

ESSENTIAL TERMS OF THE AGREEMENT

Joint Stock Company "Latvijas valsts meži", registration No. 40003466281, hereinafter referred to as the "Customer", on one side, and

Riigimetsa Majandamise Keskus, registration No. 70004459, hereinafter referred to as the "Supplier", on the other side,

The Customer and the Supplier together, hereinafter referred to as the Parties, based on the results of the Customer's negotiation procedure "Supply of one-year-old pine container seedlings," (Procurement Identification No. AS LVM 2025_53_Sp, hereinafter referred to as the Procurement), CPV code 03451000-6 (Seedlings) (hereinafter referred to as the Procurement), as an appendix 1 to the Contract of Sale No. 6-27/2025/ 35 (hereinafter referred to as the Contract of Sale), hereby confirm that:

1. Subject of the Contract and Performance Deadline

1.1. Subject of the Contract is stipulated in the Contract of Sale.

1.2. The delivery address for the Goods is Strenču Kokaudzētava, "Kociņi", Trikātas Parish, Valmiera Municipality, LV-4731, Latvia.

1.3. The Supplier shall deliver the entire volume of Goods to the Customer no later than by May 15, 2025.

2. Contract Price and Payment Terms

2.1. The unit prices of the Goods are set out in the Supplier's Financial Proposal (Appendix 2 of the Contract of Sale) and are fixed throughout the term of the Contract of Sale.

2.2. Value Added Tax (VAT) shall be calculated, stated on the invoice, and paid in accordance with the VAT law and other applicable legal acts in the Republic of Latvia and the European Union. If the taxes and duties specified in the Contract and its appendices increase or decrease in accordance with changes in the relevant legal acts, such changes shall apply to the settlement between the Parties in accordance with the respective legal provisions.

2.3. The price of the Contract of Sale includes all costs related to the Goods and the execution of the Contract in accordance with the Technical Specifications, including all costs related to the price of the Goods, delivery, and transportation to the border of the Republic of Latvia, as well as costs related to manufacturing, assembly, and all indirect costs, including all taxes and duties, excluding VAT. The cost of delivering the Goods from the border of the Republic of Latvia to the Customer's specified delivery address shall be borne by the Customer.

2.4. The Customer undertakes to pay the Supplier the Contract price in the following manner:

2.4.1. An advance payment of 10% of the Contract price excluding VAT shall be made by the Customer to the Supplier within 15 (fifteen) calendar days after the Contract enters into force and the Supplier's invoice is received. If the Supplier does not submit an advance payment invoice, it will be considered that the Supplier has waived the advance payment, and the full Contract price shall be paid to the Supplier according to the procedure set out in clause 2.4.2 of the Contract.

2.4.2. The remaining amount shall be paid by the Customer to the Supplier within 30 (thirty) calendar days from the signing of the Goods Delivery-Acceptance Act and receipt of the corresponding invoice, by transferring the amount to the bank account indicated in the Supplier's invoice.

2.5. The Customer's email address for receiving invoices is: rekini@lvm.lv, and to the contact person indicated in the Contract.

2.6. Payment is considered made when the Customer has made the payment from their bank account to the bank account indicated in the Supplier's invoice.

2.7. When preparing the invoice, the Supplier must include the Contract date, Contract registration number, and the name of the subject of the Contract. If the Supplier has not included this information in the invoice, it is considered that the Supplier has not submitted the invoice.

2.8. The Supplier assumes the risk of not requesting additional payment from the Customer if arithmetic errors are found in the Supplier's offer or it is found that the Supplier has not offered a price for the entire volume of the procurement subject according to the Customer's Technical Specifications or has not adhered to other terms and conditions related to the performance of the Contract. The Supplier will cover any additional costs mentioned in this paragraph.

2.9. The Supplier assumes all risks related to the Goods until the Goods are delivered and transferred to the Customer.

3. Delivery, Acceptance, and Handover of the Goods

3.1. The Supplier shall agree on the exact delivery time and place of the Goods with the Customer's responsible person for the Contract, either by phone or electronically, no later than 2 (two) working days before the delivery.

3.2. The Supplier shall deliver the Goods in accordance with the Contract and the Supplier's submitted proposal, ensuring the appropriate quality. The Supplier is responsible for the quality of the Goods and their compliance with the Customer's requirements and the terms of the Contract. The Supplier shall submit the Goods with the Goods Transfer-Acceptance Act in 2 (two) copies or send it electronically to the Customer's responsible person and to the Customer's email address lvm@lvm.lv.

3.3. The delivery of the Goods shall be confirmed by the Parties by signing the Goods delivery document. The Goods Transfer-Acceptance Act, which serves as the basis for payment under the Contract, will only be signed after checking the compliance and quality of the Goods with the Technical Specifications and the Supplier's offer.

