

GENERAL TERMS

1. Structure of the Contract

- 1.1. This Contract consists of:
 - 1.1.1. Special Terms;
 - 1.1.2. General Terms;
 - 1.1.3. Annexes.
- 1.2. If any contradictions between Special Terms of the Contract, General Terms of the Contract and/or annexes to the Contract arise when interpreting the content of the Contract, Special Terms shall prevail primarily, General Terms shall prevail secondarily, while annexes to the Contract shall prevail in the order, in which they are specified in Clause 3.3. of the Special Terms.

2. Terms

- 2.1. "Contract" means the Contract signed by these Parties, its parts listed in Clause 3 of the Special Terms, and any other document that supplements or amends this Contract or its parts.
- 2.2. "Works" means all those activities which the Contract imposes on the Contractor in accordance with Clause 1 of the Special Terms and as set out in the Annexes to the Contract.
- 2.3. "Project Manager" means the person assigned by a Party to represent it under the Contract as well as to sign the respective documents provided for in the Contract.
- 2.4. "Technical Supervisor" shall mean the person assigned by the Employer to represent the Employer and to perform technical supervision, control the compliance of the Works with this Contract and verify the use of appropriate certified materials, and/or perform construction supervision, if required, for the performance of the Contract.
- 2.5. "Equipment" means such equipment, tools and machinery that are necessary for the Contractor to perform the Works.
- 2.6. "Work Performance Program" means the documents prepared by the Contractor and approved by the Employer, if their submission is specified in the Technical Specification. Work Performance Program describes in detail the Work performance, Work performance organisation, Work methods, their sequence and their compliance with the Contract, as well as other information requested by the Employer in accordance with valid regulations.
- 2.7. "Building Design" means an aggregate of information which contains graphic, text, and other information on a construction intention, including on characteristics of the structure or the accessories thereof.
- 2.8. "Technical Solution" means a set of information about individual works related to renovation, reconstruction or replacement of engineering systems and/or technological equipment, or construction works which, according to construction regulatory acts, do not require construction intent documentation (building design). The Technical Solution may contain graphical, textual and other information about the works to be performed within the scope of the Contract.
- 2.9. "Work Manager" means the representative and/or the construction works manager for construction works assigned by the Contractor and approved by the Employer, who ensures the performance of the Works in accordance with the applicable laws and regulations and this Contract, and who organises Contractor's and its subcontractors activities.
- 2.10. "Occupational Health and Safety Coordinator" means a specialist of appropriate qualification assigned by the Contractor and approved by the Employer, who ensures the fulfilment of

occupational health and safety requirements in accordance with the procedures and requirements specified in the regulatory enactments of the Republic of Latvia.

- 2.11. "Effective Period of the Contract" means the period from the date of the Contract entry into force until all warranty obligations are fulfilled (incl. mutual signature of the Contract Performance Certificate).
- 2.12. "The Site" means the work execution areas specified by the Employer, which have been handed over to the Contractor in accordance with procedure K233 "The procedure of performance of work carried out by the contractors at the generation facilities".
- 2.13. "LPPSP" means the Law on the Procurements of Public Service Providers of Latvia.

3. Contract amount and settlement procedure

- 3.1. All the taxes and duties are included in the Contract amount and they shall be paid by the Contractor, except value added tax. Value-added tax shall be calculated, indicated in invoices and paid pursuant to the respective valid laws and regulations.
- 3.2. The Employer shall make payments to the Contractor in accordance with the terms of the Contract, the Table of Prices (Annex No.1) and the requirements of regulatory enactments, provided that the Contractor duly fulfils its obligations under the Contract. The Contractor shall ensure its compliance with the requirements of credit and payment institutions for the performance of settlements with the Employer provided for in the Contract (the Employer's credit institution is indicated in the details of the Contract).
- 3.3. Any changes in the Contract price/Contract amount shall be valid only upon written agreement between the Parties.
- 3.4. The Employer shall pay for the Works that have been performed by the Contractor in good quality in accordance with the Table of Prices (Annex No.1) after the respective document has been signed by the Employer's Project Manager and within 30 (thirty) days after the Contractor's invoice has been received, by making payment to the Contractor's account in a credit institution, which is specified in the invoice (and corresponds to the Contractor's account in a credit institution specified in the Contract or has been replaced in accordance with the procedure set out in Clause 20.3 of the General Conditions of the Contract), but not earlier than the Contract Performance Security as per Contract requirements is received.
- 3.5. The Employer is entitled to pay for the delivery of materials/equipment to the Site before their assembly and/or installation.
- 3.6. If an invoice is not submitted on time and/or an invoice does not comply with the provisions of this Contract and/or the requirements of regulatory enactments, then the invoice payment term shall be respectively extended by the term necessary for the Contractor to rectify the deficiencies.
- 3.7. The payment shall be considered as executed on the date when the Employer's payment order is verified by the credit institution.

4. Work performance conditions

- 4.1. The Contractor shall perform the Works in accordance with the provisions of the Contract, incl. the Technical Specification (Annex No.3), Information for Contractors Performing Works at Latvenergo AS Sites (Annex No.6), a construction permit, if provided for, the Construction Project and the terms/conditions applicable to the Works issued by the relevant institutions, and the Work Performance Program, taking into account the Employer's instructions to the extent that such instructions do not change the Technical Specification, the Contract, the existing regulations, the Contract price or the terms for performance of the Works.

- 4.2. In order to perform the Works provided for in the Contract, the Contractor must employ qualified personnel to perform the respective works.
- 4.3. If other contractors also work at the Site, then the Employer's Project Manager shall coordinate the time schedule of the Works with the time schedules of other contractors and the Contractor undertakes to follow the agreed time schedule.
- 4.4. The Works must be performed in accordance with the standards and the Employer's procedures specified in the Technical Specification (Annex No.3) and the Employer's procedures, as well as in compliance with Fire Safety, Occupational Health and Safety, Sanitary and Environmental protection regulations.
- 4.5. The Employer has the right to suspend the performance of the Works for up to 60 (sixty) days by agreement with the Contractor on an appropriate extension of the time for the performance of the Works specified in Clause 4.1 of the Special Terms.
- 4.6. If the scope of the contractual Works or regulatory enactments stipulates that the quality control of the Works shall be performed by using chemical testing methods, testing of control samples (water, wastewater, emissions, solid, liquid and gaseous fuels, transformer, turbine and other oils, asbestos) shall be performed in the Employer's accredited Testing Centre or other laboratory that is competent to perform testing in accordance with the requirements of LVS EN ISO/IEC 17025. In case, if the testing is performed at the Employer's Testing Centre, all costs related to the testing shall be borne by the Employer.
- 4.7. If the installation of a construction sign is provided for by regulatory enactments, the Contractor shall be responsible for installation of the construction sign intended to inform the public in accordance with the procedures and within the time period specified in the regulatory enactments.
- 4.8. Unless otherwise provided for in the Contract, the Contractor is entitled to start the Works at the Site only after approval of the Work Performance Program by the Employer and submission of the relevant notices to the Building Authority, receipt of appropriate permits/approvals, and receipt of the construction permit at the relevant stage.

If the Work Performance program is envisaged in the Special Terms

- 4.9. Unless provided otherwise elsewhere in the Contract, the Contractor shall submit a Work Performance Program to the Employer's Project Manager not later than 3 (three) weeks prior to the commencement of the Works at Site. The Employer's Project Manager shall coordinate the approval of Work Performance Program on behalf of the Employer or reject the Work Performance program by providing reasons to the Contractor within a week. The Contractor shall, within a week, make corrections to the Work Performance Program and resubmit the Work Performance Program to the Employer's Project Manager. The Employer shall not be liable for the delay of Work performance deadline, if the Contractor has not submitted the Work Performance Program to the Employer's Project Manager for approval in a timely manner.
- 4.10. The Work Performance Program may be amended in the course of the performance of the Works only with the prior written consent of the Employer.

If the Building Design is envisaged in the Special Terms

- 4.11. The Contractor shall develop for the performance of the Works the necessary construction concept documents specified in regulatory enactments and perform the necessary construction design preparation works in accordance with the regulatory enactments, request and receive technical and special terms, approvals issued by owners or possessors of sites, utilities and relevant institutions, develop Building Design in accordance with the Technical Specification

(Annex No.3) and the conditions of the Tender proposal/Offer, in accordance with the regulatory enactments and standards that apply to the development of the Building Design in the Republic of Latvia.

