

*For design-build works that are performed as a result of procurement procedures determined
the Public Procurement Law in the sum up to 3 million euros*

International Federation of Consulting Engineers “Short Form of Contract”

Draft construction contract

CONTRACT AGREEMENT

Contract: “<Contract name>” (No.: <Contract number>)

Date of this document is
the date of electronic signing thereof

<Name of the Customer>, Reg. No. <registration number>, <address>, represented by <position, given name and surname of the signatory> [, who acts pursuant to the <reference to the document certifying the signatory power>] (hereinafter - the Customer), on the one part,

and

<Name of the Contractor>, Reg. No. <registration number>, <address>, represented by <position, given name and surname of the signatory>[, who acts pursuant to the <reference to the document certifying the signatory power>] (hereinafter - the Contractor), as the party of the second part,

based on the results of the procurement procedure “<Procurement procedure name>” organised by [the Customer] and the Contractor's Bid on the design of the <construction site description> in accordance with the terms and conditions of the Contract, have agreed as follows:

1. The terms of the Contract include the General Terms and Conditions: The International Federation of Consulting Engineers “Short Form of Contract” (the 2007 translation by the Latvian Association of Consulting Engineers), copies of which can be purchased from the Latvian Association of Consulting Engineers at Krišjāņa Barona iela 99/1a, Riga, LV 1012, e-mail: lika@lika.lv or ww.fidic.org/bookshop, and the Special Terms and Conditions, which include amendments and supplements to the General Terms and Conditions, and Annexes to the Special Terms and Conditions. The parties shall purchase the printed version and/or the downloadable PDF version of the General Terms and Conditions by themselves.

If the terms used in the General Terms and Conditions of the Contract are ambiguous, their content should be determined in accordance with the International Federation of Consulting Engineers “Short Form of Contract”(available in English), which can be purchased at www.fidic.org/bookshop.

2. The words and expressions herein shall have the same meaning as defined for them in the provisions of the Contract.

3. Subject to the payments to be made by the Customer to the Contractor in accordance with the Contract provisions, the Contractor undertakes to perform and complete the Works in accordance with the Contract provisions and to eliminate all defects therein.

4. In accordance with the financial offer submitted by the Contractor, **the Contract Price** for General Works shall be **EUR** _____, excluding VAT, including:

- 4.1 For Design Works EUR _____;
- 4.2 For construction works EUR _____;
- 4.3 For Author's supervision works EUR _____.

For **Individual Works** EUR____, excluding VAT.¹

VAT <...>%: EUR <...> (<amount in words> euros).

Taxes shall be paid in accordance with the regulatory enactments in force.

5 Individual works are not planned.²

¹ Hereinafter the text marked in yellow shall be included if Individual Works are provided.

² In order to facilitate the application of the contract for the needs of the Object and without the need to change the numbering, it may be indicated in this way.

5 If the Customer will need Individual Works, then, upon entering into a separate agreement to the Contract on this, the Customer shall assign the Contractor to perform the Individual Works or part thereof. In such case the Customer will submit to the Contractor, no later than within ____ (____) weeks/months from *the day of signing of the Delivery and Acceptance Report of the Place of Performance of Works/day of conclusion of the Contract*, ³the agreement regarding performance of the Separate Works or any part thereof. The Contractor shall not be entitled to refuse to sign the agreement on the performance of the Individual Works or a part thereof, if the Customer has complied with the time-limit specified in this Clause. The parties have the right to enter into several agreements on the performance of parts of the Individual Works within the time-limit referred to in this Clause⁴

6. Requisites for making payments to the Contractor:
<details for making payments>.

7. The Contract Agreement is prepared in the form of an electronic document and signed with a secure electronic signature.

9. The Contract shall enter into force on the day the Parties sign the Contract Agreement.

Contractor:

<Contractor's name>
<Position, name and surname of the person entitled to sign>

(signature*)

Customer:

<Customer's name>
<Position, name and surname of the person entitled to sign>

(signature*)

*THIS DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.
THE DATE OF SIGNING OF THE DOCUMENT IS THE DATE OF THE TIME STAMP OF THE LAST SIGNATORY.

³ Select the appropriate reference point.

⁴ Wording of the Clause, if Individual Works are planned.

ANNEX

This Annex forms an integral part of the Contract.

Question	Sub-Clause	Information
List of documents constituting the Contract in order of priority:	1.1.1 and 1.3	
(a) Contract Agreement		
(b) this Annex		
(c) Additional information provided during the procurement procedure, minutes of the meeting of interested suppliers, etc. annexes*		
(d) Special Terms and Conditions of the Contract and the enclosed documents:		
- Contract Performance Security Template;		
- Advance Payment Template;		
- Retention Money Guarantee Template;		
- Confirmation of the transfer of the author's property rights (Sub-Clause 4.3);		
- "SJSC <i>Valsts nekustamie īpašumi</i> Labour Protection Requirements for Contractors When Performing Construction Works" and "Contractual Penalty Determined by <i>Valsts nekustamie īpašumi</i> for Failure to Comply with Labour Protection Requirements and Procedure for Construction Works, Labour Protection, Fire Safety, Electric Safety, Environment Protection and Other Requirements Determined by Regulatory Enactments at the Place of Performance of Construction Works";		
- List of materials for which there is a right to receive payment (Sub-Clause 11.2 of the Special Terms and Conditions);		
- Document templates (Sub-Clause 17.1 of the Special Terms and Conditions).		
(e) General Terms and Conditions of the Contract;		
(f) Technical Drawings (if there are discrepancies between the volume of the Technical Drawing and/or financial tables in graphical parts of the design, the graphical part of the design shall prevail);		
(g) Technical Specification;		
(h) Procurement procedure documents that determine the qualification requirements for candidates and tenderers;		
(i) Completed Forms, including Financial Offer of the Contractor, as well as time schedule and Cost-Estimate, if any is provided;		
(j) Contractor's Bid, including the Technical Offer, information on the Contractor's staff and Subcontractors;		
(k) Other procurement procedure documents.		

* The documents referred to in the Clause shall only have priority in respect of the document which they explain.

Question	Sub-Clause	Information
Execution Period	1.1.9 and 7.1	<... > days/months from the date of entry into force of the Contract. (including <... > days/months Designing)
Applicable Law to the Contract	1.4	Regulatory enactments of the Republic of Latvia
Language	1.5	Latvian
Communication form	1.5	Electronic mail
Statutory obligations	1.6	The Project Manager <_____> Health and Safety Coordinator <_____>

Contractual penalties determined by the Customer for the Contractor for non-compliance with the Customer's labour protection requirements and working regulations, labour protection, fire safety, electrical safety, environmental protection and other requirements specified in regulatory enactments	1.6 2.3 4.1 4.3 12.5	in the amount determined in the document "SJSC <i>Valsts nekustamie īpašumi</i> Labour Protection Requirements for Contractors When Performing Construction Works" and "Contractual Penalty Determined by <i>Valsts nekustamie īpašumi</i> for Failure to Comply with Labour Protection Requirements and Procedure for Construction Works, Labour Protection, Fire Safety, Electric Safety, Environment Protection and Other Requirements Determined by Regulatory Enactments at the Place of Performance of Construction Works"
Contractual penalty for a failure to comply with the rules on confidential information	1.7	From EUR [250.00-1500.00] ⁵ per each case
Financing of foreign financial instruments	1.10	Is/is not applicable
Representative of the Customer (if any)	3.2	<<Name, Surname, position, e-mail, mob.> ⁶ Building supervision will be performed by: name, surname, cert. No. ___ ⁷
Representative of the Contractor	4.2	<<Name, Surname, position, e-mail, mob.> Author's supervision will be performed by: name surname, cert. No. ___ ⁸
Contract Fulfilment Security	4.4	The template is attached to the documents of the Special Terms and Conditions <10>% of the Contract Price for General Works, determined in the Contract agreement ⁹
Contractual penalty for non-payment to Subcontractors	4.5	In the amount of <0.1>% of the Contract Price for the General Works determined in the Contract Agreement, or in the amount of EUR <___> for each identified case
Requirements for designing performed by the Contractor	5.1	Clauses of Technical Specification No. <... >]
Execution programme	7.2	within <14> days from the date of entry into force of the Contract or Commencement Date.

⁵ The amount of the contractual penalty shall be determined by the procurement commission.

⁶ Project manager appointed by the Customer.

⁷ If available at the conclusion of the Contract.

⁸ If available at the conclusion of the Contract.

⁹ In the case if Individual Works or additional works are assigned, the Customer has the right to determine the amount of security from the Contract Price for General Works and the total amount of Individual Works and/or additional works, but not below the Contract Price, aligning with the fifth paragraph of Sub-Clause 4.4.

Amount payable due to the late completion of Works (contractual penalty)	7.4	<0.1%> of the Contract Price or in the amount of EUR <___> for each day of delay, but not exceeding 10% of the Contract Price ¹⁰
Deadline for reporting defects	9.1 and 11.5	<___> days/months from the date determined in the notification issued in accordance with Sub-Clause 8.2, and which is not shorter than the minimum guarantee period for construction works specified in regulatory enactments
Procedures for Making Changes and Evaluation of Works: ¹¹	10 and 11.1	<...>
[Total Price	11.1	
Total Price with a list of rates	11.1	
Total Price with a list of volumes	11.1	
Re-measurements compared to the list of volumes of the offer	11.1	
Reimbursable costs	11.1	
Value of Materials and Equipment in percentage	11.2	Materials ___% Equipment ___% ¹²
Retention money in percentage	11.3	<5%> of Contract Price ¹³
Payment currencies	11.7	euro (EUR)
Advance Payment	11.9	<20>% of the part of the Contract Price for Design Works and <20>% of the part of the Contract Price for Construction Works)
Number of advance payments	11.9	Two payments: (a) for Design Works - after the entry into force of the Contract;

¹⁰ If an agreement on additional/Individual Works is concluded during the validity period of the Contract, then the maximum amount payable due to late completion of the Works shall be determined from the Contract Price, which shall be the Contract Price for General Works specified in the Contract Agreement and the total amount of additional/Individual Works.

¹¹ The Customer shall select one of the types (Total price, Total price with list of rates, Total price with list of amounts, Re-measurement compared to the list of the volume of offers, Reimbursable costs), for how the offered Contract Price is calculated and presented. Due to special reasons more than one form of calculation of the amount of offer may be selected, but in such case the types of calculations shall be defined in detail. **Total price** - offer of the total amount without any explanatory details. This price is used for small works, where no Changes are planned and where the Works will be completed in a short period of time by making only one payment to the Contractor. **Total price with a list of rates** - offer of the total price is supplemented with lists of rates prepared by the submitter of the bid. This will be a larger contract where changes may occur and payments shall be required in several stages. **Total price with lists of volumes** - offer of the total price based on the list of volumes prepared by the Customer. **Re-measurement compared to the list of volumes of the offer** - the Sum subject to re-measurement pursuant to the tariffs offered by the submitter of the bid on the list of volumes prepared by the Customer. Suitable for contracts where many changes are expected in the Works after the conclusion of the Contract. **Reimbursable costs** - a forecast prepared by the Submitter of the Bid, which will be replaced by the actual costs of the Works, calculated in accordance with the conditions specified by the Customer. Applied for contracts, where the volume of works before the conclusion of the Contract cannot be determined (for example, urgent reconstruction of building damaged as a result of fire).

