# TIMBER SALE CONTRACT No. 3-3.6.1/2025/1

# (the date of the latest digital signature)

**Requisites of the Seller**

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| --- | --- | --- |
| State Forest Management Centre (SFMC) | Registry code 70004459  Mõisa/3, Sagadi Village, Haljala Municipality 45403 Lääne-Viru County | Tel. 676 7500  [www.rmk.ee](http://www.rmk.ee) |
| Representative | Urmas Treial  Timber Marketing Chief Specialist | E-mail [urmas.treial@rmk.ee](mailto:urmas.treial@rmk.ee)  Tel. 503 3396 |
| The right of representation based on (grounds for authorisation): Directive No. 1-5/41 of Member of Management Board of SFMC of 11.05.2023 | | |

**Requisites of the Purchaser**

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| “HORIZON” TSELLULOOSI JA PABERI AS | Registry code 10089165 | Tel. 608 5007 |
| Representatives | Bidya Bhusan Dash, Member of the Board  Roman Bukatšjov, Member of the Board | E-mail  [roman.bukachev@horizon.ee](mailto:%20roman.bukachev@horizon.ee)  Tel. 522 8160 |
| The right of representation based on (grounds for authorisation): Articles of Association | | |

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

**1. Object of Contract**

**1.1.** The Seller agrees to sell and the Purchaser agrees to purchase timber in the quantity and of the quality provided in this Contract under the terms and conditions and pursuant to the procedure prescribed in the Contract. The Seller agrees to prepare timber for sale and transport it to the place of delivery at their own expense with due diligence.

**1.2.** The quantity of Roundwood to be delivered to the Purchaser shall be as follows:

1.2.1. **Spruce pulpwood 24916 m³ sub** (twenty four thousand nine hundred and sixteen cubic metres solid under bark);

1.2.2. **Pine pulpwood** **12847 m³ sub** (twelve thousand eight hundred and forty-seven cubic metres solid under bark).

**1.3.** The place of delivery of timber, including the delivery term for the transfer of possession of timber to the Purchaser is: DPU Kehra, Anija mnt 10, 74305 Kehra (Incoterms 2020).

**1.4.** The Price of Roundwood to be delivered to the Purchaser warehouse in Kehra shall be as follows:

1.4.1. **Spruce and Pine pulpwood** – **63,50 €/m3;**

1.4.2. Timber not conforming to the Quality Requirements - **20,00 €/m3**;

1.4.3. Timber with metal conclusion – **15,00 €/m3.**

**1.5.** On the basis of the Contract, the Delivery Schedule within **03.01.2025 – 31.03.2025** shall be as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sortiment** | **January** | **February** | **March** | **Altogether** |
| Spruce pulpwood | 10000 | 8000 | 6916 | **24916** |
| Pine pulpwood | 5000 | 5000 | 2847 | **12847** |

Advance deliveries accepted by the Purchaser shall be counted as a fulfillment of the delivery obligations of next Delivery month.

**1.6.** Both Seller and Purchaser have the right to increase/decrease the normal quantity of Roundwood to be sold, as stated in clause 1.2. of this Contract, by +/- 5% (five percent).

**2. Quality**

**2.1.** The Purchaser assesses the quality of the delivered timber load (excluding timber containing metal) on the day the timber load arrives at the Purchaser’s warehouse. The Seller’s representative may attend the assessment. The timber delivered must comply with the requirements provided in Annex No. 1 ‘Timber Quality Requirements’ (hereinafter **the quality requirements**) to this Contract. If, in the opinion of the Purchaser, more than 10% (ten per cent) of the timber delivered does not comply with the quality requirements, the Purchaser has the right to refuse to receive the respective load of the delivered timber and the obligation to immediately notify the Seller’s representative thereof. As regards to timber containing metal, the quality shall be assessed on the day when timber is processed in the debarking unit through magnet screen.

**2.2.** The assessment of the timber quality is performed according to the guidelines set out in the “SFMC´s stack timber standard” (published at [www.rmk.ee](http://www.rmk.ee)), hereinafter **the assessment methodology**. The Purchaser has no right to file any claims arising from the decline in the timber quality or to reject the timber as inferior if the assessment of the quality has not taken place within the agreed time-limit. The timber quantity which does not comply with the quality requirements shall be included in the timber quantity agreed in the delivery schedule (clause 1.5.).

**3. Quantity**

**3.1.** The Purchaser measures the quantity of the delivered timber load on the day the timber load arrives at the Purchaser’s warehouse, except if the measurement of the quantity cannot be performed for technical reasons (failure of measurement equipment, etc.) on the day when the load arrives. In such an event, the Purchaser agrees to notify of the time when the load is measured. The Seller’s representative may attend the measurement.

