obtained;
- 3.2.10. maintain an up-to-date list of persons with a right of access, and to update, at the end of each calendar year, the list of employees who will continue to provide the service during the new calendar year, to this end an up-to-date list shall be sent to the e-mail address teenusepakkujad@mil.ee;
- 3.2.11. notify without delay of a person with a right of access no longer needing access to the site, by sending an e-mail to teenusepakkujad@mil.ee;
- 3.2.12. notify without delay the responsible person of the Defence Forces of any security requirement violations or suspicions of violations at the site.

4. Rights and obligations of the Defence Forces

4.1. The Defence Forces have the right to:

- 4.1.1. conduct a background check on the person to be checked, this is generally done within seven (7) working days of receiving a proper access application and consent;
- 4.1.2. **conduct a new background check if the conditions specified in clause 3.2.9 are met, following the deadlines set forth in clause 4.1.1;**
- 4.1.3. **in other justified cases, extend the deadline for a background check by up to seven (7) working days, giving notice of this to the responsible person of the Contractor in a form that can be reproduced in writing;**
- 4.1.4. establish security requirements, notifying the responsible person of the Contractor of these without delay;
- 4.1.5. grant a right of access to the person being checked or restrict that person's right of access or grant the right of access to that person with a special condition on the basis of circumstances revealed in the background check;
- 4.1.6. refuse to grant a right of access for security reasons, incl. to a person who has not been a subject of a background check or to a person who cannot be subjected to a background check, but also to refuse to coordinate the right of access of a person with a special right of access;
- 4.1.7. restrict access to military restricted areas for stateless persons or persons with foreign citizenship, adhering to right of access to state secrets, the need to know and other requirements provided for in the State Secrets and Classified Foreign Information Act;
- 4.1.8. prohibit the person checked from entering the site if no consent was submitted or if it was submitted incorrectly;
- 4.1.9. check the observance of security requirements established at the site with regard to a person with a right of access and / or to a person with a special right of access;
- 4.1.10. prohibit the person referred to in clauses 2.1.10 and 2.1.11 from staying in the restricted military area of the Defence Forces in the event of non-compliance with or violation of security requirements.

4.2. The Defence Forces undertakes to:

- 4.2.1. notify, in a form reproducible in writing, the responsible person of the Contractor in writing of a person checked being given a right of access, incl. the relevant restrictions at the site;
- 4.2.2. notify the responsible person of the Contractor of determining a violation of the security requirements by a person with a right of access or a special right of access, which excludes him or her from acquiring a further right of access to the site;
- 4.2.3. introduce the security requirements established at the site or amendments thereto to the person with a right of access, incl. person with a special right of access.

- 4.3. The contacts of the responsible person of the Defence Forces (clause 2.1.12), the responsible person of the Centre for Defence Investment (clause 2.1.13), the responsible person of the contractor (2.1.14), the responsible person at the site (clause 2.1.15) shall be determined upon concluding the contract.

5. Final provisions

- 5.1. A party shall notify the other party in writing of a change of responsible persons in a format which can be reproduced in writing.
- 5.2. During the processing of personal data, the requirements of the applicable legislation are adhered to.
- 5.3. The Defence Forces have the right to make extraordinary proposals to the Centre for Defence Investment to terminate the contract regardless of the period for giving notice, if the contractor violates the obligations specified in clauses 3.2.1. – 3.2.4, the confidentiality requirement provided in the contract is not observed or the contractor's or subcontractor's employees do not comply with the requirements established in the restricted military area of the Defence Forces.

APPLICATION FOR GAINING ACCESS TO THE RESTRICTED MILITARY AREA OF THE DEFENCE FORCES

ACCESS APPLICATION

[Registration number]

[.....] date

With this application, I confirm that **[company name]** has concluded a contract with **[name of the institution]** and has a need to gain access to the restricted military area of the Defence Forces in connection with Contract No. *[Contract No.]*. The Contract shall remain in force from **[start date of the contract]** to **[end date of the contract]**.