- 4.12. Within 10 (ten) working days after receipt of the Building Design (at each stage), the Employer shall submit comments and/or corrections on the Building Design to the Contractor or shall approve it. The Contractor must provide an answer and/or make the corrections indicated by the Employer in the Building Design within 5 (five) working days, otherwise the Contractor must submit a reasonable refusal to the Employer within 5 (five) working days.
- 4.13. The approval of the Building Design by the Employer and/or the competent authorities shall not relieve the Contractor from responsibility for the Building Design and the quality and performance of the Works in general.
- 4.14. If the Contractor makes changes or corrections in the approved Building Design, the Contractor shall cover all costs incurred by the Employer as a result of such changes or corrections.
- 4.15. The Building Design may be amended in the course of performance of the Works only in accordance with the procedures specified in regulatory enactments and with the prior written consent of the Employer. Such changes, if they do not affect the scope of Contract work, the Contract price/Contract amount, Work performance deadline or the conditions of the Special Terms and General Terms of the Contract, shall be formalized with a technical deed signed by the Project Managers of the Parties, which shall become an integral part of the Contract.
- 4.16. With this Contract, the Employer authorises the Contractor to submit (on behalf of the Employer) to the Building Authority the application for the construction concept and other necessary documents (incl. copies of mandatory civil liability insurance contracts, certificates, etc.) together with the construction file in the construction information system and to receive construction permit, as well as take other legal actions that are necessary for the performance of the Works and arise from the requirements of the Contract and regulatory enactments.
- 4.17. The Contractor is responsible that before the development of the Building Design is started, during its development as well as after its completion all necessary documents are submitted to and received from the Building Authority as well as notes on approval of construction concept and fulfilment of designing conditions are made in construction information system.

If the Technical Solution is envisaged in the Special Terms

- 4.18. For the performance of the Works specified in Clause 1 of the Special Terms, the Contractor shall develop the Technical Solution in accordance with the Technical Specification (Annex No.3) and the conditions of the Tender Offer, in accordance with regulatory enactments and standards related to the development of the Technical Solution in the Republic of Latvia.
- 4.19. Within 10 (ten) working days after receipt of the Technical Solution, the Employer shall submit to the Contractor comments and/or corrections on the Technical Solution or approve it. The Contractor must provide an answer and/or make the corrections indicated by the Employer in the Technical Solution within 5 (five) working days, otherwise it must submit a reasonable refusal to the Employer within 5 (five) working days.
- 4.20. The approval of the Technical Solution by the Employer shall not relieve the Contractor from responsibility for the Technical Solution and the quality and performance of the Works in general.
- 4.21. The Technical Solution may be amended in the course of the performance of the Works only with the prior written consent of the Employer.
- 4.22. If the Contractor makes changes or corrections in the approved Technical Solution, the

Contractor shall cover all costs incurred by the Employer as a result of such changes or corrections.

If author supervision is envisaged in the Special Terms

- 4.23. Upon receipt of the Employer's notification, the Contractor undertakes to perform author supervision until Taking Over of the Works.
- 4.24. The duties, responsibilities and rights of the author supervisor assigned by the Contractor are determined in accordance with the regulatory enactments of the Republic of Latvia.

5. Obligations and rights of the Employer

- 5.1. The Employer's Project Manager introduces the Contractor to the valid rules and procedures governing the Works in the Employer's company (also available on the Employer's website <https://latvenergo.lv/lv/par-mums/saistosie-dokumenti-darbuizveidiem>) and their amendments.
- 5.2. The Employer shall provide access to the Site for Contractor's personnel, equipment and vehicles in accordance with the procedure K233 "The procedure of performance of work carried out by the contractors at the generation facilities" at the times specified in the time schedule or other times agreed between the Parties.
- 5.3. The Employer shall provide the Contractor access to the documents, plans and other materials available to the Employer, that are necessary for the performance of the Works.
- 5.4. The Employer takes over the Works duly performed by the Contractor in accordance with the provisions of the Contract.
- 5.5. If the Contractor violates the rules of Occupational Health and Safety, Fire Safety, Sanitary and Environmental protection, as a result conditions hazardous to the health and life of personnel may arise or material damage may be inflicted on the Employer, the Employer is entitled to suspend the performance of the contractual Works by drawing up a protocol signed by the Contractor's Project Manager and notifying the Contractor thereof. In the event of such suspension of the contractual Works, the Contractor shall ensure that its employees/subcontractors involved in the performance of the Works undergo repeated safety inductions, if provided for in the protocol.
- 5.6. In the Employer's approved policies, it is determined that the Employer's employees and business partners, including the Contractor and its subcontractors, shall observe high ethical standards in their activities. In case if the Employer according to the policies, has significant suspicions about corruptive or fraudulent actions in relation to the fulfilment of the Contract, the Employer is entitled to request information and/or to carry out an audit/inspection in relation to the fulfilment of the Contract during the Works execution period and within 365 days after the termination of the Contract in accordance with Clause 17 of the General Terms. The Employer selects the auditor and pays for its services. The information gained as a result of the audit/check shall be deemed confidential and shall not be revealed to third Parties. The Employer ensures that the auditor observes Contract terms regarding confidentiality. The Contractor's duty is to incorporate the requirements stipulated herein in the Contractor's contracts with its subcontractors to ensure the fulfilment of this Contract. If the Employer ascertains that the Contractor or its subcontractors do not cooperate with the Employer in fulfilling this Clause, the Employer is entitled to terminate the Contract unilaterally by giving one month prior written notice, but if this recurs and the Contractor is registered as qualified supplier in the qualification system "Construction Works", the Employer is entitled to exclude the Contractor from this system for one year, sending to the Contractor a respective written notice.
- 5.7. The Employer shall have the right to issue binding instructions to the Contractor regarding matters related to the proper performance of the Works, in accordance with the terms of the Contract.

6. Obligations and rights of the Contractor

- 6.1. The Contractor is obliged to perform the Works in a good quality and in accordance with the provisions of this Contract, valid regulatory enactments and standards in the Republic of Latvia, valid rules and procedures governing the Works in the Employer's company (also available on the Employer's website <https://latvenergo.lv/lv/par-mums/saistosie-dokumenti-darbuzzemejiem>).
- 6.2. The Contractor is obliged to obtain at its own expense all necessary permits (including work permits), approvals, certificates or licenses from state administration and local government institutions or public utility companies, if the said documents are necessary for the performance of the Works, their handing over or proper fulfilment of this Contract.
- 6.3. The Contractor is obliged to obtain insurance for the amount specified in regulatory enactments and Special Terms not later than 5 (five) days before the commencement of the relevant Works and to submit copies of the insurance contracts to the Employer.
- 6.4. The Contractor is entitled to replace any person specified in Clause 14.3. of the Special Terms only with Employer's written consent, by assigning a new person with relevant experience and required qualifications, but if the Contract has been concluded as a result of a procurement procedure then also the experience and qualifications shall meet the requirements of the procurement regulations.
- 6.5. During execution of the Works, the Contractor shall comply with all valid regulatory enactments, including acts issued by local governments, and national standards related to the Works. The Contractor shall indemnify the Employer for the losses incurred by the Employer as a result of non-performance of the contractual Works, including claims by third parties, fines imposed, etc.
- 6.6. The Contractor shall be responsible for involvement of all the manpower required during implementation of this Contract, as well as for covering all related expenses (business trips, meals, accommodation costs, transport, etc.). The Contractor shall provide all the Equipment and materials necessary for the performance of the Works, unless otherwise provided in the Contract. All costs related to the use of the Equipment and delivery of materials are included in the Contract price.
- 6.7. 5 (five) days prior to commencement of the Works at Site, the Contractor shall submit to the Employer a list of employees who will perform the Works under this Contract. The list of employees shall be submitted in compliance with the procedures set out in the Regulations of Latvenergo AS Pass System.
- 6.8. During the performance of the Works, the Contractor shall maintain the Site in order, and if necessary, ensure the installation of warning signs, installation of special lighting, security of the Site and installation of identification signs, in accordance with procedure K233 "The procedure of performance of work carried out by the contractors at the generation facilities". After completion of the Works until the Taking Over Certificate is being signed by the Employer's Project Manager, the Contractor shall clean up and put in order the Site, remove the equipment dismantled, materials and waste collected during the performance of the Works, as well as return documents, incl. entry passes, to the Employer.
- 6.9. During the performance of the Works the Contractor shall perform any temporary works (including the roadworks, sidewalk construction, guard post and fence installation) that may be necessary for the needs and protection of the public and the owners and residents of the adjacent territories during the performance of the Works and take all practicable measures to protect the environment (both on-site and off-site) and limit damage and disturbance to people and property

as a result of pollution, noise and other activities.