3.4. The Goods are considered delivered, and ownership of the Goods passes to the Customer when both Parties sign the Goods delivery document and the Goods Transfer-Acceptance Act, and payment for the Goods is made in accordance with the terms of the Contract and the Supplier's offer.

4. Parties' Responsibility and Penalties

4.1. The Customer has the right to apply a unilateral set-off for any claims between the Parties (including claims from any other contracts between the Parties) by notifying the Supplier in writing within one calendar month from the date of applying the set-off, if the Supplier has the obligation to pay penalties or make other payments under the Contract, and the Customer has an obligation to pay any invoices under any contract between the Parties. If set-off is not possible, the Supplier must pay the Customer's invoice within the specified term and amount.

4.2. If set-off is not possible, the Supplier is obligated to pay the calculated penalty within the term specified in the invoice.

4.3. The Parties are only responsible for direct losses incurred by the other Party due to non-performance or improper performance of the Contract. The Parties are not liable for indirect or incidental damages or lost profits.

4.4. If one Party's delay in fulfilling obligations affects the other Party's ability to fulfill its obligations, the deadline for the other Party's performance shall be extended by the time of the delay caused by the first Party. The Party requesting the extension of the performance deadline must submit documents proving the delay caused by the other Party.

4.5. The Customer is not responsible for the Supplier's obligations to third parties to ensure the performance of the Contract or in connection with the Contract. Such obligations or contracts will only become binding on the Customer with the Customer's express and unequivocal written consent.

5. Amendments to the Contract

5.1. The Parties may amend the Contract by mutual written agreement in accordance with the provisions of Section 61 of the Public Procurement Law and without changing the general nature, type, or purpose of the Contract, provided that the amendments fall under one of the following cases:

5.1.1. The amendments are non-essential.

5.1.2. The amendments are essential and are made under the circumstances set out in the third part of Section 61 of the Public Procurement Law.

5.1.3. The amendments are made under the fifth part of Section 61 of the Public Procurement Law, regardless of whether they are essential or non-essential.

5.2. Amendments to the Contract are allowed if, due to objective circumstances, it is necessary to clarify the technical specifications, and such clarifications do not change the scope or price of the Contract.

6. Termination of the Contract

6.1. The Customer may unilaterally withdraw from the Contract by sending a written notice to the Supplier in the following cases:

6.1.1. The Supplier delays the delivery of the Goods by more than one month and fails to fulfill the obligations within the period specified in the Customer's written notice.

6.1.2. The Supplier performs the Contract without complying with the terms and requirements of the Contract and its appendices, and fails to rectify the violations within the period specified in the Customer's written notice.

6.1.3. The Supplier provided false information in its offer during the Procurement, thereby misleading the procurement commission, resulting in an unjustified right to conclude the Contract.

6.1.4. A bankruptcy process has been initiated against the Supplier, or the Supplier's operations have been terminated, suspended, or halted.

6.1.5. Other cases specified in the Contract or regulatory acts.

6.2. The Supplier may unilaterally withdraw from the Contract by sending a written notice to the Customer if:

6.2.1. The Customer fails to make payments in accordance with clause 2.4 of the Contract, and the penalty reaches 10% of the unpaid invoice amount excluding VAT. 6.2.2. A bankruptcy process has been initiated against the Customer, or the Customer's operations have been terminated, suspended, or halted.

6.3. The Contract is terminated early by unilateral notice or mutual written agreement if it cannot be performed due to the application of international or national sanctions or significant financial and capital market-related sanctions imposed by the European Union or NATO member states.

7. Subcontractor Replacement and New Engagement

7.1. The Supplier shall only involve the subcontractors and personnel specified in its offer in the Procurement procedure for the execution of the Contract, based on whom the Supplier relied in the Procurement to confirm its qualifications in accordance with the requirements set out in the Procurement documents. The involvement and replacement of the Supplier's personnel and subcontractors in the execution of the Contract shall be carried out in accordance with Section 62 of the Public Procurement Law and the procedure specified in this clause. The Supplier is responsible for ensuring that its involved subcontractors also comply with these requirements.

7.2. Before engaging a new subcontractor in the execution of the Contract, the Supplier shall submit a request to the Customer for approval, which must include:

7.2.1. The author of the request and the contract number;

7.2.2. The subcontractor to be replaced or the additional subcontractor to be engaged, specifying the information in accordance with the requirements set out in the Procurement regulations;

7.2.3. The scope of work to be assigned to the subcontractor, in EUR excluding VAT, relative to the total value of the Contract;

7.2.4. A copy of the documents certifying the qualifications and compliance of the subcontractor, where applicable.

7.3. The Customer shall inform the Supplier of the decision by sending a written notice within five business days after receiving all the necessary information and documents for making the decision. Any changes regarding the replacement of a subcontractor or the engagement of a new subcontractor for the execution of the Contract shall take effect one business day after the notice is sent.