¹² If % is specified, also a list of Materials, for which payment can be received, is to be added

¹³ If an agreement on additional/Individual Works is concluded during the validity period of the Contract, then the Retention money shall be determined from the Contract Price, which shall be the Contract Price for General Works specified in the Contract Agreement and the total amount of additional/Individual Works.

(b) for Construction Works - upon receipt of a note from the Building Authority regarding the fulfilment of the design conditions¹⁴

Insurance: 14.1 14 (fourteen) days from the date of entry into force of the Contract.

Contractor:

<Contractor's name>
<Position, name and surname of the person entitled to sign>

Customer:

<Customer's name>
<Position, name and surname of the person entitled to sign>

(signature*)

(signature*)

*THIS DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.
THE DATE OF SIGNING OF THE DOCUMENT IS THE DATE OF THE TIME STAMP OF THE LAST SIGNATORY.

¹⁴ Within the framework of each contract, the condition may change, upon the fulfilment of which an advance payment may be paid for Construction Works.

SPECIAL PROVISIONS

1.1 Definitions

Sub-Clause 1.1.1 shall be formulated as follows:

“Contract” shall mean the Contract agreement and other documents listed in the Annex.

Sub-Clause 1.1.2 shall be formulated as follows:

“Technical Specification” (also Work Task or Design Task) means a document prepared by the Customer in accordance with the Applicable Law, as included in the Contract, and any additions and amendments made thereto in accordance with the Contract. This document defines the Works.

Sub-Clause 1.1.3 shall be formulated as follows:

“Technical Drawings”, which mean building design, confirmation card, explanatory note or any other documentation necessary for the implementation of the building concept provided for in regulatory enactments, other technical drawings of Works included in the Contract and any technical drawings supplemented and redesigned in accordance with the Contract, prepared by the Contractor.

Sub-Clause 1.1.7 shall be formulated as follows:

“Commencement Date” is equal to the date of the Contract coming into force.

Sub-Clause 1.1.9 shall be formulated as follows:

“Performance Time” means the time by which all Works must be completed, commissioned [if applicable]¹⁵ and handed over to the Customer. The Performance Time may only be amended in the cases determined in the Contract and on the basis of written agreement between the Parties. The Performance Time shall be counted as of the Commencement Date.

Sub-Clause 1.1.10 shall be formulated as follows:

“Costs” mean all reasonable expenses, arising to the Contractor at the Work Performance Place or outside of it, including overheads, in accordance with Cabinet Regulation No. 239 “Regulations on the Latvian Construction Standard LBN 501-17 “Procedure for Determination of Construction Costs”, adopted on 3 May 2017, excluding profit.

Sub-Clause 1.1.19 shall be formulated as follows:

“Works” mean all construction works and design to be performed by the Contractor, including temporary works and any Changes. Works shall also include the construction works and/or designing which are not directly mentioned in the Contract, but which are objectively necessary and reasonably expected from the Contractor as an experienced professional in order to achieve the objective of the Contract.

If during the performance of the Works, the Parties agree in writing on the necessity to perform the Individual Works, all the works assigned to the Contractor within the framework of the Contract shall be considered as the Works within the meaning of the Contract.

To supplement with Sub-Clause 1.1.20, 1.1.21, 1.1.22, 1.1.23, 1.1.24, 1.1.25, 1.1.26, 1.1.27 and 1.1.28 as follows:

¹⁵ If provided for in the regulatory enactments.

1.1.20 “**General Works**” mean the part of the Works specified in the Technical Drawings and Cost-Estimate under the item General Works and regarding the performance of which the Parties shall agree upon the conclusion of the Contract.

1.1.21 “**Individual Works**” mean a part of the Works specified in the Technical Drawings and Cost Estimate under the heading Individual Works, i.e., and the full or partial performance of which is separately agreed upon by the Parties during the fulfilment of the Contract. Price for Individual Works cannot be increased during the validity period of the Contract due to the price increase for labour force and/or costs of materials, that will become effective during the validity period of the Contract or that have entered into force before the Contract enters into force, and any other circumstances that may affect the Price of Individual Works, except for the price determined in Sub-Clause 6.1(n).

1.1.22 “**Defect Notification Period**” means the period specified for the notification of defects established during the Works in accordance with Sub-Clause 9.1, which is specified in the Annex, which is not shorter than the minimum construction work guarantee period specified in the special construction terms and conditions.

1.1.23 “**Object of Copyright**” means the documentation and other material objects created as a result of the work performed by the Contractor necessary for implementation of the building concept.

1.1.24 “**Contract Price**” means the amount specified in the Contract Agreement (excluding VAT) for the performance and completion of high-quality Works that the Customer will pay to the Contractor in full amount and within the time limits specified in the Contract for Works performed in accordance with the Technical Specification, as well as the elimination of any Defects and for risks and responsibility assumed by the Contractor under the Contract. The Contract Price shall include full payment for the complete fulfilment of obligations provided within the framework of the Contract, including, but not limited to, all costs related to feasibility study works [if applicable]¹⁶, Design Works, including output material necessary for the organisation of development, technical regulations, alignments and information collection, measurement, inspection, transport, insurance costs required for taxes and duties, research works, all possible costs that may be incurred by the Contractor during the execution of the Design Works by providing clarifications and additions to the requirements determined in the implementation documentation of the building concept, Author's supervision during the entire period of Construction Works and Guarantee Period and they may not be increased, if the time period for performance of the Works is extended, performance of the Works in full, including costs of materials and products, costs of works, overheads, machinery and transport costs, increase in winter costs, costs of organisation of works, taxes (except the provisions of Sub-Clause 6.1 (n)), fees, insurance costs, expenses related to receipt of all necessary documents (for example, receipt of opinions from institutions/persons that have issued technical regulations, ordering and receiving the updated cadastral survey file, ordering and receiving the updated Topographic Plan) for commissioning of the Object, including works, products, materials, equipment and mechanisms that are not specified in the Financial Offer or Cost-Estimates submitted by the Contractor in the procurement procedure, but are to be concluded from the Technical Specification, as well as works, products, materials, equipment and mechanisms that are not specified in the Contract or in the documentation of the

¹⁶ If a feasibility study is planned.

Technical Specifications, but are necessary for the proper, timely and high-quality performance of the Works, as well as all possible costs that may arise for the Contractor when the Customer suspends the Contract.

The Contract Price means the General Works and the Individual Works, if they are performed in accordance with the procedure specified in the Contract, including adjustments made in accordance with the Contract, to the extent agreed at the particular time. The Contract Price may not be increased during the entire validity period of the Contract due to price increases for labour and/or material costs, and changes in other laws and regulations (except the provisions in Clause 6.1(n)), and any other circumstances that could affect the Contract Price.

The Contract Price may be changed during the entire validity period of the Contract in accordance with the procedures specified in the Contract and the Public Procurement Law.

1.1.25 “**Additional works not provided for in the Contract**” are additional works that:

- (a) were not originally included in the Contract, Technical Specification or Technical Drawings, but are required for reasons which could not have been foreseen in advance;
- (b) were not initially included in the Contract or the Customer's requirements and a substitution of the supplier for performing such additional works would result in a significant increase in costs and could not be performed for economic or technical reasons such as substitutability or compatibility with equipment, services or facilities already acquired in the original procurement, or a substitution of the supplier would cause significant difficulties.

1.1.26 “**Overheads**” means, for the purpose of the Latvian construction standard LBN 501-17 “Procedure for determination of construction costs”, the amount of overheads specified in the Contractor's Bid. Overheads for additional works, if any, shall not exceed the percentage of overheads included in the Contractor's Bid.

1.1.27 “**Object**” shall mean the immovable property, address _____, cadastre No. ____, including during the process of its construction works.¹⁷

1.1.28 “**Technological Interruption**” means the interruption of Construction Works (or any part thereof), which is determined if due to technological metrological/climatic conditions (lowest/average daily temperature, wind speed, precipitation, etc.) or other reasons, being beyond the Contractor's control, it is not possible to perform a part or all of the Works. Detailed conditions are included in the Technical Specification.¹⁸

1.5 Notices

The second paragraph shall be supplemented as follows:
Unless otherwise specified, the Customer shall, within <28> days, review and provide notice of any documents, notices, Technical Drawings or Work Documentation submitted by the Contractor.

1.6 Statutory obligations

To express the Subparagraph in the following wording:
The Contractor shall comply with the laws of the countries, where the activities are carried out. The Contractor shall provide all notifications,

¹⁷ All structures included in the real estate must be listed with the Object, incl. engineering structures where the Works will be performed within the framework of the Works.

¹⁸ This Sub-Clause shall be inserted if the Contract provides for the performance of construction works, such as roof and facade works, within the framework of which it may be necessary to provide for a Technological Interruption. The Technical Specification shall indicate the conditions under which the Technological Interruption may be applied (for example, if the daily average temperature is lower than the specified amount and if, according to the Work Schedule, it is planned to perform the works during this period, the high quality performance of which is not technologically possible in the specific metrological weather conditions).

pay all taxes, fees (including the municipal fee for the issue of a building permit or acceptance of a building concept, making a note in the explanatory memorandum or confirmation card, for the payment of damages for the reduction of natural diversity in relation to tree felling), fees and other payments that the Customer should pay in relation to fulfilment of the Contract, as well as obtain all permits, licences and approvals in accordance with the requirements of the regulatory enactments of the Applicable Law subject to the Works.

During the whole performance time of the Contract the Contractor shall be responsible for compliance with fire safety requirements and the performance of labour protection measures at the Object. Upon commencement of the fulfilment of the Contract, the Customer shall assign the Contractor as the project manager for the preparation and execution of the Works for the purpose of Cabinet Regulation No. 92 "Labour Protection Requirements in Performing Construction Work", adopted on 25 February 2003, and it shall have an obligation to ensure the appointment of one or several labour protection coordinators, as well as the fulfilment of other obligations and requirements, which shall be performed by the project manager, labour protection coordinator, in accordance with the requirements of regulatory enactments governing labour protection, as well as to ensure the performance of other obligations, provided for the Customer by the regulatory enactments governing labour protection. The Contractor shall be responsible for the consequences, arising as a result of the non-fulfilment or improper fulfilment of obligations determined in this Paragraph.

In the case of violations of the requirements determined in the document attached to the Special Terms and Conditions "___" "SJSC *Valsts nekustamie īpašumi* Labour Protection Requirements for Contractors When Performing Construction Works" and "Contractual Penalty Determined by *Valsts nekustamie īpašumi* for Failure to Comply with Labour Protection Requirements and Procedure for Construction Works, Labour Protection, Fire Safety, Electric Safety, Environment Protection and Other Requirements Determined by Regulatory Enactments at the Place of Performance of Construction Works", the Contractor shall pay the Customer the contractual penalty in the amount determined in the document.

1.7 Confidential Information

Sub-Clause 1.7 shall be supplemented as follows:

The Contractor shall undertake to comply with confidentiality, including:

- a) to ensure non-disclosure of the information specified in the Agreement, incl. by third parties participating in or involved in the performance of the Agreement;
- b) to protect, not to distribute and not to disclose to third parties in full or partially, without the prior written permission of the other Customer, the content of this Contract or other documents related to it, as well as any technical, commercial and any other information about the activity of the other Customer, that has become available during the fulfilment of the Contract;
- c) the Contractor shall not, without the written consent of the Customer, disclose or otherwise communicate any information to third parties, including the media, or express an opinion regarding the progress of the Contract, the construction plan of the Object, or the Object. The Contractor shall ensure that its Subcontractors and employees comply with this provision.