- 6.10. During the performance of the Works, the Contractor shall ensure that the emissions, discharges and harmful wastewater resulting from its activities do not exceed the limits specified in regulatory enactments.
- 6.11. During the performance of the Works, the Contractor shall not unnecessarily and inappropriately disturb the peace of the public, access to all roads and sidewalks, as well as their use and occupation, regardless of whether it is public or the Employer's or another person's property. The Contractor shall reimburse the Employer for losses and expenses (including fees and costs for legal services) incurred in connection with the causing of such unnecessary or inappropriate disruption.
- 6.12. The Contractor is obliged to sort and utilize waste and packaging materials. The costs of sorting and utilization of waste and packaging materials, including also hazardous waste, are included in the Contract price and no separate payment can be requested for disposal of waste. The Contractor shall dispose of any waste that cannot be further used, construction and other waste in accordance with regulatory enactments regulating management of the waste, including hazardous waste, as well as shall be responsible for waste handing over to the waste management services. No later than within 30 (thirty) days after hazardous and/or construction waste has been collected for disposal, or by submitting As-built documentation for the Works, the Contractor shall submit to the Employer a waste transportation registration card – delivery note, which confirms that the hazardous waste has been transferred to the company, who has a permit approved by a regional environmental administration, and/or a construction waste transportation registration card – delivery note. If there is no hazardous waste or construction waste during the fulfilment of the Contract, the Contractor shall submit to the Employer a statement (1 copy) of absence of hazardous waste.
- 6.13. Every month the Contractor shall prepare a protocol for equipment and materials dismantled during the performance of the Works, which are not re-used in the assembly. The protocol shall be signed by the Contractor's Work Manager and the Employer's Technical Supervisors. The Contractor shall submit to the Employer signed monthly protocol for equipment and materials dismantled during the performance of the Works, which are not re-used in the assembly, together with the monthly statement on completed works (Form No.2). If dismantled equipment and materials are classified as metal scrap, the Contractor shall be liable for its sorting and movement to the places specified by the Employer taking into consideration the procedure (K248) "Procedure of Acquisition and Sale of Ferrous and Non-Ferrous Metal Cuttings and Scrap at Latvenergo AS".
- 6.14. By signing this Contract, the Contractor shall be deemed to have been satisfied as to the suitability and availability of access roads to the Site. The Contractor shall ensure that the Contractor's vehicles or personnel do not damage any road or bridge. These measures shall include proper use of appropriate vehicles and roads, the maintenance of roads and access roads, as well as return in its original condition after the completion of the Works.
- 6.15. The Contractor is responsible for the supply of electricity, water and other resources necessary at the Site from the tie-in points specified by the Employer, if such are mentioned in the Technical Specification (Annex No.3), as well as shall ensure the installation of electricity and water consumption meters, if necessary. If connection to the Employer's tie-in points is arranged, the payment for the electricity and water consumed for the purposes of the Works, shall be made by the Employer.
- 6.16. The Contractor shall give the Employer's Project Manager or other persons authorised by the Employer the right of free access to the Site or other territories where the Works are

- performed, so that the Employer may check the progress and quality of the Works. The Contractor is obliged to provide, as far as possible, the necessary technical assistance to the Employer's Project Manager for the performance of such inspections.
- 6.17. If during the inspection of the Works any non-compliance to the provisions of the Contract or regulatory enactments is found, the Contractor is obliged to make the necessary corrections or take actions to ensure compliance with the requirements or eliminate the violation.
- 6.18. The Contractor shall give the Employer's Project Manager the right of access to technical documentation, various measurement and test results or other information related to the Site and the performance of the Works. At the request of the Employer's Project Manager, the Contractor shall provide explanations regarding the documentation prepared or the information submitted by the Contractor.
- 6.19. The Contractor shall submit the documentation to the Employer in accordance with the deadlines and amount specified in the Technical Specification (Annex No.3).
- 6.20. The Contractor shall be liable for any acts/omissions of its staff at the Site. The Contractor is responsible for accidents, including bodily injuries during the performance of the Works, unless accidents occurred due to the Employer's fault.
- 6.21. If the Contractor needs to involve the Employer in the performance of the Works, the Contractor shall take into account the Employer's working hours, which are specified in the internal regulations of the Employer and are notified to the Contractor.
- 6.22. The Contractor acknowledges and agrees that in accordance with the requirements of the national security legislation of the Republic of Latvia, the Contractor and its or its subcontractors' employee(s) may be denied or revoked the already issued permit/access to the generation and administrative facilities of Latvenergo AS. In the event that this permission/access to a particular employee is denied or revoked, the Contractor undertakes to replace the respective employee with another suitably qualified employee as soon as possible, but not later than within 1 (one) month, and does not make any claims against the Employer, nor does it demand reimbursement of the losses incurred in relation to such a change of employee. If the replacement of an employee cannot be done within this term, the Parties have the right to agree on an extension of the Contract term for a period during which the Contractor, objectively proving the circumstances, undertakes to replace the employee, or the Parties agree to terminate the Contract.
- 6.23. The Contractor shall ensure that in accordance with the requirements of the national security legislation of the Republic of Latvia the citizens of the Russian Federation and the Republic of Belarus will not be involved in the performance of the Contract, unless the involvement of relevant persons has been previously agreed with the Employer as an exception.
- 7. Contractor's qualified personnel and subcontractors**
- 7.1. In case if the Contract has been concluded as a result of a procurement procedure where the qualification of personnel was evaluated, the list of such personnel and the justification for their qualifications shall be indicated in Annex No.5. The Contractor ensures compliance of the qualification of the personnel included in Annex No.5 throughout the duration of the Contract, changes to the list of qualified personnel (in Annex No.5) are possible only with the prior written permission of the Employer. The Employer shall not agree to the change of the personnel indicated in Annex No.5 in cases when the offered personnel does not meet the requirements brought forward for the personnel in the procurement procedure documents or it does not have at least the same qualification and experience as for the personnel specified in Annex No.5.
- 7.2. When engaging subcontractors in the performance of the Contract, the Contractor assumes full responsibility for the subcontractors and their engaged personnel, the work they perform, for

compliance with the deadlines for the work performed by the subcontractors, and for any losses incurred, as well as pays for their work.

- 7.3. Employer shall not be liable for Contractor's obligations assumed towards subcontractors or third parties in order to ensure performance of the Contract or in relation to the Contract.
- 7.4. Provisions of the sub-contracts concluded by the Contractor must not contradict to the provisions of Contract as well as the requirements of regulatory enactments and the procurement procedure, if the Contract has been entered into as a result of the procurement procedure.
- 7.5. The list of subcontractors and the works entrusted to them, if the scope of their Works exceeds EUR 10 000 (ten thousand euro) of the scope of the contractual Works, shall be specified in the Annex to the Contract (Annex No.4).
- 7.6. The list of subcontractors (Annex No.4) shall include also subcontractors of the subcontractors, and terms and conditions of Clause 7 of the General Terms shall apply to them.
- 7.7. The Contractor shall have the right to replace subcontractors or involve additional subcontractors (or its subcontractors), but if the scope of their Works exceeds EUR 10 000 (ten thousand euro) of the scope of the contractual Works, then only upon a prior written Employer's consent. The procedure of subcontractor involvement applied by the Parties shall be specified in the Special Terms.
- 7.8. The Employer shall take decision to either allow or refuse replacement of subcontractor or qualified personnel, or involvement of new subcontractors in performance of the Contract in the shortest possible time, however, no later than within 5 (five) working days from the date of receipt of all the relevant information and documents required for evaluation of the subcontractor or qualified personnel.

(A) Simplified procedure for subcontractor involvement

- 7.9. When using the simplified procedure for subcontractor involvement, the Contractor shall submit to the Employer a written application on replacement of subcontractors or involvement of additional subcontractors, or the changes implemented in the list of the works entrusted to subcontractors, but if the Contract has been concluded as a result of the procurement procedure, then also the qualification documents of the subcontractor to the extent required in the procurement procedure documents.