8. Force Majeure

8.1. Neither Party shall be liable for failure or delay in the performance of any of its obligations under the Contract if such failure or delay is due to a Force Majeure event.

8.2. For the purposes of this Contract, Force Majeure means an event or circumstance beyond the reasonable control of either Party, including but not limited to natural disasters, wars, strikes, pandemics, government actions, or any other event deemed unforeseeable and unavoidable.

8.3. The Party affected by Force Majeure must promptly notify the other Party in writing, providing details of the event, its expected duration, and its impact on the performance of the Contract. The affected Party must also take all reasonable steps to mitigate the effects of the Force Majeure event.

8.4. If the Force Majeure event continues for more than 30 (thirty) calendar days, the Parties shall negotiate in good faith regarding the continuation, modification, or termination of the Contract.

9. Confidentiality

9.1. Information or data obtained by the Parties during the execution of the Contract that relates to the Contract's performance or the activities of the other Party within the scope of the Contract, regardless of the manner in which it is recorded, shall be considered confidential, except for the exceptions specified in regulatory acts and the Contract. The Parties shall not disclose or otherwise use confidential information without any time limitation, and it shall not be subject to the Contract's term of validity.

9.2. The Parties ensure that their employees or other persons involved in the execution of the Contract, to whom confidential information is provided under the terms of the Contract, use it solely for the purpose of ensuring the execution of the Contract or only to the necessary extent. They also undertake to comply with confidentiality obligations at least as strict as those specified for the Parties in this Contract.

9.3. The Parties shall take appropriate security measures to protect confidential information in accordance with regulatory requirements.

9.4. The disclosure of confidential information shall not be considered a breach of the Contract's terms in the following cases:

9.4.1. The information is disclosed in order to ensure the execution of the Contract, is necessary for litigation to protect the Parties' rights arising from the Contract, or is required by the Parties' legal advisors, auditors, or auditors;

9.4.2. The information is disclosed after it has become publicly known or available independently of the Parties (this does not apply to cases where the information becomes available as a result of a breach of the Contract by the Parties);

9.4.3. The information is disclosed in accordance with regulatory acts or declared public by state or municipal authorities;

9.4.4. The information is required to be submitted to a competent state or municipal authority or official in accordance with regulatory acts;

9.4.5. The information is published by the Party that owns the confidential information on a website, in press publications, books, or other publicly accessible sources of information.

9.5. Any information contained in the Contract, in its appendices, or obtained by any Party during the preparation, signing, or execution of the Contract (except information that, in accordance with Section 60 of the Public Procurement Law, is publicly available), including any information about the Parties, their employees or clients, the nature of the activities covered by the Contract, or any details thereof, personal data of individuals, and other information obtained during the execution of the Contract, is considered confidential and may only be used for the performance of the Contract.

9.6. Confidential information may be disclosed to third parties only with the prior written consent of the relevant Party, except where the information must be disclosed in accordance with the laws of the Republic of Latvia. The information remains confidential throughout the duration of the Contract.

9.7. The Parties are responsible for ensuring the legal basis for the processing of personal data of their employees involved in the execution of the Contract in accordance with regulatory requirements.

9.8. The Parties ensure that personal data received within the framework of the Contract is used only for the execution of the Contract and is not disclosed to third parties without the prior consent of the other Party, except when the data is requested by a competent institution or official in accordance with regulatory acts.

9.9. The Supplier ensures that a legal basis for the processing of personal data of all identified individuals, whose data will be processed by the Customer during the execution of the Contract, is provided in accordance with the procedure set out in regulatory acts, and the individuals are informed about the intended processing of their personal data.

9.10. The Supplier acknowledges that it is informed and aware that the Customer processes the Supplier's personal data, which is involved in the execution of the Contract, to fulfill the obligations arising from the Contract and to comply with the Customer's obligations under regulatory acts. Additional information regarding the processing of personal data is provided in the Customer's Privacy Policy, available at: <https://www.lvm.lv/privatuma-politika>. The Supplier confirms that the personnel named in the Contract have been informed about the processing of their personal data, its transfer to the Customer for processing, and the processing procedure.

9.11. Data processing controller: Joint-stock company "Latvijas valsts meži," contact information: Vaiņodes iela 1, Rīga, LV-1004, email address: lvm@lvm.lv, phone: 67610015.

10. Dispute Resolution

Disputes arising between the Parties during the performance of the Contract obligations shall be resolved through negotiations, but if no agreement is reached, the dispute shall be resolved by the Baltic International Court of Arbitration in accordance with its rules (available on the court's website at the following address: <http://www.arbitration.lv>) in a panel of one arbitrator, or in a court of the Republic of Latvia, at the claimant's choice, applying the legal acts in force in the Republic of Latvia.