The Customer shall undertake to observe confidentiality and not to disclose to third parties in full or in part, without receiving written permission from the Contractor, the Contract or other documents related to the fulfilment thereof, which the Contractor has determined as a trade secret before the conclusion of the Contract, and informing

the Customer accordingly before concluding the Contract. In any case, the Contractor may not determine the subject of the Contract and the result of its performance as a trade secret.

Restrictions on confidentiality do not apply to information that is publicly and generally available, or to information that is intended to be disclosed to third parties under the terms of the Contract or that is classified as generally available information under regulatory enactments. The confidentiality rules do not apply in cases where information is requested by state or municipal authorities and for which such rights are provided by the laws and regulations of the Republic of Latvia.

The rules of this Sub-Clause shall have no limitation period and the period of validity of the Contract shall not apply to them.

If the Contractor fails to comply with the obligations and/or prohibitions specified in this Sub-Clause, the Customer is entitled to demand a contractual penalty from the Contractor in the amount specified in the Annex to the Bid for each identified case.

1.8 Object of Copyright

Sub-Clause 1.8 shall be supplemented by the following:

Property Rights

The Parties agree that after the Customer has made the first payment, which is not an advance payment, the Customer shall acquire all existing and future property rights of the Contractor as an author referred to in Section 15 of the Copyright Law with regard to the Copyright objects created in accordance with the Contract (all documents prepared as a result of Works and author's works arising from them). The above-mentioned rights shall be deemed as transferred as of the moment when the Contractor has received the relevant payment from the Customer, without signing any separate report between the Parties, and the Customer shall be entitled to alienate these rights to other persons. The Parties agree that payment of the Customer to the Contractor in accordance with the Contract shall also include the author's fee and the Contractor shall not be entitled to claim for an additional author's fee/royalty.

Personal Rights

The Contractor guarantees that the author's personal right specified in Section 14, Paragraph one of the Copyright Law to decide whether the work will be announced and when it will be announced (Section 14, Paragraph one, Clause 2), to withdraw the work (Section 14, Paragraph one, Clause 3), the inviolability of work (Section 14, Paragraph one, Clause 5) and counteraction (Section 14, Paragraph one, Clause 6) shall not be exercised.

With regard to the above-mentioned, the Contractor hereby confirms and guarantees to the Customer that:

- a) the Customer will acquire the property rights free from claims of third parties (including, the Contractor confirms that the Contractor and its Subcontractors have not violated the requirements of regulatory enactments governing copyrights and intellectual property rights during the fulfilment of the Contract, including have not violated copyrights and intellectual property rights of another person, as well as use of unlawfully acquired objects of copyrights and intellectual property rights);
 - b) all natural persons, who have been involved in the performance of Works, have provided confirmations regarding the transfer and use of their personal rights: authors shall not request their names to be specified in the object of Copyrights, besides authors shall permit the making of any modifications, amendments or supplements to
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- the Object of Copyright and documentation thereof at the free discretion of the Customer or third party;
- c) The approval made by natural persons in the construction information system for the Technical Drawings developed within the framework of the Works is considered as confirmation of the transfer of the author's property rights to the Customer. The Contractor shall be obliged to explain this to the involved specialists and the Contractor shall assume responsibility for this. If necessary, in the case of replacement of the Contractor's specialists or in other cases at the request of the Customer, the Contractor shall provide written confirmation to the Customer of the transfer of the author's property rights to the persons involved in the development of the Object of Copyright;
 - d) shall ensure the receipt of all permits and rights necessary for the transfer of the Objects of Copyright to the Customer from other persons involved in the development of the Objects of Copyright;
 - e) undertakes not to transfer to third parties, without the written consent of the Customer, and not to use the copyright objects created within the framework of the Contract (documents prepared as a result of Works and copyright arising from them) for the benefit of third parties;
 - f) The Customer shall acquire all rights to detail, change, modify, amend and supplement the Objects of Copyright or any parts thereof, use them for creation of new works and adapt them to their needs, and such activities do not require the separate consent of the Contractor.

Taking the above-mentioned into account, any further modifications of the Object of Copyright, renewals, re-building, alterations, extensions or any other changes that the Customer or a third party will make at the Object of Copyright, shall not constitute a violation of the intellectual property rights of the Contractor and authors attracted by it. Therefore, the Contractor shall refuse counter-activities and all its future claims or complaints in relation to the above-mentioned.

In cases of infringement of intellectual property rights of third parties caused due to the fault of the Contractor, the Contractor shall have a duty:

- (a) to immediately eliminate any breach of the rights of third parties free of charge;
- (b) pursuant to the request of the Customer, at its own expense, to defend the Customer, if third parties have brought any claims regarding the infringement of intellectual property rights;
- (c) bear the expenses and damages incurred by the Customer due to the violation of intellectual property rights of third parties or third-party claims for the breach of intellectual property rights.

In the case if a contractual penalty, costs and/or losses have been deducted from the compensation to be paid to the Contractor, in accordance with the terms and conditions of the Contract (if the Customer has performed deduction of the contractual penalty, costs and/or losses from the compensation to be paid to the Contractor), the above-mentioned rights shall be considered as transferred as of the moment when the Contractor has received the payment of the relevant payment in the amount, corresponding to the compensation, from which the calculated contractual penalty, costs and/or losses have been deducted.

Provisions of this Sub-Clause shall not be limited in time and the term of validity of the Contract shall not apply to it.

1.9 Personal data protection

Sub-Clause 1.10 shall be supplemented by the following:
Within the framework of fulfilment of the Contract, including when performing the mutual transfer-acceptance of personal data and sequential processing in order to ensure the fulfilment of this Contract, the Contractor and the Customer shall be separate controllers of personal data processing in the context of personal data processing.

The Contractor and the Customer shall ensure the processing of personal data in accordance with this Contract and the regulatory enactments governing personal data processing, including:

- (a) in accordance with Article 13 and Article 14 of 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), shall be informed by the Party that acquires the personal data;
- (b) in the case of a request of the data subject, a reply shall be prepared with the specified time period by the Party, which has received the request of the data subject;
- (c) each Party shall ensure the implementation of the rights of the data subject with regard to the processing of the personal data it performs until the transfer of personal data to the other Party;
- (d) each Party of the Contract shall implement appropriate technical and organisational measures to ensure and be able to demonstrate that the processing of personal data is performed in accordance with the regulatory enactments governing the processing of personal data.

The Parties shall, upon the respective written request of the other Party, provide each other with the necessary support in cases of a personal data breach and requests of data subjects (in cases of personal data breach - no later than within 72 (seventy-two) hours, in other cases - no later than within 2 (two) weeks).

The Contractor and the Customer shall not be liable for possible personal data breaches of the other Party that have occurred in relation to the fulfilment of this Contract until the day when the other Party has transferred the personal data to the Customer or the Contractor respectively.

1.10 Financing of foreign financial instruments

Sub-Clause 1.10 shall be supplemented by the following:
This Sub-Clause is applicable in the case of a contract financed by foreign financial instruments, if a notice has been made on this in the Annex.

The Contractor is aware that the Works or part thereof will be performed with the co-financing of the European Regional Development Fund Operational Programme “___” and undertakes to cover all losses and/or costs that may occur if due failure of the Contractor to perform the in accordance with the terms and conditions of the Contract and/or due to delays a financial adjustment is applied and/or costs are declared ineligible or funding is not granted. The Contractor undertakes to cover the losses and/or costs referred to in this Clause upon the receipt of the first written request of the Customer.

In order to prevent the risk of costs for improperly performed works, the Customer shall suspend fulfilment of the Contract for a period not exceeding 3 (three) months, and only if the Customer is not thus adversely affected:

- (a) if the Cabinet of Ministers has proposed a review of the priorities and activities of the relevant foreign financial instrument planning period or an institution involved in the management of the foreign
-

financial instrument has decided not to grant the funding of the foreign financial instrument, and the funding of the foreign financial instrument may be reduced for the customer in relation to that or the funding of the foreign financial that the customer has intended to use for covering of the payment obligations provided for in the contract may be withdrawn;

- b) in accordance with the decision of the authority involved in the management of the foreign financial instrument or Cabinet of Ministers.

The Customer has the right to unilaterally withdraw from the Contract if:

(a) the authority involved in the management of the foreign financial instrument has determined the adjustment of expenses of the Project funded by the foreign financial instrument, and the above-mentioned adjustment arises from the infringement of the Contract committed by the Contractor;

(b) the authority involved in the management of the foreign financial instrument has established violations of regulatory enactments during the course of the conclusion or fulfilment of the Contract, and adjustment of expenses of the Contract in the amount of 100% is applied due to this.

The Customer has the right to terminate the Contract if the Cabinet of Ministers has adopted a decision regarding the review of priorities of the relevant structural fund planning period or the institution involved in the management of the foreign financial instrument has decided not to grant the funding of the foreign financial instrument and therefore the funding of the foreign financial instrument that the customer planned to use for covering of the payment obligations provided for in the Contract is significantly reduced or cancelled for the customer.

2.1 Ensuring of the availability of the Work Performance Place

To express the Subparagraph in the following wording:

By the Acceptance-Transfer Deed, the Customer shall transfer the Works Performance Place (Object) to the Contractor for the performance of construction works. At all times while the Object is being transferred to the Contractor, the Contractor shall assume full material responsibility for it. However, the Customer may not transfer the Works Performance Place and deny access to the Work Performance Place for the performance of construction works until approval has been received by the Construction Board for the commencement of construction works, and until the Customer has coordinated the work performance project and work protection plan.

The Contractor is obliged to ensure that before commencement of construction works the Construction Board's approval for the commencement of construction works has been received, the work performance project and work protection plan have been agreed with the Customer, and the Transfer-Acceptance Deed of the Work Performance Place is submitted to the Customer for signing. The Customer shall sign and submit the Contractor the Deed of Transfer and Acceptance of the Work Performance Place no later than within 7 (seven) days from the day when the Contractor has submitted it to the Customer.

2.2 Permits, licences or approvals

The second and third paragraph shall be supplemented as follows:

The Contractor shall be responsible for obtaining all permits and approvals required for the performance of the Works from any institution and person, even if the regulatory enactments provide for it as the Customer's obligation, as well as for accepting the Object into operation after the completion of all Works, including the performance of all necessary activities in order to ensure the above-mentioned acceptance into operation (incl., ordering of the cadastral

survey of the Object, receipt of opinions from the issuers of technical regulations, receipt of the consent of the neighbours, etc.).

For the sake of clarity - the Contractor shall be entitled to perform all the activities provided for in the Contract on the basis of the Contract, i.e., the Contract includes the necessary authorisation. However, if an institution or a person requires a separate authorisation to perform the activities provided for in the Contract, the Customer, if possible, shall undertake to issue such authorisation within 5 (five) working days from the day of receipt of the relevant notice from the Contractor. Such notification of the Contractor, in order for the above-mentioned time-limit to be binding for the Customer, shall contain a draft power of attorney to be issued, the content of which may not exceed the scope of activities specified in the Contract.