(B) Procedure for subcontractor involvement in accordance with the requirements of the LPPSP

- 7.10. By involving a subcontractor in accordance with the requirements of LPPSP, the Contractor shall submit to the Employer a written application on replacement of subcontractors or on involvement of additional subcontractors, or amendments to the list of works entrusted to the subcontractors accompanied by a memorandum of agreement with the said subcontractor, as well as documents proving subcontractor's qualification in the amount requested in the LPPSP and procurement procedure documents.
- 7.11. The Employer shall not approve replacement or involvement of subcontractors in the event of any of the following:
 - 7.11.1. the subcontractor offered does not conform with the requirements for subcontractors stipulated by the LPPSP and procurement procedure documents;
 - 7.11.2. the subcontractor has been replaced who served as a basis for the Contractor to prove the conformity of his qualification with the requirements stated in the procurement procedure documents, and the subcontractor offered does not possess as a minimum the same qualification Contractor had referred to when proving his conformity with the requirements stated in the procurement procedure documents, or it complies with the tenderer exclusion provisions stated in the LPPSP and procurement procedure documents;

- 7.11.3. replacement of subcontractor would require amending the procurement tender in a way that would have affected the choice of proposal in accordance with the proposal assessment criteria stated in the procurement procedure documents, had they been included initially.
- 7.12. The Employer approves replacement of subcontractor, provided that conditions referred to in Clause 7.11 of the General Terms do not apply to the new subcontractor, in the following cases:
- 7.12.1. the subcontractor indicated in the Annex to the Contract (Annex No.4) has submitted a written notice on withdrawal from participation in performance of the Contract;
- 7.12.2. the subcontractor indicated in the Annex to the Contract (Annex No.4) complies with the tenderer exclusion conditions stated in the LPPSP and procurement documents;
- 7.12.3. the scope of Works of the subcontractor to be involved does not exceed EUR 10 000 (ten thousand euro) of the scope of the Works under the Contract.
- 7.13. The Employer shall not agree to the attraction of a new subcontractor in case when such changes, if they would have been made in the initial tender, would have influenced the selection of the tender according to the tender evaluation criteria specified in the procurement procedure documents.
- 7.14. If the Employer agrees to the changes applied by the Contractor and the scope of the Works of the subcontractor (or its subcontractors) to be involved exceeds EUR 10 000 (ten thousand euro) of the scope of the Contract or in case specified in Clause 7.1. of General Terms, the Parties shall amend/supplement the Annex to the Contract (respectively, Annex No.4 or No.5) accordingly, in accordance with Clause 12 of the General Terms.

8. Contract performance securities

- 8.1. The Contract performance security (the Contract Performance Security, the Advance Payment Guarantee or the Warranty Period Security) is a credit institution guarantee or insurance policy acceptable to the Employer, providing that issuer has a duty, without reservations and upon Employer's first request, to pay the Employer the amount requested within the limits of this security. The content of the Contract performance security shall be approved by the Employer. If the Contract performance security is submitted as an insurance policy, it should state that the insurance policy is irrevocable and should be fulfilled unconditionally at the first written request of the Employer, and the required amount of the security should be paid no later than within 30 (thirty) days of submission of request, without asking the Employer to justify its claim, and that the included insurance conditions cannot cumbersome or change in any way this procedure of payment of security amount. The insurance premium should be paid in full, and the Contractor shall submit the document, certifying payment of the premium, to the Employer along with the insurance policy. The Contract performance security (either credit institution guarantee or insurance policy) should state that it is governed by the ICC Uniform Rules for Demand Guaranties, ICC Publication No.758, and all disputes related to this security shall be settled by the court of the Republic of Latvia.

If the Contract Performance Security is envisaged in the Special Terms

- 8.2. The Contractor shall submit to the Employer the Contract Performance Security in the amount as specified in the Clause 7 of the Special Terms. Payment of a sum equivalent to the amount of security referred to in this Clause into Employer's account in a credit institution may also serve as the Contract Performance Security.
- 8.3. The Contract Performance Security shall be valid until the Work performance deadline specified in Clause 4.1 of the Special Terms and for 30 (thirty) days thereafter. In case, if the

Works are not completed until the Work performance deadline specified in Clause 4.1 of the Special Terms, the Contractor no later than by the 10th (tenth) working day prior to expiry date of the Contract Performance Security shall extend the Contract Performance Security by a period equal to the extension of the Work performance deadline.

- 8.4. The Employer shall withhold the Contract Performance Security in the amount of the contractual penalty and/or loss in order to compensate the loss and/or the Contractual Penalty calculated in accordance with the Contract, but if the Contract Performance Security has to be extended, but the Contractor has not done this within the deadline set in Clause 8.3 of the General Terms, the Employer shall withhold the Contract Performance Security in full.
- 8.5. The Employer shall discharge the Contract Performance Security and send or return it to the Contractor, having received the Contractor's request, within 10 (ten) days after completion of all the Works under the Contract and Taking Over by the Employer and receiving of the Warranty Period Security (if any). In order to discharge a Performance Security issued by a credit institution, the Employer shall send to the credit institution a written notice relieving it from the warranty liabilities.
- 8.6. If payment of a sum into the Employer's account has served as the Contract Performance Security, the Employer shall transfer the full amount or the part that was not withheld into the Contractor's account in a credit institution specified in the Contract within 10 (ten) working days after all the Works under the Contract have been completed and Taking Over by the Employer.

If an Advance Payment Guarantee is envisaged in the Special Terms

- 8.7. The Contractor shall submit to the Employer the Advance Payment Guarantee in the amount as specified in the Clause 7 of the Special Terms.
- 8.8. The Advance Payment Guarantee shall be valid until the Work performance deadline specified in Clause 4.1 of the Special Terms and for 30 (thirty) days thereafter. In case, if the Works are not completed until the Work performance deadline specified in Clause 4.1 of the Special Terms, the Contractor no later than by the 10th (tenth) working day prior to expiry date of the Advance Payment Guarantee shall extend the Advance Payment Guarantee by a period equal to the extension of the Work performance deadline.
- 8.9. The Employer shall withhold the Advance Payment Guarantee to compensate the amount of the Contractor's outstanding commitments for which an advance payment has been received. But if the Advance Payment Guarantee has to be extended, but the Contractor has not done this by the deadline set in Clause 8.8 of the General Terms, the Employer shall withhold the Advance Payment Guarantee in the amount of the Contractor's outstanding commitments for which an advance payment has been received.
- 8.10. Within 10 (ten) days after completion of all the Works under the Contract and Taking Over by the Employer, the Employer shall discharge the Advance Payment Guarantee similarly to the procedure specified in Clause 8.5 of the General Terms.

If a Warranty Period Security is envisaged in the Special Terms

- 8.11. The Contractor shall submit to the Employer the Warranty Period Security in the amount and order as specified in the Clause 7 of the Special Terms. The Warranty Period Security can also be the payment of a sum of money to the Employer's account in the amount of the security specified in this Clause or, if provided for in Clause 11.2 of the Special Terms, the Retention money.
- 8.12. The Contractor shall ensure that the Warranty Period Security is valid for the warranty defects notification period specified in Clause 6 of the Special Terms and 30 (thirty) days after all defects notified during the warranty defects notification period have been rectified, and the Employer has signed the Contract Performance Certificate referred to in Clause 10.6 of the

General Terms.

- 8.13. During the validity period of the Warranty Period Security the Parties have the right to agree in writing on its reduction, assessing the number and value of the defects rectified and the remaining warranty period.
- 8.14. The Employer shall withhold the Warranty Period Security in the amount of the Contractual Penalty and/or the amount of loss and/or the amount of defect rectification to compensate the loss and/or the Contractual Penalty calculated in accordance with the Contract and/or to rectify the defects notified during the warranty defects notification period but not rectified by the Contractor, but if the Warranty Period Security must be extended, and the Contractor has not extended it by the 10th (tenth) day before the expiry of the Warranty Period Security, the Employer shall withhold the Warranty Period Security in full.
- 8.15. Not later than 10 (ten) days after the issuance of Contract Performance Certificate referred to in Clause 10.6 of the General Terms, the Employer shall discharge the Warranty Period Security similarly to the procedure specified in Clauses 8.5-8.6 of the General Terms.