**3.2.** As a result of the timber quantity measurement, the Purchaser prepares a timber measurement report, hereinafter **the measurement report**, and makes it available to the Seller within one day of the arrival of the load at the Purchaser’s warehouse. The Purchaser sends the measurement report or the data requested therein to the Seller via the web-based application (KPV) created for inserting and sending measurement data or, by agreement between the Parties, via another solution or to the e-mail address set out in the Contract.

**3.3.** If the Seller fails to notify the Purchaser in writing of their disagreement with the Purchaser’s measurement results after they have become known to the Seller within 2 (two) days, the measurement report is deemed approved between the Parties and it serves as a basis for further actions with the measured timber, including for payment for the said timber. The Seller’s later complaints do not serve as a basis for contesting the measurement report.

**3.4.** The volume of the timber quantity in the measurement report must be determined to the accuracy of three decimal places. If quantity of numbers after decimal is less than three, then those numbers, which are not filled in, are considered to be zeros. The measurement report(s) serve(s) as a basis for preparing an invoice. The preparation of an invoice may be preceded by the preparation of a record of delivery and receipt of timber and sending thereof to the other Party if this is strictly necessary for the Purchaser for keeping stock accounting of timber. Irrespective of the foregoing, the records of delivery and receipt of timber are not signed.

**4. Resolution of disputes**

**4.1.** If, in the opinion of the Purchaser, the timber quantity not in compliance with the quality requirements in the load is more than 10% and the Purchaser has notified the Seller thereof, the load serving as a basis for the claim will undergo the procedure agreed between the Parties. The agreement may consist in separate storage of the timber load serving as a basis for the claim and preservation thereof for the establishment of its origin until the claim has been resolved, but for no longer than 7 days. A claim filed is resolved by measuring the quantity and/or assessing the quality of timber in the presence of the Parties’ representatives and the result obtained in the presence of the Parties’ representatives serves as a basis for further actions. A claim is not taken into consideration if the Purchaser fails to notify the Seller of the non-compliance of the timber load with the terms and conditions of the Contract on time or fails to describe the non-compliance with the terms and conditions of the Contract in sufficient detail or has not stored the timber load, which serves as a basis for the claim, separately. In such a case, further actions are performed based on the timber in the dispatched quantity and in compliance with the quality requirements as noted by the Seller on the e-waybill. If the measurement cannot be performed due to the Seller’s act or omission within 7 days of filing the claim, the Purchaser has the right to perform quality assessment unilaterally and the result obtained serves as a basis for further actions.

**4.2.** To check the timber measurement results, the Seller has the right to perform control measurement tests, notifying the Purchaser of such actions immediately after the measurement data of the delivered timber quantity have become clear. If the SFMC’s timber control measurement tester has performed log-by-log measurement of the quantity delivered by the Seller beforehand and the Purchaser disagrees with the measurement result, the Purchaser will have the right to request that a new measurement be carried out by an independent measurer. Upon performance of measurement by an impartial measurer, the related measurement expenses are borne by the Purchaser if the impartial measurement result is equivalent to or differs from the measurement result of the SFMC’s timber control measurement tester up to 4%. In other cases the impartial measurement expenses are borne by the Seller. The impartial measurers accepted by the Parties are employees of VMF Estonia OÜ or an equivalent independent measurer. The Seller’s authorised representatives are also SFMC’s timber control measurement testers on the basis of a certificate of employment.

**5. Settlement procedure, payment term and credit limit**

**5.1.**        Settlements related to the Timber Sale Contract are made under the terms and conditions provided in clause 5 of the standard terms.

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| **5.2.** Payment term  (clause 5 of the standard terms) | **5.3.** Credit limit  (clause 6.5 of the standard terms) |
| 60 (sixty) days | In the amount corresponding to the guarantee |

The credit limit is the value of the timber quantity corresponding to the payment term (incl. VAT), to which the 0.5-time value of the timber quantity of one month (incl. VAT) has been added.

**5.4.**        The Seller submits invoices for timber electronically by e-mail to the address: [arved@horizon.ee](mailto:arved@horizon.ee)

Invoices are submitted on the basis of measurement reports no later than once a week.

**5.5.**        The Purchaser has established a mortgage in the amount of 20 000 000.00 kroons (1 278 233.00 euros) in favor of the Republic of Estonia as security for the performance of the Contract, entered in the land register on 14.08.2008, a mortgage in the amount of 30 000 000.00 kroons (1 917 349.50 euros), entered in the land register on 04.05.2009, a parent company letter of guarantee in the amount of 1,100,000 euros dated 1st May’24 and a parent company letter of guarantee in the amount of 2,000,000 euros dated 19th Dec’24.