2.3 Customer's Instructions

The second paragraph shall be supplemented as follows:
The Customer has the right to inspect the Work Performance Place, to establish, as well as to record in a deed or any other document whether the Contractor complies with the Special Terms and Conditions of the Contract, enclosed to the document "Labour Protection Requirements of SJSC *Valsts nekustamie īpašumi* for Contractor Performing Construction Works" and/or requirements of other regulatory enactments, incl. construction work procedures, labour protection rules, fire safety, electrical safety, environmental protection and other requirements. The Customer has the right to establish violations of the requirements determined in "Labour Protection Requirements of SJSC *Valsts nekustamie īpašumi* for Entrepreneurs Performing Construction Works", as well as regulatory enactments, incl. violations of construction work procedures, labour protection, fire safety, electrical safety, environmental protection and other requirements.

The fact established by the Customer - a violation recorded in a deed or other document shall serve as the basis for imposing a contractual penalty on the Contractor, in accordance with the procedure and in the amount determined in the Annex to the Contract "Contractual Penalty Determined for Failure to Comply with the Labour Protection Requirements of SJSC *Valsts nekustamie īpašumi* and Regulatory Enactments on Construction Works Procedure, Labour Protection, Fire Safety, Electrical Safety, Environment Protection and Other Requirements at the Work Performance Place.

3.1 Authorised person

To express the Subparagraph in the following wording:
The Authorised Person shall be the Customer's Board and/or employees, in accordance with the power of attorney, which the Customer presents, sends or issues to the Contractor at the request of the Contractor.

3.2 Representative of the Customer

To express the Subparagraph in the following wording:
In order to facilitate the fulfilment of the contractual obligations in a proper manner and within the time periods specified in the Contract, the Customer shall appoint a representative indicated in the Annex. The Customer's representative shall be fully acquainted with the provisions of the Contract and have the right, without violating the Contract, to resolve all operational issues related to the fulfilment of the Contract, organise and control the course of fulfilment of the Contract, including, but not limited to communication between the Customer and the Contractor, request information from the other Party, to provide information to the other Party, to ensure the transfer/acceptance of documentation related to the Contract, to give instructions on the fulfilment of the Contract, as well as to perform other activities related to the proper performance of the obligations provided for in the Contract. The Customer's representative shall not be entitled to sign the acts specified in the

Contract on delivery and acceptance of the Works (any part thereof), make amendments and additions to the Contract, including changing the Contract Price and/or terms specified in the Contract, unless the relevant authorisation is issued to the Customer's representative to do so.

The Customer shall indicate in the Annex or otherwise notify the Contractor about the designated person who will perform construction supervision.

The Customer may also appoint a company or a natural person to perform certain duties, notifying the Contractor thereof from time to time, informing about the duties and powers delegated to the person.

4.1 General Obligations

The second up to the tenth paragraph shall be supplemented as follows:

The Contractor shall have an obligation to comply with the labour protection requirements determined in the annex to the Special Terms and Conditions and working regulations, labour protection, fire safety, electrical safety, environmental protection and other requirements specified in regulatory enactments, when performing the Works at the Work Performance Place. In the case of violations of the requirements determined in the document attached to the Special Terms and Conditions “__” “*SJSC Valsts nekustamie īpašumi Labour Protection Requirements for Contractors When Performing Construction Works*” and “*Contractual Penalty Determined by Valsts nekustamie īpašumi for Failure to Comply with Labour Protection Requirements and Procedure for Construction Works, Labour Protection, Fire Safety, Electric Safety, Environment Protection and Other Requirements Determined by Regulatory Enactments at the Place of Performance of Construction Works*”, the Contractor shall pay the Customer the contractual penalty in the amount determined in the document. As long as the place of performance of the Works is in the possession of the Contractor, the Contractor shall be fully responsible for compliance with all fire safety regulations at the place of performance of the Works.

The Contractor shall be obliged to submit the Customer detailed information in writing about any accident at the Object within three days after the occurrence of any accident.

Upon signing the Contract, the Contractor confirms that during the procurement procedure of Works it has duly inspected the Object and confirms that it shall not delay the Contractor from performing the Works within the framework of the term and price determined at the time of signing of the Contract.

If the Customer unilaterally withdraws or terminates the Contract in accordance with Sub-Clause 12.1 and Sub-Clause 12.5, the Parties agree that the Contractor shall undertake not to raise a claim to the court against the Customer regarding fulfilment of the Contract. In the case of unilateral termination or cancellation of the Contract, the Customer shall act in accordance with the procedure determined in Sub-Clause 12.4.

The Contractor shall have an obligation to sign and submit the Customer the agreement regarding commencement of the performance of Individual Works no later than within ____ (__) days from the receipt of the agreement regarding commencement of the performance of Individual Works from the Customer. Individual Works shall be commenced no later than within ____ (__) days from the day of additional agreement on the relevant Individual Works coming into force. The Customer shall be entitled, without compensation to the

Contractor for any losses and expenses in relation to failure to order Individual Works to the Contractor, not to enter into the agreement regarding commencement of the performance of the relevant (all or any part thereof) Individual Works.

If as a result of the expert-examination of the construction concept documentation the Customer receives a negative opinion on the documentation of the building concept developed by the Contractor, the Contractor shall be obliged to eliminate the deficiencies indicated in the expert opinion at its own expense and cover the Customer's expenses related to re-examination. This obligation shall be in force until the receipt of a positive expert-examination opinion.¹⁹

The Contractor shall be obliged to pay the Subcontractor for the services, deliveries or construction works provided by it and accepted by the Contractor. Making of a direct payment to the Subcontractor shall not exempt the Contractor from the fulfilment of obligations determined in the Contract in the volume, within the time period and in the quality agreed in the Contract for the fulfilment of the set liabilities. Pursuant to the request of the Customer, the Contractor shall provide an opinion within a time period of 14 days regarding the validity of the request of the direct payment made by the Subcontractor.

[The Contractor shall be obliged to organise, record and participate in joint meetings (construction meetings) of the Contractor and the Customer at least _____ (_____) per week/month, where the organisational issues of the Works shall be discussed. The minutes of the meeting shall be submitted by the Contractor to the participants of the meeting within _____ (____) working days.²⁰

The Contractor shall have an obligation to ensure that throughout the whole validity period of the Contract the Contractor and its Subcontractors comply with all requirements set forth in the regulatory enactments, the Procurement Documentation of Works or the Contract and necessary for the performance of the Works specified in the Contract (including, but not limited to, in relation to registration of the Contractor, its Subcontractor and other merchants or specialists involved in the performance of the Works in the Register of Construction Merchants in the areas and spheres necessary for the fulfilment of the Contract, their compliance with the qualification requirements specified in the Procurement of Works). In the case if the Contractor is a general partnership, the provisions of this Clause shall apply both to the Contractor and to all members of the Contractor.

4.2 Representative of the Contractor

The second paragraph shall be supplemented as follows:
As soon as it becomes known, but no later than before the commencement of construction works, the Contractor shall notify the Customer about the person who will perform author's supervision.

4.3 Subcontracting and Contractor's staff

To express the Subparagraph in the following wording:
The Contract shall be enclosed with a list of Subcontractors involved in the fulfilment of the Contract and a list of specialists, indicating name, surname, title of the specialist for fulfilment of the Contract, certificate name/name of the education document, certificate number/number of the education document.

The Contractor shall have an obligation to immediately inform the Customer of any changes to the list of Subcontractors and information specified on the list of specialists. In such case the Contractor shall submit the Customer an updated list of Subcontractors and/or

¹⁹ The following paragraph shall be included in the Contract, if the building design needs expert-examination, in accordance with the regulatory enactments.

²⁰ If the organisation, management and recording of meetings is entrusted to the Contractor.

specialists, as well as the documents confirming the qualification of the specialists and Subcontractors specified in the regulation of the procurement procedure (if any qualification requirements have been proposed in the regulation with regard to the particular Subcontractor or specialist).

Without alignment with the Customer, the Contractor shall not be entitled to perform the replacement of Subcontractors specified on the list of specialists and Subcontractors and/or involved additional Subcontractors and/or specialists in the fulfilment of the Contract. The Customer shall be entitled, before making a decision on the replacement of the specialists specified on the list of specialists and/or Subcontractors specified on the list of Subcontractors, to claim the opinion of the specialists and/or Subcontractors to be replaced on the reasons for replacement.

The Contractor shall be responsible for action or failure to fulfil obligations by any Subcontractor and/or specialist, their representatives and employees, as if it had been the action or failure to fulfil obligations made by the Contractor itself. Unless otherwise provided in the Special Terms and Conditions:

- a) the replacement of the Subcontractors specified in the Bid and the involvement of new Subcontractors shall require the written consent of the Customer. The Customer shall make a decision with the written acceptance of the Customer to allow or refuse the replacement of subcontractors or the involvement of new subcontractors no later than within seven working days after receiving the entire information and documents necessary for making the decision in accordance with the provisions of the public procurement regulations. The Customer shall notify the Contractor in writing regarding the decision made.
- b) The Contractor shall submit a notice to the Customer at least 28 days before the scheduled start date of the work of each subcontractor and/or specialist and the start date of such work at the Work Performance Place.

The Customer does not agree to the replacement of the personnel indicated on the list of specialists and/or Subcontractors indicated on the list of Subcontractors in the cases specified in this clause and in cases when the personnel and/or Subcontractors proposed to replace the personnel and/or proposed Subcontractors do not meet the requirements proposed for specialists involved by the Contractor in the procurement documentation or it does not have at least the same qualifications and experience as the personnel and/or Subcontractors assessed in determining the most economically advantageous bid. In the case of replacement of the specialist, the Contractor shall submit the Customer a certificate of the specialist to be replaced regarding the transfer of the author's property rights (Annex “___” to the Special Terms and Conditions). The Customer shall be entitled not to coordinate the replacement of the specialist if the confirmation of the specialist to be replaced regarding the transfer of the author's property rights has not been submitted.

The Customer does not agree to the replacement of the Subcontractors indicated on the list of Subcontractors, if any of the following conditions exists:

- a) the proposed Subcontractor does not comply with the requirements set for Subcontractors in the procurement documentation and or in the technical specification;
- b) a Subcontractor, on the possibilities of whom the Contractor has relied to certify the compliance of its qualifications to the

requirements specified in the procurement procedure documents, has changed, and the proposed Subcontractor does not have at least the same qualifications that the Contractor referred to when certifying its compliance with the requirements set forth in the procurement procedure, or it meets the conditions for the exclusion of candidates specified in Section 42, Paragraph one, or it complies with the cases of exclusion of candidates referred to in Section 42, Paragraph two, Clause 1 of the Public Procurement Law;

- c) the proposed Subcontractor, the value of the works to be performed by which or the Works to be provided is at least 10% of the total value of the Contract (the value of the works to be performed by the Subcontractor or the value of Works to be provided is determined in accordance with the procedure set forth in Section 63, Paragraph three of the Public Procurement Law) corresponds with the cases of exclusion of candidates referred to in Section 42, Paragraph one of the Public Procurement Law or it corresponds with the cases of exclusion of candidates referred to in Section 42, Paragraph two, Clause 1 of the Public Procurement Law, except the provision for exclusion referred to in Section 42, Paragraph one, Clause 1 of the Public Procurement Law;
- d) a change of Subcontractor would lead to such amendments in the Contractor's offer which, if initially included therein, would affect the selection of the offer in accordance with the offer evaluation criteria specified in the procurement procedure documentation;
- e) the Customer shall not agree to the involvement of a new Subcontractor in the event where such changes, if made in the initial offer, would have affected the selection of the offer in accordance with the offer evaluation criteria specified in the procurement procedure documentation.