9. Risk transfer

- 9.1. The Contractor shall be responsible for the maintenance of the Site and the preservation of the Works, as well as for the risk of damage and destruction of the Works, materials and equipment (including the Employer's equipment handed over to the Contractor) until the Taking Over Certificate of Works is signed by the Employer's Project Manager.
- 9.2. The Contractor shall bear the risk of personal injury and damage to or destruction of the Employer's property or third party property not related to the performance of the Works if this has occurred during the performance of the Works or as a direct consequence thereof, unless personal injury or damage to property has occurred due to the fault of the Employer or its representatives. All accidents that have occurred at the Site shall be investigated in accordance with the laws and regulations of the Republic of Latvia.
- 9.3. Each Party shall be liable for losses caused to the other Party due to its act or omission.

10. Procedure of acceptance of the Works

- 10.1. The Works are handed over to the Employer in accordance with the procedure stipulated by the Special Terms and the Technical Specification.
- 10.2. Unless otherwise provided for in the Contract, after the completion of all the Works, a Taking Over Certificate of Works shall be prepared and signed. The Works shall be deemed to be accepted, when the Taking Over Certificate of the Works has been signed by the Employer. No less than 5 (five) days before the handing over of the Works the Contractor shall inform the Employer in writing about its readiness to hand over the Works. If the Contractor delays this deadline and the Employer has not accepted the Works by the deadline specified in Clause 4.1 of the Special Terms, the Employer shall not be obliged to extend the time for performance of the Works and shall be entitled to recover a Contractual Penalty. When sending a notice of readiness of the Works for handing over, the Site shall be cleaned in accordance with Clause 6.8 of the General Terms.
- 10.3. In case the Employer raises reasonable objections or claims upon acceptance of the Works, the Parties, by signing a separate protocol, shall agree on the deadlines for rectification of the deficiencies. The Contractor is obliged to rectify these deficiencies at its own expense. In this case, the Taking Over Certificate shall be signed after the rectification of these deficiencies. If the Contractor fails to rectify the deficiencies by the end of the Work performance deadline specified in the Contract, the Employer is entitled to recover the Contractual Penalty from the Contractor in accordance with the procedures specified in the Contract.
- 10.4. During the Works and after the completion of the Works, the As-built documentation

specified in the Technical Specification (Annex No.3) shall be prepared and submitted to the Employer.

- 10.5. Mutual signing of the Taking Over Certificate of Works does not release the Contractor from liability for hidden defects not detected during the signing of the protocol, as well as does not release the Contractor from the obligation to pay the Contractual Penalty and/or losses.
- 10.6. Unless otherwise provided in the Contract, after the rectification of all defects notified during the warranty defects notification period, the Parties shall prepare and sign the Contract Performance Certificate.

11. Warranty obligations

- 11.1. The Contractor guarantees the compliance of the performed Works with the generally accepted professional practice, provisions of the Contract, the Technical Specification, the Tender Offer and the applicable regulatory enactments.
- 11.2. The warranty defects notification period is specified in the Special Terms.
- 11.3. If defects or inconsistencies are found in the Works during the warranty defects notification period, the Employer shall notify the Contractor thereof in writing.
- 11.4. Within 10 (ten) working days of the day of notification of defects referred to in Clause 11.3 of the General Terms the Parties shall prepare and sign a defect found protocol, which states the non-compliance, deviation or violation of a specific Clause of the Contract or annex thereto or a functional criterion, standard or regulation, the main action necessary to eliminate the defect, if such action is possible to define, or otherwise – the activities necessary to clarify the cause of the defect, and the shortest potential time limit for the performance of these actions. In case of accidents or other emergencies, the Contractor shall arrive for rectification of the defects immediately, i.e. no later than within 24 (twenty-four) hours of receiving a written notice.
- 11.5. The Contractor shall be obliged to eliminate the defects specified in the defect found protocol including their potential impact on the entire site. These activities shall be performed by the deadline set in the defect found protocol.
- 11.6. If the Contractor has not eliminated the defects by the deadline specified in the defect found protocol, the Employer is entitled to rectify the defects either on its own or with the help of other qualified specialists. In such a case, the Contractor shall reimburse the expenses incurred by the Employer.
- 11.7. The Employer shall provide to the Contractor access to the site so that the Contractor can fulfil its warranty obligations.
- 11.8. The Contractor is obliged to rectify all defects covered by the warranty and which have been reported during the warranty defects notification period specified in Clause 6 of the Special Terms without requesting any payment from the Employer. If equipment, building or any part of it cannot be used due to its defects under the warranty, the warranty defects notification period shall be extended for the period until the defects are rectified.
- 11.9. In case the Contractor sets a disproportionately long term for rectification of defects, the Employer has the right, by informing the Contractor in advance, to rectify the defect faster on his own or by involving third party and the Contractor is obliged to cover the costs for rectification of such defects.
- 11.10. If the Contractor does not agree to the defect found and the Parties therefore do not sign the defect found protocol within 10 (ten) working days from the day of notification of the defects referred to in Clause 11.3 of the General Terms, the Employer shall be entitled to order an expertise for the defect and to organise elimination of the stated defect on his own or by involving third party. In case the defect is admitted by the expertise, the Contractor shall be

liable to cover the costs of the expertise and elimination of the defect.

- 11.11. Disputes regarding the fulfilment and the quality of the Works carried out within the scope of the warranty shall be resolved in accordance with the procedure laid down in Clause 18 of the General Terms.

12. Amendments to the Contract

- 12.1. By mutual agreement the Parties are entitled to make amendments to the Contract. Any amendment to the Contract shall be made in writing and signed by both Parties, except for in the cases specified in Clause 14.2 and 14.5 of the Special Terms and Clause 21.3 of the General Terms, when changes are notified to the other Party by sending a written notification in accordance with the procedures specified in the Contract, as well as in the case specified in Clause 4.15 of the General Terms, when the changes are formalized with the technical deed. Any amendments or supplements become an integral part of the Contract.

13. Liability of the Parties, ownership and confidentiality

- 13.1. The Employer has the right of ownership to all documents, research, measurements, data analysis and other information developed under this Contract, regardless of the source of this information, except when the Contractor has acquired the right of use on the basis of a license or patent agreement.
- 13.2. The Building Design/Technical Solution shall become property of the Employer, when all the payments related to its development have been made. When handing over a Building Design/Technical Solution to the Employer, the Contractor shall without an additional fee hand over to the Employer also the property rights of the author to any copyright objects created as a result of drafting the Building Design/Technical Solution, as well as provide to the Employer an irrevocable author's consent to make free of charge any changes, amendments, supplements to the work without receiving any additional consent from the author, as well as shall ensure the author's waiver of its right to request that the use of the work is interrupted in the future.
- 13.3. The Employer shall have the rights to use, including to publish the Building Design/Technical Solution and the data of natural persons specified therein for the purpose of the Employer's business activities and legitimate interests. The Contractor shall inform the natural persons specified in the Building Design/Technical Solution about the processing the personal data specified in the Contract and in this Clause, which is carried out in accordance with the Clause 15 of the Contract.
- 13.4. The Contractor undertakes to indemnify the Employer at its own expense against any claims brought against the Employer or persons related to it, in which it is claimed that the use of the Building Design/Technical Solution infringes any patent or copyright. The Contractor undertakes to cover all costs and reimburse losses of third Parties – claimants, on condition that the Employer provides to the Contractor sufficient help and allows it to defend against such claim or settle it at its discretion.
- 13.5. The Contractor at its own discretion and expense shall provide the Employer with the right to continue to use the Building Design/Technical Solution in the manner not causing any infringements. If this is not actually possible, the Contractor shall cover any inflicted losses to Employer.
- 13.6. The Employer shall be entitled to assign and/or sell the rights referred to in Clauses 13.1-13.2 of the General Terms to other parties.
- 13.7. All information and documentation of the Employer, which the Contractor receives from the Employer or obtains in the process of performance of the Works, if it is not publicly available, is confidential and may be used only for the performance of the Works. Its use for other purposes

is allowed only with the written consent of the Employer in each individual case. The Parties agree that failure to observe confidentiality is a gross violation of provisions of the Contract, which entitles the Employer to request compensation of losses. The confidentiality disclaimer mentioned in this Contract Clause shall not be terminated.