**6. Term of Contract**

**6.1.** This Contract takes effect upon its signing.

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| **6.2** The Contract is in effect as of | the date of the latest digital signature | **6.3** The Contract remains in effect until | 31.12.2025 |

**7. Contact persons and addresses of the Parties**

**7.1.** The parties agree on the contact details related to the execution of the contract within 5 days after the conclusion of the contract by forwarding them to the e-mail address of the representative of the party.

**7.2.** Upon any changes in the Parties’ contact details set out in the Contract, the respective Party is required to immediately notify the other Party thereof.

**8. Standard terms as part of Timber Sale Contract and entire agreement between Parties**

Any and all issues not regulated in this Timber Sale Contract are governed by the SFMC’s standard terms for timber sale contract, a valid version of which has been published at [www.rmk.ee](http://www.rmk.ee). The Purchaser hereby confirms by their signature that they have examined the standard terms and are aware of the content thereof. The Seller has the right to unilaterally amend the standard terms pursuant to the procedure prescribed by the standard terms. This Timber Sale Contract along with annexes and standard terms constitutes the entire agreement between the Parties and includes all the terms and conditions concerning the sale of timber in the Contract on which the Parties have sought to agree.

**9. Final provisions**

**9.1.** The Parties agree to maintain the confidentiality of all the personal data disclosed to them in connection with performing the Contract, data describing the security measures or containing technological solutions of the Parties as well as information subject to business secrecy. The Parties deem that the business secret includes the credit limit set out in clause 5.3 of the Contract and the prices set out in clause 1.4. of the Contract.

**9.2.** Any and all amendments to the Contract take effect after signing thereof by both Parties or on a date specified by the Parties in writing.

**9.3.** Any disagreements and disputes related to the Contract are resolved by the Parties above all by way of negotiations. If disputes arising from the Contract cannot be resolved by way of negotiations between the Parties, the dispute will be resolved in the court of the place of residence or registered office of the defendant.

**9.4.** Upon entry into the Contract, the Contract has the following annex:

Annex 1 ‘Quality Requirements for Timber’

**9.5.** This Contract along with any Annexes thereto forms a single and complete contract, which supersedes any earlier oral or written agreements entered into between the Parties regarding the object of this Contract.

**9.6.** This Contract has been prepared in English and has digital signatures by both Parties.

**Details and signatures of Parties**

**Seller Purchaser**

|  |  |  |
| --- | --- | --- |
| (digitally signed) |  | (digitally signed) |

|  |  |
| --- | --- |
| Urmas Treial | Bidya Bhusan Dash |

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Roman Bukatšjov

Annex 1

to Timber Sale Contract No. 3-3.6.1/2025/1

between SFMC and “HORIZON” TSELLULOOSI JA PABERI AS

# QUALITY REQUIREMENTS

# (the date of the latest digital signature)

**1.** The Seller sells and the Purchaser purchases timber which has been felled in the state forest and the quality and measurements of which have been provided for as follows:

**1.1.** Spruce pulpwood

Quality requirements provided for in clause Table 2.2 of the SFMC´s stack timber standard (published on the SFMC website at [www.rmk.ee](http://www.rmk.ee))

|  |  |  |
| --- | --- | --- |
| **Top en diameter with bark:** | | Min 6 cm |
| **Maximum bottom end diameter with bark:** | | Max 65 cm |
| **Length:** | 3,0…5,5 m | |
| **Basic length:** | 3,0 (+/- 0,3) m | |

**1.2.** Pine pulpwood

Quality requirements provided for in clause Table 2.3 of the SFMC´s stack timber standard (published on the SFMC website at [www.rmk.ee](http://www.rmk.ee))

|  |  |  |
| --- | --- | --- |
| **Top end diameter with bark:** | | Min 6 cm |
| **Maximum bottom end diameter with bark:** | | Max 65 cm |
| **Length:** | 3,0…5,5 m | |
| **Basic length:** | 3,0 (+/- 0,3) m | |

**1.3.** In respect of the quality requirements as well as the terms and definitions concerning quality and not provided for, the Parties are guided by the SFMC´s stack timber standard. All logs in a load may have damages within the permitted limits.

# Details and signatures of Parties

**Seller Purchaser**

|  |  |  |
| --- | --- | --- |
| (digitally signed) |  | (digitally signed) |

|  |  |
| --- | --- |
| Urmas Treial | Bidya Bhusan Dash |

Roman Bukatšjov