When verifying the conformity of the new Subcontractor, the Customer shall apply the provisions of Section 42 of the Public Procurement Law and the time limits specified in Paragraph three of the same Section of the Public Procurement Law shall be counted from the date when the request for involvement of the Subcontractor is submitted to the Customer. Verification of the provisions of exclusion will be performed on the date when the Customer has received a request to agree on the involvement of the Subcontractor.

In the case of violations of the requirements determined in Annex to the Contract "___" "SJSC *Valsts nekustamie īpašumi* Labour Protection Requirements for Contractors When Performing Construction Works" and "Contractual Penalty Determined by *Valsts nekustamie īpašumi* for Failure to Comply with Labour Protection Requirements and Procedure for Construction Works, Labour Protection, Fire Safety, Electric Safety, Environment Protection and Other Requirements Determined by Regulatory Enactments at the Place of Performance of Construction Works", the Contractor shall pay the Customer the contractual penalty in the amount determined in Annex.

4.4 Contract Fulfilment To express the Subparagraph in the following wording:
Security

If it is specified in the Annex, the Contractor shall submit the Contract Performance Security to the Customer within <14> days from the date of entry into force of the Contract Agreement. The Contract Performance Security shall be issued by a credit institution/branch of a credit institution/branch of a foreign credit institution or insurance company/foreign insurance branch, registered in the Republic of Latvia or any other Member State of the European Union or European Economic Area, which has commenced the provision of services in the territory of the Republic of Latvia, in accordance with the procedure

prescribed by the legal acts of the Republic of Latvia, and it shall correspond with the relevant (credit institution or insurance company) form attached to the Special Terms and Conditions, and it shall be in force until the issue of the approval of the performance of the Contract, including in the validity period <70> days after the expected end date of the Defect notification period. Contract Performance Security shall be an irrevocable, unconditional first demand guarantee. If an insurance company guarantee is provided as an annex to the policy, the policy must state that the conditions contained in this guarantee take precedence over any insurance terms. Prior to issuing the Contract Performance Security, the Contractor shall coordinate its draft with the Customer. After the issuance of the Notification on Acceptance referred to in Sub-Clause 8.2, the amount of the Contract Performance Security may be reduced by <50>% (<fifty> percent), immediately informing the Customer thereof.

The Contractor shall ensure that the Contract Performance Security stays valid and feasible until the Contractor has performed and completed the Works and prevented any defects.

If the Contractor does not extend the Contract Performance Security by the time 21 (twenty-one) days remain before its expiry date, the Customer has the right to collect the full amount of the Contract Performance Security as security for the performance of all obligations of the Contractor arising from the Contract and regulatory enactments. The Customer shall refund the collected and unused amount to the Contractor within 28 (twenty eight) days from the moment when the Customer has received a new Contract Performance Security in accordance with the provisions of the Contract and the relevant invoice of the Contractor.

The Customer has the right to use the Contract Performance Security to cover any claims of the Customer arising from the Contract or regulatory enactments.

If the Customer instructs the Contractor to perform the Individual Works, then the Contractor shall submit to the Customer, no later than 14 (___) days after the entry into force of the respective agreement on the performance of the Individual Works, the Contract Performance Security corresponding with the requirements determined in this Clause in the amount determined in the Annex to the Bid from the total sum of the Contract Price and Individual Work Price.²¹

4.5 Direct Payments to Sub-Clause 4.5 shall be supplemented as follows:

Subcontractors

The Customer shall be entitled, pursuant to the request of the Subcontractor, to make direct payments for the services provided, deliveries made or construction works performed by the Subcontractor to the supplier that the Contractor has accepted and the payment term of which is delayed, in accordance with the following procedure.

Upon the receipt of the request from the Subcontractor regarding payment for services provided, deliveries made or construction works performed by the Subcontractor to the Contractor directly to the Subcontractor, the Customer shall make the direct payment to the Subcontractor within 30 (thirty) days from the day of receipt of the relevant request, invoice and other documents necessary for payment, if all the circumstances set forth below set in:

- a) The Contractor has accepted the services, deliveries or construction works provided by the Subcontractor, and the fact is

²¹ It shall be included in the Contract, if Individual Works are planned and it is decided that, when entering into the agreement on Individual Works, the Performance security of obligations shall be increased.

confirmed by the relevant document signed on the part of the Contractor;

- b) The Customer has accepted and paid at the expense of the Contractor for the services, deliveries or construction works provided by the Subcontractor, in accordance with the procedure provided for in the Contract;
- c) The Contractor has delayed the payment term for services, deliveries or construction works provided by the Subcontractor and the Subcontractor proves the fact with the relevant document (such as contract, delivery note, deed), specifying the relevant payment terms;
- d) the Customer has received the documents referred to in clauses (a), (b) and (c) together with the direct payment request from the Subcontractor in the official language, but if the relevant document is in a foreign language, it shall be enclosed with a translation into the official language certified in accordance with the procedure prescribed by the Cabinet of Ministers or notarially certified;
- e) The Customer has failed to pay the whole Contract Price due to the Contractor, as well as the balance of the Contract Price guarantees for the Customer adequacy of retentions and deductions determined in the Contract;
- f) The Customer has received the relevant Executive Documentation from the Contractor or the Subcontractor (together with the direct payment request);
- g) The Subcontractor has submitted the Customer a relevant invoice;
- h) The amount to be paid-out to the Subcontractor will not exceed the item of the relevant Contract Price.

After making the direct payment to the Subcontractor the Customer shall reduce the next payment to the Contractor for the relevant amount.

Before payment of the invoice of the Subcontractor, the Customer shall inform the Contractor of such request and permit it to provide an opinion on the validity of the request no later than within 7 (seven) days.

If the Contractor fails to fulfil the obligation determined in the Contract to make the payment to the Subcontractor, the Customer shall be entitled to claim a contractual penalty from the Contractor in the amount determined in Annex for each established case.

5.1 Contractor's Project

The third paragraph shall be supplemented as follows:²²

The Contractor, as the developer of the Technical Drawings, shall be responsible for carrying out all the necessary research for the performance of the Works, ordering, determination of the required volume thereof and interpretation of the conclusions of the research. Even if the Customer has presented or provided the research performed before to the Contractor prior to the conclusion of the Contract, the Contractor shall bear the risk of their measurements and conclusions, and the Customer shall not guarantee the sufficiency or accuracy of such research.

5.2 Responsibility for the Project

To express the Subparagraph in the following wording:

The Contractor shall be responsible for its design proposed for the tender and designing documents referred to in this Clause, all of which shall correspond with the objectives provided for in the contract. The Contractor shall be responsible for any violations of patent or copyright with regard to the above-mentioned.

²² To include this paragraph in the Contract if it is planned to assign the performance of a feasibility study or additional studies.

5.3 Coordination of Documents

Sub-Clause 5.3 shall be supplemented by the following:

Unless provided otherwise, each time period necessary to the Customer for review and expert-examination of the documentation of the building concept shall not exceed <_> days, counting from the date when the Customer receives the Contractor's document and the Contractor's notification. It shall be specified in the notification that the relevant Contractor's document is ready for review (and coordination, if required) in accordance with this Sub-Clause, as well as use. It should also be indicated in the notification that the Contractor's document corresponds with all the requirements of the Contract or the extent should be specified to which it fails to correspond with the Contract.

During the review period the Customer may notify the Contractor that the Contractor's document fails to comply with the requirements of the Contract (in the specified amount). If the Contractor's document fails to comply with the requirements of the Contract, then it shall be corrected at the expense of the Contractor and submitted for repeated review (and coordination, if required), in accordance with this Sub-Clause.

With regard to each part of the Works, except the one, regarding which prior agreement or consent of the Customer has been received:

- a) in the case when (as indicated) the Contractor's document is submitted for the Customer's approval:
 - i. The Customer shall notify the Contractor that the Contractor's document has been agreed with or without comments or that it fails to comply (in the specified amount) with the requirements of the Contract;
 - ii. the performance of this part of the Works may not be commenced until the Customer has approved the Contractor's document; and
 - iii. it is presumed that the Customer has agreed the Contractor's document, upon the expiry of the periods of review of all the Contractor's documents relating to the design and performance of this part, unless the Contractor has previously given notification otherwise in accordance with subparagraph (i);
- b) the performance of such part of the Works may not be commenced until the periods of review of all the Contractor's documents relevant to the design and performance of this part have expired;
- c) the performance of such part of the Works shall be made in accordance with these reviewed (and approved, if required) documents of the Contractor; and
- d) if the Contractor wishes to make changes to any part of the design or document that has previously been submitted for review (and receipt of approval, if requested), the Contractor shall immediately notify the Customer of this. The Contractor shall then submit the corrected documents to the Customer in accordance with the procedure described above.

If the Customer indicates that other Contractor's documents are required, the Contractor shall prepare them immediately.

Neither such approval or consent, or review (under this Sub-Clause or otherwise) shall exempt the Contractor from any obligation or liability.

6.1 Customer's Risks

To formulate Sub-Clause (n) of the first paragraph as follows:

n) any changes in the law applicable to the Contract after the date of entry into force of the Contract, unless the Costs increase in the event of changes in the applicable law and the Contractor knew or should have known of the changes in the Applicable Law before the date of the offer of the Contractor.

To supplement the first paragraph with Sub-Clauses (r) and (s) as follows:

- (r) Additional works not provided for in the Contract in accordance with Sub-Clause 10.1;
- (s) an administrative act adopted by a state or local government institution or official, which is binding upon performance of the Works, or exceeds the term specified in regulatory enactments for providing response/approval and such deed or exceeded term delays the Work Performance Term and/or compliance with interim terms, and the issuance and delay of such a deed is not based on the activity or inactivity of the Contractor.

Technological Interruption (if applicable) for which an appropriate entry has been made in the construction log and a notice has been sent to the Customer.

7.1 Performance of Works

To express the Subparagraph in the following wording:
The Contractor shall commence the Works on the Commencement Date, but the Construction Works in accordance with the provisions of the Execution programme, but in any case no later than on the 7th day from the day when the Work Performance Place (Object) is transferred to the Contractor for the performance of construction works.

[When performing the Works, the Contractor shall comply with the following interim terms: _____]²³

7.2 Execution programme

To express the Subparagraph in the following wording:
The Contractor shall submit the Work Execution Programme to the Customer within the time period specified in the Annex.

The Contractor shall also submit an adjusted programme if the previous programme fails to correspond with the actual progress, it is to be clarified and supplemented or contradicts the Contractor's obligations. Each programme shall include a project for the execution of the work and:

- (a) the procedure, according to which the Contractor has planned to execute the Works, specifying the time limits for designing, preparation, purchase, manufacture, delivery of all documents of the Contractor, delivery to the Work Performance Place, construction, testing, commissioning and testing stages;
- (b) The sequence and timing of the inspections and tests provided for in the Contract;
- (c) an explanatory report containing:
 - i. a general description of the methods planned by the Contractor and the main stage of performance of the Works;
 - ii. Information giving a reasonable estimate of the Contractor on the number of persons working in each of the Contractor's staff groups and the number of units of each Contractor's type of equipment required at the Work Performance Place for each essential stage of the Works.