- 13.8. By signing the Contract, the Parties declare that international sanctions or national sanctions, or sanctions affecting the interests of a major financial and capital participant or market of a Member State of the European Union or a Member State of the North Atlantic Treaty Organization (hereinafter - Sanctions) and will take all necessary actions to ensure that the Parties' cooperation with their subcontractors does not create any additional Sanction risks for the other Party, including but not limited to ensuring cooperation of the Parties with such subcontractors, whose member or shareholder structure is clear and verifiable.
- 13.9. The Party shall immediately notify the other Party in due course if it has established a breach of Sanctions in relation to the performance of the Contract in its own or its subcontractors' activities or any relation of the Board or Council members, direct or indirect members, shareholders, beneficial owners with the Sanctions, or the prosecution or punishment of the Party itself or the above-mentioned persons related to it in the European Union due to money laundering, terrorism or its financing, violations of the movement of goods of strategic importance.
- 13.10. At the request of the Employer, in order to ensure that the Employer can verify the compliance with the Sanctions, no later than within 5 (five) working days, unless the Parties have agreed on another term, the Contractor is obliged to provide the Employer with:
 - 13.10.1. information based on verifiable facts (for natural persons - name, surname, year of birth, country of citizenship; for legal persons - name, country of registration, registration number) about members of the Contractor's board or council, direct or indirect members, shareholders, beneficial owners or persons who otherwise effectively control the Contractor;
 - 13.10.2. information or documents regarding the country of origin of the goods and/or materials required for the performance of the Contract, their manufacturer, delivery route, if such goods and/or materials are subject to import, export or transit restrictions according to the legislation of the European Union during the term of the Contract or were subject to such restrictions 12 (twelve) months prior to the conclusion of the Contract.
- 13.11. The Contractor shall ensure that goods and/or materials originating in the Russian Federation or the Republic of Belarus will not be used in the performance of the Contract. Within the scope of the Contract, software, its components or other deliverables of the Contractor provided for in accordance with the subject of the Special provisions of the Contract shall also be considered as goods.
- 13.12. The Contractor shall ensure supply chain traceability of goods and/or materials, and their components, which are required to be used for the fulfilment of the Contract. No later than within 20 (twenty) days after request of the Employer the Contractor shall provide to the Employer information or documents on the country of origin of goods and/or materials, or their components, required to be used for the fulfilment of the Contract, their manufacturer and delivery routes.

14. Contractual Penalty

- 14.1. The payment of the Contractual Penalty shall not release the Parties from further fulfilment of the Contract and compensation of losses.
- 14.2. The Contractual Penalty must be paid within 30 (thirty) days after receiving the invoice from the affected Party.
- 14.3. If the Contractor, during performance of the Works, does not observe applicable occupational

health and safety, environmental protection and/or fire safety regulations, the Employer shall make a warning to the Contractor by setting a deadline for rectification of the violation in accordance with K233 "The procedure of performance of work carried out by the contractors at the generation facilities". If the Contractor has delayed the deadline set in the warning or if the Contractor has committed another violation of the same kind, which has also been recorded in a violation protocol, the Contractor shall pay the Employer a fine of EUR 200.00 (two hundred euro, 00 cents) for each violation case. The Employer shall be entitled to deduct the fine from the amounts to be paid to the Contractor.

- 14.4. In the event if the Contract is terminated in the cases referred to in Clauses 17.2. and/or 17.3. of the General Terms, the Employer is entitled to impose a Contractual Penalty on the Contractor in the amount of 10% (ten percent) of the Contract price.
- 14.5. In the event if the Contract is terminated by the Contractor in the case referred to in Clause 17.5. of the General Terms, the Contractor is entitled to impose a Contractual Penalty on the Employer in the amount of 10% (ten percent) of the Contract price.
- 14.6. If the Employer delays the payment terms specified in this Contract, the Employer shall pay to the Contractor a Contractual Penalty for each day of delay in the amount of 0.15% (zero point one five percent) of the amount of delayed payments excluding VAT, but not more than 10% (ten percent) of the amount of delayed payments excluding VAT.
- 14.7. The Contractual Penalty provided in Clauses 14.5. and 14.6. of the General Terms shall not be calculated in cases when the Contractor is subject to Sanctions and therefore settlement of payment with Contractor was impossible.

(A) Penalty for delay in performance of all Works

- 14.8. If the Contractor has not completed the Works by the deadline set in Clause 4.1 of the Special Terms, the Contractor shall pay the Employer a Contractual Penalty of 0.15% (zero point one five percent) of the Contract price for each day of delay, thus no more than 10% (ten percent) of the Contract price. The Employer is entitled to withhold the calculated Contractual Penalty when making the payments specified in the Contract.

(B) Contractual Penalty for delay in performance of a part or stage of the Works

- 14.9. If the Contractor has not performed the Works or part/stage thereof within the deadlines agreed by the Parties, the Contractor shall pay to the Employer a Contractual Penalty 0.15% (zero point one five percent) of the amount of delayed performance, but not more than 10% (ten percent) of the amount of delayed performance. The Employer is entitled to withhold the calculated Contractual Penalty when making the payments specified in the Contract.

15. Protection of personal data

- 15.1. In order to ensure compliance with laws and regulations, including the circulation of necessary information, and to respect the legitimate interests of the Parties, the Parties have the right to process personal data obtained from the other Party complying with regulatory requirements for the processing and protection of such data, including, but not limited to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- 15.2. The Employer processes the personal data of the Contractor's representatives, employees or subcontractors' employees in accordance with procedure K405 "Principles for the processing of personal data of employees Latvenergo AS contractors", which is available on the website-
<https://latvenergo.lv/en/personas-datu-apstrades-principi/darbuznemeju-darbinieku-principi>.

- 15.3. A Party disclosing the personal data to the other Party for processing shall be responsible for ensuring the legal basis for the processing personal data of the respective data subjects, notifying the data subjects and by complying with other requirements under the General Data Protection Regulation regarding the disclosure of personal data to the other Party. The Party obtaining personal data within the scope of fulfilment of the Contract shall be deemed the controller of the obtained personal data and shall be responsible for further compliance of the processing of these personal data with the requirements of regulatory enactments.

16. Force majeure

- 16.1. The Parties shall be excluded from the liability for partial or full failure to fulfil the obligations under this Contract if such failure is due to invincible, extraordinary circumstances that have occurred after entering into the Contract and that could not have been predicted or eliminated by the Parties.
- 16.2. Such circumstances include fires, acts of war, terrorist attacks, epidemic and pandemic, natural disaster as well as other circumstances beyond the possible limits of control or impact of the Parties.
- 16.3. Non-fulfilment or undue performance of obligations by the Contractor and other involved Parties shall not be deemed as force majeure circumstance.
- 16.4. The Party referring to a force majeure circumstance shall within 3 (three) days notify about that the other Party specifying the possible due date for fulfilment of the obligations.
- 16.5. If due to a force majeure circumstance the fulfilment of the Contract is delayed for more than 30 (thirty) days each Party has the right to terminate the Contract unilaterally. If the Contract is terminated in such way, none of the Parties shall have a right to request the other Party to reimburse the losses.

17. Termination of the Contract

- 17.1. The Contract may be terminated by a mutual agreement of both Parties or pursuant to the procedures laid down in this Clause.
- 17.2. The Employer may unilaterally terminate the Contract or a part thereof by written notice to the Contractor if:
- 17.2.1. the Contractor has not submitted to the Employer the appropriate Contract Performance Security or its extension, and/or a copy of the insurance contract by the deadline and in accordance with the procedures specified in the Contract;
 - 17.2.2. the Contractor has not started the performance of the Works by the deadline specified in the Contract (incl. the preparation of the Work Performance Program in accordance with the time schedule of the Contract), or is unable to perform the Works within the time limit specified in the Contract and the maximum amount of the Contractual Penalty has been reached;
 - 17.2.3. the Contractor has violated the procedures for the involvement of subcontractors and/or qualified personnel specified in the Contract and has not remedied such a violation within 30 (thirty) days following the relevant written notification from the Employer;
 - 17.2.4. the Contractor fails to fulfil any commitments or obligations under the Contract and has not rectified such non-compliance within 30 (thirty) days following the relevant written notification from the Employer;
 - 17.2.5. the Contractor's insolvency proceedings have been announced, the Contractor's economic activity has been suspended or the Contractor is liquidated, the Contractor has been excluded from the Register of Construction Merchants of the Republic of Latvia (in the contract for construction works);