[Name of the company] performs in the restricted military area of the Defence Forces **[purpose of the contract, nature of the works]** and applies for a right of access to the following sites:

1. Name of the site: ***[name of the site]***

Address: ***[address]***

Responsible person at the site: ***[forename and surname], [phone number], [e-mail address]***

Responsible person of the Defence Forces: ***[forename and surname]***

2. etc.

With regard to need to access the aforementioned sites of the Defence Forces, the contractor **[company name]** requests that a background check be initiated on the following person(s) as employees of the contractor **[company name]** ***[and name of the subcontractor]***, based on the consent of the persons (signed consent forms attached to the application) and vehicles noted in the access application.

Employees of the main contractor ***[company name]***:

1. ***[forename and surname, personal identification code]***

2. etc.

Employees of the subcontractor ***[company name]***:

1. ***[forename and surname, personal identification code]***

2. etc.

Vehicles:

1. Registration numberMake / model

2. etc.

The contractor is aware that, depending on the result of the background check, the Defence Forces has the right to restrict the access of persons to the restricted military area of the Defence Forces and that successfully passing the background check does not guarantee automatic access to the restricted military area of the Defence Forces.

[Signature] _____

[forename and surname]

[Position]

Annexes: consents on ... pages.

Annex 2. Conditions for Packaging and Delivering Spare Parts

The label attached to the original packaging of the Goods must contain the following details at a minimum:

- name of the Goods;
- vehicle make;
- NSN-code (if applicable);
- product code;
- the Seller's warehouse code.

1. Packaging

When transporting Goods on pallets, the products are packaged into grouped packaging (packing crates). The Seller agrees to provide packaging that ensures the Goods' conservation during its transportation to the destination and its long-term storage in unchanged form.

Labels for grouped packaging are at least an A4-size in capital letters and in bold. The minimum letter height is 8 mm. There is a label on at least two sides of the packing box.

The labelling details on the label are in the following order:

- name of the Goods;
- product and/or NSN-code (if applicable);
- quantity and unit (pieces/EA);
- delivery time (month and year);
- contract number and batch number (if the Goods are delivered in several parts);
- the Seller's name;
- the Seller's address;
- delivery address.

Packing crates are placed on pallets. The pallet dimensions are 800x1200 mm. Pallets must be intact (not decayed, mouldy and with no broken boards), clean and there cannot be any protruding nails. Pallets must endure the long-term storage of the Goods. The maximum height of packing crates placed on pallets is 1200 mm (pallets are not returnable). Plastic film is used for transport, which covers the packing crates on the pallets. Plastic film keeps the product crates firmly on pallets and protects them from the elements.

Labels for transporting packaging are at least an A4-size in capital letters and in bold. The minimum letter height is 8 mm. There is a label attached on all sides (four labels on one package). The conservation conditions are up to five years in ventilated permanent structures. Transport is in confined form and on land, air and sea. The package must endure handling with mechanical tools. The labelling details on the label are in the following order:

- NSN-code (if applicable);
- product name;
- quantity and unit (pieces/EA);
- delivery time (month and year);
- contract number and batch number;
- the Seller's name;
- the Seller's address;
- delivery address.

If the order is for a single product or a small quantity of Goods, then the Goods must be packaged in other appropriate and suitable packaging. The cost of the Goods's packaging is covered within the cost of the sold Goods.

2. Delivery Conditions

The Goods must be delivered unbroken and unspoiled and in suitable packaging for transport.

Delivery addresses in Estonia:

- 1st Infantry Brigade	Täpsustatakse lepingu sõlmimise ajal
- 2nd Infantry Brigade	Täpsustatakse lepingu sõlmimise ajal
- Support Command	Täpsustatakse lepingu sõlmimise ajal
- Logistics Battalion	Täpsustatakse lepingu sõlmimise ajal
- Ämari Air Base	Täpsustatakse lepingu sõlmimise ajal
- Navy	Täpsustatakse lepingu sõlmimise ajal
- Military Police	Täpsustatakse lepingu sõlmimise ajal
- Cyber Command	Täpsustatakse lepingu sõlmimise ajal

Delivery addresses in Moldova:

- Headquarters Regiment "General de brigadă Nicolae Petrica", 3 Petrarilor Street, Chisinau, Republic of Moldova

The Buyer shall specify delivery locations during the performance of the Contract. Transport of the Goods to the destination set by the Buyer takes place with the Seller's own mode of transportation.