Unless the Customer submits a notice to the Contractor within 21 days of receipt of the programme or adjusted programme, indicating the extent to which the programme fails to comply with the requirements of the Contract, the Contractor shall act in accordance with the programme, observing all other obligations under the Contract. The Customer's staff has the right to rely on the programme when planning their activities.

²³ The following paragraph shall be included in the Contract if interim periods are provided for.

The Contractor shall immediately notify the Customer of certain possible future events or circumstances that may adversely affect the work, increase the Contract Price or delay the performance of the Work. The Customer may request the Contractor to provide an assessment and/or a proposal of the expected consequences of future events or circumstances.

If at any time the Customer notifies the Contractor that the programme or adjusted programme (in the specified extent) does not comply with the requirements of the Contract or contradicts the actual progress and the objectives set by the Contractor, the Contractor shall submit the Customer an adjusted programme in accordance with this Sub-Clause.

7.3 Performance Time Extension

To express the Subparagraph in the following wording:
In accordance with the provisions of Sub-Clause 10.3, the Contractor shall be entitled to an extension of the Performance Time if the performance of the Works will be delayed due to any circumstance, being under the Risks of the Customer or referred to in Sub-Clause 10.1.

Upon the receipt of a request from the Contractor, the Customer shall evaluate all the circumstances specified by the Contractor and extend the performance time accordingly.

In the event that the delay or termination of the Contractor's obligations is due to the risk of the Customer referred to in Sub-Clause 6.1 (s), based on the decisions or instructions of the State authority, the Parties shall not need to enter into an additional agreement to the Contract regarding the extension of the Performance Time, and the above-mentioned circumstances and the time period for which the State authority has delayed or terminated the performance of the Contractor's obligations, shall be indicated in the Acceptance-Transfer Confirmation of the Works as a period of time which shall be excluded from the Performance Time.

7.4 Delay in Performance

To express the Subparagraph in the following wording:
If the Contractor fails to complete the Works within the Performance Time, the Contractor shall have an obligation to pay the Customer the amount of money specified in the Annex for each day of delay in the performance of Works.

Where damages are claimed at the same time, damages may only be claimed in excess of the calculated contractual penalty.

8.1 Completion

The second paragraph shall be supplemented as follows:
Performance of obligations of the Contractor shall not be considered as completed as long as the Customer has not issued confirmation on the performance of the Contract, specifying the date when the Contractor has completed the fulfilment of obligations determined in the Contract. The Customer shall issue the approval of performance of the Contract within 28 days from the end date of the last Defect Notification Period or after it, as soon as the Contractor has submitted all documents of the Contractor and has completed and examined all Works, including the elimination of any defects. Only confirmation of the performance of the Contract shall confirm the full acceptance and approval of the Works.

8.2 Notification on Acceptance

To express the Subparagraph in the following wording:
Unless the circumstances referred to in Clause 9 exist, the Customer shall accept the Works when (i) they have been completed in accordance with the Contract, except for as provided in Sub-Clause (a) below, and (ii) Acceptance-Transfer Confirmation has been issued or is deemed that it has been issued in accordance with this Sub-Clause.

The Contractor may submit an application to the Customer with a request to issue the Acceptance-Transfer Confirmation not earlier than 14 days before the date, when according to the opinion of the Contractor, the Works will be completed and ready for acceptance. If the Works are divided into Stages, the Contractor may similarly request the issuance of the Acceptance-Transfer Confirmation for each Stage.

Within 28 days after receipt of the Contractor's application, the Customer shall:

- a) issue the Contractor the Acceptance-Transfer Confirmation, specifying the date of completion of the Works or Stages in accordance with the Contract, except for less important non-completed works and defects that will not significantly affect the use of the Works or the Stage for the purposes provided for them (until the day or until this work is completed and the defects are eliminated); or
- b) refuse the application, stating the reasons and indicating the works to be performed by the Contractor in order for the Engineer to issue the Acceptance-Transfer Confirmation. In such case the Contractor shall be obliged to perform the works until the submission of the next application in accordance with this Sub-Clause.

If the Customer has not issued the Acceptance-Transfer Confirmation within 28 days or refused the application of the Contractor and if the Works or the Stage (depending on the situation) in terms correspond with the requirements of the Contract, it shall be deemed that the Acceptance-Transfer Confirmation is issued on the last day of the period.

Prior to the issuance of any Acceptance-Transfer Confirmation, the Contractor shall submit the Customer all documents which must be available with the Contractor under the Applicable Law and which must be submitted to the competent institution in accordance with the Applicable Law when initiating the commissioning of the construction or its stage, as well as all additionally submitted documents which are set in the Customer's requirements, and commissioning of the structure shall be ensured in accordance with the Applicable Law (if provided).

9.1 Defect elimination

To express the Subparagraph in the following wording:

The Customer may, at any time before the end of the period determined in the Annex, notify the Contractor of any defects or non-performed works, or any work that is urgent and necessary for the safety of Works due to an accident, unexpected event or any other reason. The Contractor shall eliminate any defects free of charge, arising as a result of the performance of the designing, Materials, Equipment or works and failing to comply with the Contract.

The Contractor shall fulfil the instructions given within a reasonable period of time, which may be determined in the instructions or immediately, if the works, necessary for safety of the Works due to accident, unexpected event or any other reason, are specified as urgent. The Contractor shall commence the immediate elimination of urgent works pursuant to the first request of the Customer (including the request made by phone and electronically), performing all necessary measures for the immediate elimination and prevention of harmful consequences, but no later than within the time-limit specified by the Customer.

Expenses for the elimination of defects, arising due to any other reason, shall be assessed as Changes. Failure to eliminate defects or to complete non-performed works within the time period specified by the Customer, upon the notification of the Customer, shall give the right

to the Customer to perform all necessary works at the expense of the Contractor, hiring other persons and/or performing the works by itself.

**10.1
Right to Make
Changes**

To express the Subparagraph in the following wording:
The Customer may give instructions to make Changes.

During the validity period of the Contract and in the cases specified in the Public Procurement Law, changes may be made to the originally planned Works and/or additional Works may be performed in accordance with the procedures specified in this Clause. The procedure shall apply to the cases specified in this Clause.

Third paragraph. Within the framework of the Contract Price, it is possible to make changes in the Works (including volume of the Works), excluding the initially planned Works, reducing the volumes of Works, without exceeding $\square\%$ ²⁴ of the Contract Price, and/or assigning the performance of additional works, increasing the volumes of Works, without exceeding the amount of $\square\%$ ²⁵ of the Contract Price, provided that the Contract Price is not exceeded, namely, changes may be made if the expenses of works to be included do not exceed the expenses of the Works to be excluded.

When applying this Sub-Clause, changes to the Works, the volumes of Works or additional works may be made if:

- a) the necessity to change the volumes of Works have been established for the Works, which were initially included in the technical specification and for which a procurement procedure was organised, but due to objective reasons it was not possible to accurately determine or measure them²⁶;
- b) the need to perform the works that were not initially included in the technical specification and their necessity could not be foreseen and/or their necessity was not foreseen, but the necessity of the works arises from the situation at the Object²⁷;
- c) the need was established to perform the works that arise from changes in the requirements of the Customer (including the user of the Object) and/or new requirements in relation to functional or technological additions or improvements in the use of the Object, or reduction of operating costs;
- d) additional works are necessary to ensure the essential requirements for construction specified in Section 9 of the Construction Law, as well as to comply with the construction principles specified in Section 4 of the Construction Law, if it is not related to the non-performance of obligations specified in the Contract for the Contractor, incl. inaccuracies made by the Contractor in the Technical Drawings or insufficient or inaccurate performance of the feasibility study;
- e) the Customer has identified the need to optimise costs.

Fifth paragraph. By concluding an agreement on the Contract, changes may be made in the Works, volumes of Works or additional works during the Works, not exceeding $\square\%$ ²⁸ of the Contract Price, increasing the Contract Price in any of the cases referred to in the fourth paragraph of this Clause.

²⁴ The amount of % shall be determined in accordance with the decision of the Procurement Commission, but not exceeding 50%.

²⁵ The amount of % shall be determined in accordance with the decision of the Procurement Commission, but not exceeding 50%.

²⁶ The following paragraph shall be included in the Contract, if the Contractor is not assigned to carry out a feasibility study for the full scope of Works.

²⁷ The following paragraph shall be included in the Contract, if the Contractor is not assigned to carry out a feasibility study for the full scope of Works.

²⁸ The amount of % shall be determined in accordance with the decision of the Procurement Commission, but not exceeding 50%.

If, in the case of application of this Sub-Clause, the costs of the works to be included exceed the costs of the Works to be excluded, then the agreement shall be concluded regarding the costs exceeding the costs of the Works to be excluded by applying the fifth paragraph of this Clause.

Upon establishing the need to make changes in the Works (works to be excluded, works to be mutually exchanged, additional works to be included), the Contractor shall prepare a Work Change Report, specifying the volume thereof and reasons for the occurrence thereof, establishment, mutual comparison of construction materials or solutions, as well as per need - photo recording, declarations of operational features of construction materials etc. together with the cost-estimate of works to be included and/or excluded. The Contractor shall submit the Work Change Report prepared and signed by the Contractor together with the cost-estimate to the author's supervisor for approval, submit it to the building manager after receiving the author's supervisor's approval and, after receiving the approval of both persons, shall submit it to the Customer. The Work Change Report shall be signed by the Contractor, the building manager, author's supervisor and the Customer.

Prices for additional Works shall be determined in accordance with the unit prices of analogous Works included in the Financial Offer or, in case that there are not analogous Works in the Financial Offer and/or cost-estimates, on the basis of the market prices of the relevant/similar units of Works.

If the Customer has failed to coordinate the cost-estimate enclosed to the Work Change Report, the Contractor shall, on the basis of the provisions of the Work Change Report signed by the Parties, building manager and author's supervisor, prepare the revised cost-estimate about changes in the volumes of Works and/or expenses of additional works and shall submit it to the Customer for review.

The Customer shall review and approve it within 14 (fourteen) days from the day of receipt of the cost-estimate or provide a reasonable refusal to approve the cost-estimate or any item specified in the cost-estimate.

If the Customer cannot approve the Work Change Report and the cost-estimate enclosed with it due to the lack of funding or any other considerations, the Contractor shall have an obligation to offer an alternative solution for changes in Works or additional works.

Within the framework of the Contract Price (provided that the Contract Price is not exceeded, the costs of additional works to be included do not exceed the costs of the works to be excluded), the Contractor shall only be entitled to perform the works specified in the Works Change Report, on the basis of the fourth paragraph of this Clause, after the Customer has signed the Work Change Report and the attached cost-estimate or in the case if the initial cost-estimate was not approved, then the Contractor shall only be entitled to perform the works specified in the Work Change Report when the Customer has signed the Work Change Report and the specified cost-estimate, and in such case it shall not be necessary to conclude any additional agreement to the Contract.

Pursuant to the initiative of the Contractor, when the Parties sign the Material/Approval form on that, the Equipment, Materials and/or technological solutions provided for in the technical specification and/or Technical Drawings may be replaced with new ones, if the initially planned ones are outdated and/or a better quality result will be achieved when replacing the initially planned ones (including the operation of the Object will be more economic), and/or replacement is justified with the circumstances that the Contractor could not predict until entering into the Contract (for example, if the manufacturer of the Materials or Equipment terminates the production thereof). New Materials and/or Equipment, and/or technologies must be equivalent or better in terms of quality and properties than the ones to be replaced. The Contractor confirms that the proposed changes in the further performance of the Works will not cause additional costs to the Customer and will not affect the deadline for completion of the Works specified in the Contract.