- 17.2.6. it has been established that during the procurement procedure the Contractor has provided false information for the assessment of its qualifications;
- 17.2.7. it has been established that the Contractor or any of its staff members, representatives or subcontractors has given or offered (directly or indirectly) to any person any kind of bribe, gift, gratitude money, commission or any other valuable item as an incentive or reward for performance or non-performance of any activity, or showing favouritism or unfavourableness towards any person in connection with the Contract;
- 17.2.8. the Contractor or any of its staff members, representatives or subcontractors pursuant to the procedure prescribed by law has been found guilty of illegal action in connection to performance of this Contract;
- 17.2.9. the Contractor or any of its staff members, representatives or subcontractors is involved in business relations which cause a conflict of interests concerning performance of the Contract;
- 17.2.10. the Contractor has committed a severe violation of professional activity, which calls into question its honesty, or has failed to perform a procurement contract, framework agreement or concession agreement with the Employer, and this fact has been recognised by a decision of a competent authority, a court judgement or prosecutor's penal prescription, which has entered into force and has become indisputable and non-appealable.
- 17.2.11. as a result of an audit (while the Contract is in force) illegal actions on the part of the Contractor are established in connection with the performance of the Contract.
- 17.3. By sending a written notice to the Contractor, the Employer is entitled to unilaterally terminate the Contract or a part thereof, and as a result of such actions the Employer shall not incur legal liability, including civil liability, if at least one of the following cases has occurred:
 - 17.3.1. sanctions have been imposed on the Contractor, a member of its board or council, a beneficial owner, an authorised representative or a procurator, a person authorized to represent the Contractor in activities associated with its branch or a member of partnership, a member of its board or council, a beneficial owner, an authorised representative or a procurator, if the Contractor is a partnership, on its subcontractor and, as a result, performance of the Contract is difficult or impossible;
 - 17.3.2. based on verifiable facts, the Employer has reasonable suspicions that the Contractor's shares are indirectly owned or effectively controlled by a natural or legal person, entity or body on which the Sanctions have been imposed, including when the credit institution servicing the Employer refuses to make payments for the fulfilment of the obligations arising from the Contract, including in cases when additional information or documents are provided to such a credit institution servicing the Employer for the execution of the respective payment;
 - 17.3.3. at the request of the Employer, the Contractor has not provided, within the time specified in the Contract, verifiable information on the members of the Contractor's board or council, direct or indirect members, shareholders, beneficial owners or information on the country of origin of goods and/or materials required for performance of the Contract, their manufacturer and delivery routes, if such goods and/or materials have been or were subject to import, export or transit restrictions according to the legislation of the European Union during the term of the Contract or 12 (twelve) months prior to the conclusion of the Contract, or such goods and/or materials have been used in performance of the Contract;
 - 17.3.4. the Employer, according to the procedure mentioned in Section 48 of the LPPSP, has

established that the Contractor or any person specified in that Section meets at least one of the reasons for exclusion referred to in there, and the Contractor has not been able to ensure the restoration of reliability in accordance with the procedures specified in the LPPSP;

- 17.3.5. The Contractor does not ensure the fulfillment of the requirements specified in Clause 13.11 and/or 13.12 of the General Terms.
- 17.4. The Employer is entitled to terminate the Contract unilaterally due to production conditions, notifying the Contractor in writing at least 30 (thirty) days in advance and stating the reason for termination.
- 17.5. The Contractor has the right to terminate the Contract unilaterally by sending a written notice to the Employer, if the Employer has failed to settle the payments under the Contract for the Works completed and accepted as specified in the Contract and the delay of the Employer lasts at least 60 (sixty) days. The condition set out in this Clause shall not apply where the Contractor or persons specified in Clause 17.3.1. of the General Terms has been subject to Sanctions and therefore the payment cannot be taken.
- 17.6. In the cases of termination of the Contract referred to in Clauses 17.2. - 17.5. the Contractor shall hand over all documentation that is applicable to the Works within 5 (five) days of the date of receipt of the notification referred to in Clauses 17.2 - 17.5. The Contractor transfers and the Employer accepts the Works to the extent that they have been performed, comply with the provisions of the Contract, are of high quality and can be used by the Employer, as well as pay for the accepted Works in accordance with the Taking Over Certificate and the Table of Prices (Annex No.1), by deducting from this amount the amount of Contractual Penalty and damages due to the Employer. Acceptance of Works is executed by signing Taking Over Certificate by the Parties. Mutual settlements are made within 30 (thirty) days from the date of signing the above-mentioned Certificate, if the Contractor has submitted an invoice that complies with the terms of the Contract and the certificate mentioned in this Clause. At the request of the Employer, the Contractor shall attach to the invoice the Warranty Period Security that complies with the terms of the Contract for the construction work actually performed and accepted by the Employer.
- 17.7. Termination of the Contract referred to in this Clause shall not restrict the Employer's right to compensation for losses and Contractual Penalties.
- 18. Applicable legislation and dispute settlement procedure**
- 18.1. All disagreements and disputes arising between the Parties with regard to the performance of the Contract shall be solved through mutual negotiations by supplementing or amending the text of the Contract if needed.
- 18.2. The Parties may agree to involve an expert commission (up to three experts) in resolving the dispute, the opinion of which is decisive. The Parties shall cover expenses of the expert commission in equal parts.
- 18.3. If the Parties are unable to resolve the dispute within 60 (sixty) days as a result of mutual negotiations, as well as do not agree on the involvement of an expert commission in resolving the dispute, the Parties shall resolve it in court in accordance with the laws and regulations of the Republic of Latvia.
- 18.4. The Contract is concluded, interpreted and fulfilled in compliance with laws and regulations of the Republic of Latvia. If any provision of this Contract loses its force due to changes in laws and regulations, other clauses of the Contract shall remain valid and in this case the Parties shall be obliged to adjust the Contract to requirements of the existing laws and regulations.
- 19. Cybersecurity** *(this Clause applies if Clause 1.3 of the Special Terms of the Contract includes the*

procurement or delivery of an information and communication technology resource or service that is subject to the requirements set forth in Regulations of the Cabinet of Ministers of the Republic of Latvia No. 397 of 25 June 2025 "Minimum Cybersecurity Requirements")

19.1. General Obligations and Liability of the Parties in the Field of Cybersecurity:

- 19.1.1. The Parties undertake to comply with and ensure the fulfilment of obligations under the Contract in accordance with the applicable legal and regulatory acts in the field of cybersecurity, including the National Cybersecurity Law of the Republic of Latvia and the Cabinet of Ministers Regulation of the Republic of Latvia No. 397 of 25 June 2025 "Minimum Cybersecurity Requirements" (hereinafter – the "Regulations"). The Contractor shall be responsible for implementing appropriate technical and organizational measures to protect information, information systems, and data against unauthorized access, damage, or disclosure, and to ensure their confidentiality, integrity, and availability.
- 19.1.2. The Contractor undertakes to immediately inform the Employer if, during the performance of the Contract, any restriction referred to in the Regulations becomes applicable to the Contractor or a subcontractor engaged in the execution of the Contract, including the following:
- a. the Contractor is a legal person registered in the Russian Federation, the Republic of Belarus, or a country that has been recognized by the European Parliament or the Parliament of the Republic of Latvia as supporting terrorism;
 - b. the Contractor, its shareholder, equity holder, or beneficial owner (where the beneficial owner can be identified in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing) is a citizen of a country referred to in subparagraph a. of Clause 19.1.2 of the General Terms;
 - c. the Contractor's board or supervisory board consists of individuals who are citizens of a country referred to in subparagraph a. of Clause 19.1.2 of the General Terms;
 - d. a citizen of a country referred to in subparagraph a. of Clause 19.1.2 of the General Terms is involved in the execution of the Contract;
 - e. the manufacturer of an information and communication service or resource specified in the subject matter of the Contract is a legal entity registered in or a citizen of a country referred to in subparagraph a. of Clause 19.1.2 of the General Terms.
- 19.1.3. The Contract shall be terminated with immediate effect pursuant to Clause 19.4 of the General Terms if the Contractor or a person or subcontractor involved in the execution of the Contract is subject to any of the restrictions set out in Clause 19.1.2 of the General Terms.
- 19.1.4. Under the Contract, the Contractor shall be responsible for providing all information, documents, or audit records requested by the Employer within the deadlines specified by the Employer.
- 19.1.5. The Contractor shall promptly inform the Employer of any cyber incidents (including personal data breaches) or cyber threats, as well as vulnerabilities identified in the provided Service or software delivered under the Service, the measures taken to address them, the planned resolution timeframes, and shall take all actions necessary to mitigate or eliminate the cyber incident or threat.
- 19.1.6. Upon the expiry of the Contract term, the Contractor is obliged to delete and destroy all Employer data from its information system resources, unless the Contract is extended or provides otherwise. Upon request from the Employer, the Contractor shall provide confirmation of the deletion of the Employer's data.