Appendix

European Peace Facility (EPF) requirements on the eligibility and origin of military equipment on the Common Military List of the European Union

(applicable to assistance measures adopted after 15 November 2022) ⁽¹⁾

In accordance with Articles 7.1.12, 7.1.8 and 7.1.10 of the enclosed Special Conditions of the EPF Contribution Agreement:

- a. **Rules of nationality:** For the purchase of items on the Common Military List of the European Union ⁽²⁾ eligibility shall be restricted. With reference to Article 20.1 of the General Conditions, participation in procurement procedures shall always be open to international organisations as well as to organisations and companies established in EU Member States, Albania, Bosnia and Herzegovina, Georgia, Iceland, Kosovo*, Liechtenstein, Moldova, Montenegro, North Macedonia, Norway, Serbia, and Ukraine ⁽³⁾.

In addition, if the eligibility rules of the contracting Organisation allow it, participation may also be open to organisations and companies from any of the following countries: Aruba, Canada, Chile, Hong Kong Special Administrative Region of the People's Republic of China, Israel, Japan, Mexico, Singapore, South Korea, Switzerland, Taiwan, the United Kingdom, the United States of America ⁽⁴⁾.

- b. **Rules of origin:** With reference to Article 20.1 of the General Conditions, items on the Common Military List of the European Union may not originate ⁽⁵⁾ from countries other than those listed under point (a) above ⁽⁶⁾.

⁽¹⁾ Rules for the implementation of revenue and expenditure financed under the Facility (WK 8984/2021 INIT, as amended by WK 17213/2022), entered into force on 30 November 2022, available at: <https://www.consilium.europa.eu/media/60848/cpf-new-implementing-rules.pdf>.

⁽²⁾ Common Military List of the European Union adopted by the Council on 20 February 2023, Council Notice (CFSP) 2023/C 72/02 (OJ C 72, 28.2.2023, p. 2-37).

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* This designation is without prejudice to positions on status, and is in line with UNSCR 1244(1999) and the ICJ Opinion on the Kosovo declaration of independence.

⁽³⁾ As per Article 50(1) third sub-paragraph of Book 3 of the EPF Implementing Rules.

⁽⁴⁾ As per Article 50(2) of Book 3 of the EPF Implementing Rules.

⁽⁵⁾ In accordance with Article 50a, paragraph 2 of Book 3 of the EPF Implementing Rules, items shall be considered as originating in the country where they were wholly obtained, or in which they underwent their last, substantial, economically-justified processing or reworking, resulting in the manufacture of a new product or representing an important stage of manufacture.

- c. **Documentation:** For the purchase of items on the Common Military List of the European Union, documentation related to the nationality of sub-contractors as well as to the origin of items is subject to the archiving obligations under Article 15.1 of the General Conditions.

Should the Organisation deem that the above rules of nationality and origin concerning the procurement of items on the EU Common Military List would not allow the objectives of the action to be achieved, it shall notify the Contracting Authority in advance and send a request for derogation containing the following detailed information:

- The nature of the circumstances that would require a derogation from the rules of nationality and/or origin under points (a) and (b) above;
- The way in which the participation of organisations or companies from country/countries (to be clearly identified) other than the ones listed above and/or the procurement of items originating in country/countries (to be clearly identified) other than the ones listed above would ensure the effective implementation of the assistance measure;
- The estimated duration of the derogation(s) to the rule of nationality and/or to the rule of origin needed for the achievement of the objectives of the action.

The request will be assessed in accordance with Articles 50(2) and 50(a) of Book 3 of the EPF Implementing Rules. The Contracting Authority, where appropriate, will submit it to the EPF Committee for prior consent and will inform the Organisation of the outcome without delay.

IMPORTANT: The above rules of nationality and origin for items on the Common Military List of the European Union shall also apply to sub-contractors, as well as to the origin of the items on the Common Military List of the European Union that may be procured by a grant beneficiary, as prescribed by Article 7.1.8 of the Special Conditions.

⁽⁶⁾ As per Article 50a(1) of Book 3 of the EPF Implementing Rules.