In the case provided for in the thirteenth paragraph of this Sub-Clause, the Contractor shall prepare and submit the Customer a comparison of the Materials, Equipment and/or technology specified in the technical specification and/or Technical Drawings with new - replaceable ones. New Materials and/or Equipment, and/or technologies must be analogous or better in terms of quality and properties than the ones to be replaced. When proposing the changes referred to in this paragraph, the Contractor shall prepare and submit the Customer for consideration a Material/Product Approval Form for the replacement of Materials/Equipment, specifying the justification for changes and comparison of the Materials and/or Equipment, and/or technologies attached in the annex to the form with the new ones to be replaced. When signing the Materials/Products approval form regarding replacement of the Materials/Equipment, the Contractor confirms that the proposed changes will not cause any additional costs for the Customer during the further performance of Works and will not affect the deadline for the completion of Works determined in the Contract. The Contractor shall assume full material responsibility for consequences, which may arise during the fulfilment of the Contract due to the changes proposed in the relevant Materials/Products Approval Form regarding the replacement of Materials/Equipment.

When making amendments to the fifth paragraph of this Sub-Clause and/or in cases determined in Section 61 of the Public Procurement Law, after the coordination of changes in Works and/or cost-estimate for additional works the Contractor and the Customer shall enter into a written agreement to the Contract regarding the performance of the necessary changes in Works and/or additional works. The Customer shall also be entitled not to enter into the agreement regarding the performance of works referred to in this Clause after approval of the cost-estimate.

If the Changes are related to the performance of additional works not provided for in the Contract, the Changes shall be made in accordance with the procedures specified in the regulatory enactments regulating public procurement and construction.

10.3 Timely Warning The third and fourth paragraph shall be supplemented as follows:
If the Contractor, no later than 10 days from the moment when the Contractor has become aware of or should have become aware of the event or circumstances has not submitted the notification of request, the

Contractor shall lose the right to claim for an extension of the Performance time and/or additional payment, and the Customer shall be exempt from any responsibility in relation to such claim.

If the situation occurs, when the Technological Interruption is or will be necessary, the Contractor shall submit the Customer the information about restrictions defined by the manufacturer in the performance of construction works with regard to technological metrological/climatic conditions or any other restrictive circumstances, as well as certification about the actual technological metrological/climatic or other circumstances during the relevant period of time, when it is not possible to continue the performance of the relevant construction works.

10.5 Change and Claims Procedure

Clause shall be deleted.

11.1 Risk Assessment

To express the Subparagraph in the following wording:
Works shall be assessed in accordance with the Annex, considering the terms and conditions of Clause 10 [*Changes and Claims*].

The Parties agree to measure the performed Works in order to assess the progress of Works and correctly determine the monthly amount to be paid.

Performed Works shall be measured as a percentage (from 0% to 100%) of the performed part of Works. The performed part of Works shall be calculated in accordance with the Contract Price Details submitted by the Contractor, i.e., the type, volume of Works and part of the Contract Price to be paid for the Works specified in Cost-Estimates, and the monthly amount to be paid shall be calculated as a percentage from the performed volume of Works during the relevant month.

In order to determine the monthly amount to be paid, the Contractor shall visually measure the Works performed during the previous month and shall specify them in the Report, enclosing the schematic diagrams in attachment, where the volume performed during the previous reporting period and the volume performed during the reporting period are specified. The Contractor shall inform the Customer about the performance of measurements at least 3 (three) working days before measurement, in order for them to participate in measurements and examinations.

11.2 Monthly Notifications

To express the Subparagraph in the following wording:
The Contractor shall have the right to receive a payment once per month for:

- a) the value of the Work performed;
- b) the percentage of the value of the Materials and Equipment delivered within a reasonable time at the Work Performance Place and mentioned in the list of Materials, for which payment is entitled to, shall be specified in Annex.

During the performance of construction works, the Contractor shall submit a completed Form 2, Form 3, Invoice and a notice to the Customer each month, indicating the following:

- a) (a) progress charts and detailed reports, describing all designing, purchase, manufacture, delivery of all documents of the Contractor, delivery to the Work Performance Place, construction, building, testing, commissioning and testing stages;
 - b) photographs revealing the conditions and progress at the Work Performance Place;
 - c) with regard to the manufacture of each essential unit of Equipment or Materials, the name of the manufacturer, the place of
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manufacture, the percentage of completion and the actual or planned deadlines:

- i. for the commencement of production;
 - ii. for inspections of the Contractor;
 - iii. for testing; and
 - iv. for sending and delivery at the Work Performance Place;
- (d) copies of quality assurance documents, test results and certificates of Materials;
 - (e) occupational safety records, including information on any hazardous occurrences and activities with regard to environmental aspects and public relations;
 - (f) a comparison of actual and planned progress, giving details of any events or circumstances which may jeopardise the performance of the Works under the Contract and the measures taken (or to be taken) to avoid delays in the Works;
 - (g) the contractual value of all Works performed and prepared documents of the Contractor by the end of the month;
 - (h) any amounts to be added or deducted in the event of changes in regulatory enactments or Costs;
 - (i) any amount deductible for deduction purposes;
 - (j) any amounts to be added or deducted in relation with the advance payment, if any is issued;
 - (k) any amounts to be added or deducted for Materials in accordance with the first paragraph of Sub-Clause 11.2, if applicable;
 - (l) any other amounts to be added or deducted, the payment of which is provided for in the Contract;
 - (m) deduction of all amounts included in previous Payment Confirmations.

The Contractor shall send an invoice or any other equivalent payment request document to the e-mail of the Customer rekini@vni.lv.

11.3 Interim Payments To express the Subparagraph in the following wording:

The Customer shall make a monthly payment to the Contractor, reducing it by the amount of retention money according to the rate, specified in Annex, within 30 (thirty) days from the day when the Customer has approved the notification submitted by the Contractor, in accordance with Sub-Clause 11.2, and has received the Invoice or any other equivalent payment request document (both conditions shall be met). The Customer shall not pay the amount, to which the Customer does not reasonably agree, as well as the Customer shall not be bound by its previous opinion regarding any amount, which it has previously considered as due to the Contractor.

The Customer shall have the right to hold the interim payments until the day when it has received the Contract Performance Security provided for in Sub-Clause 4.4 (if any).

To supplement the Sub-Clause with the third paragraph as follows:²⁹

“For the part of the Contract Price specified in Clause 4 of the Contract Agreement - for the payment for the Design Works, the following Payment Schedule is determined in accordance with the interim terms specified in Sub-Clause 7.1:

a) ”.

11.4 Payment of the Retention Money

To express the name of the Sub-Clause as follows: “**11.4 Payment of the Retention Money**”.

To express the Subparagraph in the following wording:

²⁹ The following paragraph shall be included in the Contract if it is planned to pay for the Design Works upon the receipt of the specific service/documentation or after the performance of the relevant interim periods.

Once the Work Acceptance-Transfer Confirmation has been issued, the Customer shall approve the pay-out of the whole Retention Money to the Contractor.³⁰

To express the Subparagraph in the following wording:

Once the Work Acceptance-Transfer Confirmation has been issued, the Customer shall approve the Retention Money for the Contractor. The other half of the Retention Money shall be paid-out after the expiry of the 12 (twelve) month period from the day of issue of the Work Acceptance-Transfer Confirmation and the Contractor has submitted the relevant invoice. If, in accordance with Clause 9 [*Defect Elimination*], any work remains uncompleted, the Customer shall have the right not to approve the estimated cost of the work until the work has been approved.³¹

To express the Subparagraph in the following wording:

Once the Work Acceptance-Transfer Confirmation has been issued, the Customer shall approve the pay-out of the whole Retention Money to the Contractor. The Retention Money shall be paid afterwards when the Contractor has submitted the Customer an irrevocable, unconditional, first demand Retention Money Guarantee, which, upon the receipt of the Retention Money Guarantee by using the relevant (credit institution or insurance company) Retention Money Guarantee template enclosed to the Special Terms and Conditions, issued in the amount of one half of the Retention Money by the credit institution/credit institution branch/foreign credit institution branch or insurance company/foreign insurance company registered in the Republic of Latvia or any other Member State of the European Union or the European Economic Area, which has commenced the provision of services in the territory of the Republic of Latvia in accordance with the procedure determined by the regulatory enactments of the Republic of Latvia. If an insurance company guarantee is provided as an annex to the policy, the policy must state that the conditions contained in this guarantee take precedence over any insurance terms. In such case the Contractor shall ensure that the Retention Money Guarantee is valid for the whole Defect Notification Period and 70 days after the planned end date of the Defect Notification Period, and is to be used until the Contractor has performed and completed the Works and eliminated all Defects. If the Contractor fails to submit the Customer the irrevocable, unconditional, first demand Retention Money Guarantee determined in this Sub-Clause, then the Customer shall pay the Contractor the unused Retention Money within 30 (thirty) days after the end date of the last Defect Notification Period, complete performance of Defects applied during the Defect Notification Period and receipt of the invoice.³²

In the case of violations of the requirements determined in Annex to the Contract “__” “*SJSC Valsts nekustamie īpašumi Labour Protection Requirements for Contractors When Performing Construction Works*” and “*Contractual Penalty Determined by Valsts nekustamie īpašumi for Failure to Comply with Labour Protection Requirements and Procedure for Construction Works, Labour Protection, Fire Safety, Electric Safety, Environment Protection and Other Requirements Determined by Regulatory Enactments at the Place of Performance of Construction Works*” and violations established by the Customer, the Customer shall be entitled to reduce the pay-out of the retention money.

³⁰ Wording of the Clause of the Contract in the case if it is planned to pay the whole Retention Money to the Contractor after completion of Works, for example, if it is necessary for the projects funded from the financial means of the European Regional Development Fund.

³¹ The wording of the Clause of the Contract in the case if after the completion of the Works it is planned to pay the Contractor only half of the Retention Money, paying the other half of the Retention Money 12 months after the acceptance of the Works.

³² Wording of the Clause of the Contract in the case if the security is not requested for the fulfilment of contractual obligations within the framework of the Contract.