19.2. **Specific Requirements for ICT (information and communications technology) Critical Infrastructure in the Field of Cybersecurity:**

19.2.1. If the subject of the Contract is the provision of services to the Employer's Class A information system (within the meaning of the Regulations), the Contract may only be concluded upon receipt of an opinion from the Constitution Protection Bureau.

19.2.2. If the subject of the Contract is the purchase of technical resources for the Employer's Class A information system, the Contract shall be concluded only with a Contractor who (also applying to the relevant technical resource manufacturer) meets the following conditions:

a. **Legal entities:**

(a) is registered in a North Atlantic Treaty organization (hereinafter – NATO) member state, a European Union member state, a member state of the European Free Trade Association (EFTA), or a NATO Indo-Pacific (IP4) partner country;

(b) its management board and supervisory board consist of individuals who are citizens of NATO, EU, EFTA, or IP4 countries;

(c) its beneficial owner is a citizen of a NATO, EU, EFTA, or IP4 country (if the beneficial owner can be identified in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing);

(d) its shareholders and equity holders are legal persons registered in NATO, EU, EFTA, or IP4 countries, or natural persons who are citizens of those countries.

b. **Natural persons:**

(a) is a citizen of a NATO, EU, EFTA, or IP4 country.

19.2.3. Clause 19.2.2. of the General Terms shall not apply if the shareholder or ultimate controlling person of the Contractor is a public person of the Republic of Latvia as defined in the Law on the Structure of Public Administration, or if the Constitution Protection Bureau has issued an opinion allowing the conclusion of the Contract as an exception.

19.2.4. The Contractor shall immediately notify the Employer's contact person specified in the Contract if, during the term of the Contract, any changes occur in relation to the Contractor or the respective technical equipment manufacturer regarding its registration country, beneficial owner, shareholders, equity holders, board, or supervisory board.

19.2.5. If the subject of the Contract involves the development of an information system for the Employer, modifications to an existing information system, maintenance of an information system, or servicing of IT resources, the Contractor shall ensure that, before the conclusion of the Contract, the Employer is provided with a list of individuals involved in the execution of the Contract (in accordance with the sample provided in the Annex No 8 of the Contract "Personnel of the Contractor and subcontractors involved in the performance of the Contract"), indicating each person's name, surname, personal ID number, and position/specialization in connection with the Contract. The Contractor shall also provide justification for the involvement of each individual and confirmation that consent has been obtained for a background check by the Constitution Protection Bureau. If changes are planned in the personnel involved in the Contract during its term, the Contractor shall notify the Employer's contact person in advance and provide confirmation that consent has been obtained for a background check by the Constitution Protection Bureau. Upon receipt of such notification, the Employer shall submit the list of persons for approval to the Constitution Protection Bureau. The Employer shall inform the Contractor in writing whether and to what extent the list has been approved.

19.2.6. The Contract shall be terminated with immediate effect pursuant to Clause 19.4 of the

General Terms if the Contractor or the relevant technical equipment manufacturer does not meet any of the requirements set out in Clause 19.2.2 of the General Terms and the Constitutional Protection Bureau has not approved the continuation of the Contract as an exception.

19.2.7. The requirements laid down in Clauses 19.2.2 and 19.2.5 of the General Terms, as well as the notification obligations in Clauses 19.2.4 and 19.2.5, shall also apply to subcontractors engaged by the Contractor in the execution of the Contract.

19.3. Additional Requirements for the Contractor's subcontractors in the Field of Cybersecurity:

19.3.1. When engaging a subcontractor, the Contractor shall inform the Employer of the subcontractor's compliance with the requirements set out in the National Cybersecurity Law, the Regulations, and the Contract.

19.3.2. The Contractor shall assume full responsibility for its subcontractors and the personnel engaged by them, including the work performed, supervision thereof (ensuring that the contracts with subcontractors include the Employer's right to carry out supervision), compliance with deadlines for the work performed by subcontractors, the subcontractors' compliance with the Employer's cybersecurity requirements as set out in the Contract, any direct damages caused, as well as the payment for the work performed by the Contractor's subcontractors.

19.3.3. The involvement of subcontractors may not conflict with the provisions of this Contract, the National Cybersecurity Law, the Regulations, as well as the requirements of the procurement procedure, if the Contract is concluded as a result of a procurement procedure.

19.4. Additional conditions for terminating the Contract in the Field of Cybersecurity:

19.4.1. By sending a written notice to the Contractor, the Employer is entitled to unilaterally terminate the Contract or a part thereof, and as a result of such actions the Employer shall not incur legal liability, including civil liability, if at least one of the following cases has occurred:

- a. the Contractor fails to provide information within the time limit specified in the Contract in accordance with Clauses 19.1.2, 19.1.4, 19.1.5, 19.2.4 or 19.2.5 of the General Terms;
- b. the Employer has established that the Contractor or a subcontractor engaged by it does not comply with the requirements of Clauses 19.1.2 and/or 19.2.2 of the General Terms of the Contract;
- c. the Employer has received a negative opinion from the Constitutional Protection Bureau for the continuation of the Contract in the case specified in Clauses 19.2.4 or 19.2.5 of the General Terms of the Contract.

19.4.2. In the event if the Contract is terminated in the cases referred to in Clause 19.4 of the General Terms, the Employer is entitled to impose a Contractual Penalty on the Contractor in the amount of 10% (ten percent) of the Contract price, as well as the Clauses 17.6 and 17.7 of the General Terms of the Contract shall apply to the relations between the Parties.

20. Conclusion and effective period of the Contract

20.1. The Contract enters into force from the date of its mutual signature and is in force till the Parties have fully performed their obligations.

21. Addresses and communications of the Parties

- 21.1. The exchange of information between the Parties within the framework of the Contract shall take place electronically by sending information to the other Party's Project Manager's e-mail address specified in the Contract, but:
 - 21.1.1. notices related to changes in the scope of Works, Contract amount, Work performance deadlines and subcontractors, or related to replacement or temporary replacement of the Work Manager, Project Manager or the Occupational Health and Safety Coordinator must be prepared in writing, sent electronically to the other Party's Project Manager's e-mail address specified in the Contract, signed with a secure electronic signature recognized in the Republic of Latvia or otherwise the originals must be handed over in person or sent by registered mail. The Technical Director of the HPP or TEC or the Director of Production Projects are also entitled to notify about the replacement or temporary replacement of the Employer's Project Manager specified in this paragraph;
 - 21.1.2. deeds and other Contract performance documents shall be signed with a secure electronic signature recognized in the Republic of Latvia or drawn up in accordance with the provisions of the Special Terms.
- 21.2. The document or information is considered to be notified on the next working day after sending the e-mail to the Project Manager's e-mail address, if the original is an electronic document or delivered in person or sent by registered mail. In case of disagreement the document or information will be deemed to be notified within the time limits specified in the applicable Law of Notification. Within the communication between the Parties a response shall be provided not later than within 10 (ten) working days from the day when the Party has received the notification from the other Party.
- 21.3. In case of changes in the legal status of any of the Parties, or any details of the Parties specified in the Contract, including credit institution current accounts, phone numbers, email addresses, registered addresses, the Party shall inform the other Party in writing immediately. If payment details of the Contractor (resident of the Republic of Latvia) has changed and they are located outside the Republic of Latvia, it shall be the Contractor's duty to submit to the Employer together with such a notice a printout/statement from the State Revenue Service Electronic Declaration System (SRS EDS) that such settlement details have been registered with the State Revenue Service. If the Party fails to comply with provisions of this Clause, it shall be deemed that the other Party has completely fulfilled its obligations by using the information about the other Party, which is provided in the Contract. The provisions included in this Clause shall also refer to the representatives of the Parties and their details referred to in the Contract.
- 21.4. All notifications sent by one of the Parties to the other must be sent to the address specified in the Special Terms, unless otherwise specified by the receiving Party.