11.5 Payment of the other half of the Retention Money	Clause shall be deleted.
11.6 Final Payment	<p>The first paragraph shall be reworded as follows: within 42 days after the latest occurrence of the following conditions: (i) expiry of the time limit determined in the Annex; (ii) elimination of notified defects; (ii) completion of non-completed Works in accordance with Sub-Clause 9.1; The Contractor shall submit the Customer the final calculation together with all reasonably required documentation, enabling the Customer to determine the final contractual price.</p>
11.8 Late Payment	<p>To express the Subparagraph in the following wording: If the Customer unreasonably fails to make a payment for Work, the Contractor may claim for the compensation determined in the Civil Law for the expenses of recovery of debt in the amount of 40 euros and statutory interest, which is calculated from the amount of the delayed payment.</p>
11.9 Advance Payment	<p>Sub-Clause 11.9 shall be supplemented as follows: The advance payment is not planned.³³</p> <p>Sub-Clause 11.9 shall be supplemented as follows: The Customer shall make an advance payment as an interest-free loan for Design Works and/or preparatory works for the commencement of Construction Works before commencement of the relevant Works as soon as the Contractor has provided an irrevocable, unconditional, first-demand advance payment guarantee in accordance with this Sub-Clause. Amount of the advance payment for the relevant Works shall be determined in the Annex.</p> <p>This guarantee shall be issued by a credit institution/branch of a credit institution/branch of a foreign credit institution or insurance company/foreign insurance branch, registered in the Republic of Latvia or any other Member State of the European Union or European Economic Area, which has commenced the provision of services in the territory of the Republic of Latvia, in accordance with the procedure prescribed by the legal acts of the Republic of Latvia, and it shall correspond with the relevant (credit institution or insurance company) form attached to the Special Terms and Conditions. If an insurance company guarantee is provided as an annex to the policy, the policy must state that the conditions contained in this guarantee take precedence over any insurance terms. It should be determined in the guarantee that the request of the Customer shall be sent no later than on the end date of the Guarantee and 70 days after the planned Work performance time.</p> <p>The Contractor shall ensure that the guarantee is valid and enforceable until the advance payment has been repaid, but its scope may be gradually reduced by the amounts reimbursed by the Contractor as specified in the Payment Approvals. If the guarantee conditions specify its expiry date and if 28 days before this date the advance payment is not repaid, the Contractor shall extend the validity period of the guarantee until the advance payment is repaid.</p>

³³ Wording of the Clause if the advance payment is not planned.

	<p>The advance payment shall be repaid by making percentage deductions in the Payment Confirmations to the extent it is determined in the Annex.</p>
<p>11.10 Contract Price Details</p>	<p>Sub-Clause 11.10 shall be supplemented by the following: Pursuant to the request of the Customer, the Contractor shall be obliged to submit a more precise and more detailed Contract Price. Such details shall include local estimates. As soon as the Design Works are fully completed and the Contractor has developed and the Customer has approved the Work Performance Project, the Contractor shall provide the Customer with an accurate and detailed Contract Price in accordance with the level of detail specified by the Customer. The adjustment of local estimates may not have any effect on the Contract Price. Such details shall be applied, when determining the volumes of the performed Works, and as far as possible, when determining the value of Works not planned in the Contract (unless the Parties agree on the performance of such in cases permitted by the Contract and regulatory enactments) in accordance with the procedure determined in Clause 10. The necessary level of detail of the Contract Price shall be determined by the Customer; the details of the submitted Contract Price shall be approved by the Customer, in accordance with the procedure for the approval of documents of the Contractor determined in the Contract.</p>
<p>12.2 Breach of Obligations by the Customer</p>	<p>In the second sentence of the first paragraph, to replace the words “seven days” with the words “21 days”.</p> <p>To supplement Paragraphs three, four and five with the following: The Contractor shall be entitled to terminate the Contract if:</p> <ul style="list-style-type: none"> a) The Contractor has not received the amount due in accordance with the Interim Payments within 42 days; b) The Customer has not fulfilled a significant part of obligations determined in the Contract; c) The Customer goes bankrupt or becomes insolvent, has entered into winding-up proceedings, agrees with its creditors or performs business activities on behalf of creditors in the name of another person, or if any act or event (under the Applicable law) has a similar effect to the provisions of this Sub-Clause. <p>In any of these cases or circumstances, the Contractor shall have the right to terminate the Contract by notifying the Customer 14 days in advance.</p> <p>Decision of the Contractor to terminate the Contract shall not affect any other rights granted to the Contractor under this Contract or other documents.</p>
<p>12.5 Contract Termination by the Customer</p>	<p>Sub-Clause 12.5 shall be supplemented by the following: The Customer shall be entitled to terminate the Contract, if:</p> <ul style="list-style-type: none"> a) the Contractor goes bankrupt or becomes insolvent, has entered into winding-up proceedings, agrees with its creditors or performs business activities on behalf of creditors in the name of another person, or if any act or event (under the Applicable law) has a similar effect to this subsection, including: has lost its licences, certificates or other permits required to carry out the respective Works; b) The professional qualification of foreign specialists offered by the Contractor has not been recognised or a permit has not been received in accordance with the Law On Recognition of Professional Qualifications and/or the relevant specialists are not registered in the Register of Construction Information System Construction Specialists and such specialists have not been replaced in accordance with the Applicable Law;

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- c) The specialist indicated in the Contractor's Bid is deleted from the Construction Information System and this specialist is not replaced in accordance with the Applicable Law;
 - d) it is not possible to fulfil the Contract due to the fact that international or national sanctions or significant sanctions determined by the Member State of the European Union or North Atlantic Treaty Organisation affecting the interests of the capital market are applied to the Contractor;
 - e) the contractual penalty determined to the Contractor in the documents of the terms and conditions of the Contract "Regarding Failure to Comply with Labour Protection Requirements of SJSC *Valsts nekustamie īpašumi* and Requirements of the Procedure for Construction Works, Labour Safety, Fire Safety, Electric Safety, Environment Protection and Other Requirements Determined by Regulatory Enactments at the Place of Performance of Construction Works" is imposed on the Contractor several times";
 - f) a decision is taken regarding the Customer on the review of priorities of the planning period of the relevant structural funds, and therefore the funding of the foreign financial instrument, which the Customer planned to use for the covering of payment obligations provided for in the Contract, has been significantly reduced or cancelled for the Customer.

Action of the Contractor, which corresponds to the provisions determined in Clause 12.1 [Breach of Obligations by the Contractor] or any of the cases listed in Sub-Clauses (a) to (f) of the first paragraph of this Clause is to be considered as refusal of the performance of author's supervision, and therefore the Customer has the right to transfer the performance of author's supervision to any other specialist of the relevant field or merchant, employing the specialist of the relevant field.

The Customer shall have the right to terminate the Contract at any time convenient for it by sending a notice of termination to the Contractor. The Contract shall be terminated 28 days after the Contractor has received this notification or the Customer has returned the Contract Performance Security to the Contractor, whichever occurs later. The Customer may not terminate the Contract in accordance with this Sub-Clause in order to perform the Works itself or to agree on the performance of the Works with another Contractor.

12.6 Responsibility of the Parties and Contractual Penalty

Sub-Clause 12.6 shall be supplemented as follows:
The Parties agree that the Customer shall be entitled to unilaterally calculate any contractual penalties, expenses and losses due under the Contract and deduct such from any payment due to the Contractor under this Contractor, before the pay-out thereof to the Contractor, or shall be entitled at its free discretion to recover it by using any of the securities of the Contract (Liability Performance Guarantee, Retention Money, Advance Payment Guarantee) or otherwise claim for compensation from the Contractor in accordance with this Sub-Clause. If the Customer has performed the deduction of the contractual penalty from the compensation to be paid to the Contractor, the totality of property rights of the author and ownership rights completely in relation to the Object of Copyright created under the Contract (or any part thereof) shall transfer to the Customer as of the moment when the Customer has made the payment of compensation to be paid to the Contractor in the amount corresponding to the compensation, from which the calculated contractual penalty has been deducted.

Payment of the contractual penalty shall not exempt the Party from the complete fulfilment of obligations of the Contract and shall not exclude the obligation to compensate losses and/or expenses.

13.1 Responsibility of the Contractor for Works

The third paragraph shall be supplemented as follows:
Payment of the contractual penalty shall not exempt the Party from the complete fulfilment of obligations of the Contract and shall not exclude the obligation to compensate losses and/or expenses.

14.1 Scope of the Insurance Cover

To formulate this Sub-Clause as follows:
Within the framework of this Clause, with regard to any kind of insurance the insuring Party shall assign the Party, who shall be responsible for insurance set forth in the relevant Sub-Clause and maintaining it in force.

When the insuring Party is the Contractor, each insurance contract must be concluded and submitted in accordance with the provisions specified in the Procurement Procedure Documents. These provisions, stipulated in the Procurement Procedure documents, shall take precedence over the provisions of this Article.

When the Customer is the insuring Party, each insurance contract shall be concluded with the insurance company and on the basis of the terms and conditions, described in detail in the Procurement Procedure documents.

If a joint insurance policy is required, the insurance shall apply to each insured person as if a separate policy had been issued to each of the joined policyholders. If the policy includes another joint policyholder in addition to those referred to in this Clause:

- (i) The Contractor shall represent these additional joined policyholders in the policy, except for the Customer's personnel represented by the Customer,
- (ii) besides, the joined policyholders shall not be entitled to receive payments directly from the insurance company or to enter into any other direct transactions with the insurance company; and
- (iii) the insuring Party requires all additional joined policyholders to comply with the conditions of the policy.

Every policy for insurance against loss or damage shall provide for payments to be made in the currencies required to prevent such loss or damage. Amounts received from insurance companies should be used to prevent losses or damage.

The relevant insuring Party shall submit to the other Party, within the relevant terms specified in the Annex to the Bid (calculated from the start date of the Works):

- a) Evidence that the insurance contracts referred to in this Clause have been concluded; and
- b) copies of the insurance policies specified in this Clause.

Once each insurance premium has been paid, the insuring Party shall provide proof of payment to the other Party. Whenever these documents or policies are submitted, the insuring Party shall send a notice to the Customer.

Each Party shall comply with the terms and conditions of any insurance policy. The insuring Party shall inform the insurance companies of any significant changes in the performance of the works and shall ensure that the insurance is maintained in accordance with this Clause.

Neither Party shall have the right to make any significant changes to the terms and conditions of any insurance contract without the prior consent of the other Party. If the insurance company makes (or

attempts to make) any changes, the Party notified by the insurance company shall immediately notify the other Party.

Nothing in this Clause shall limit the obligations, duties or responsibilities of the Contractor or the Customer under other terms and conditions of the Contract or otherwise. All uninsured or unrecovered amounts from insurance companies shall be covered by the Contractor and/or the Customer in accordance with these obligations, duties or responsibilities. However, if the insuring Party has not arranged and maintained the insurance available to it and which it was required to arrange and maintain under the Contract, and the other Party does not recognise this action and does not arrange the insurance itself, any amounts that may be acquired from the insurance, shall be paid to the insuring Party.”³⁴

To express the Subparagraph in the following wording:

The Contractor shall be obliged, no later than within 14 (fourteen) days after the entry into force of the Contract and before the commencement of Works, to submit the Customer the copies of such insurance policies, insurance contract and the document, confirming payment of the insurance premium, corresponding with the provisions of Cabinet Regulation No. 502 “Regulations on Compulsory Civil Liability Insurance for Construction Specialists and Construction Contractors”, adopted on 19 August 2014 (including the amount of the limit of liability, coverage, validity period of the policy):

- (a) General third liability insurance policy of the contractor as a construction contractor;
- (b) Professional activity third party insurance policy of the construction specialists of the Contractor.

The insurance policies submitted by the Contractor should include the Customer as the third party (*SJSC Valsts nekustamie īpašumi*) and the amount of the insurance policy liability limit specified in the first paragraph of this Sub-Clause shall not be reduced for the entire insurance period (including in cases when insurance indemnities are disbursed).

If the insurance policy expires during the validity period of the Contract, the Contractor shall submit the Customer the new documents determined in the first paragraph of this Sub-Clause of the same type and content no later than 14 (fourteen) days before the last day of the validity period of the previous insurance policy.

During the validity period of the Contract the Customer has acquired and shall maintain the following insurance policies:

- (a) construction all risk insurance policy for the total amount of Works;
- (b) a general third party liability overdraft insurance policy of the construction contractor, where the insured person is the Contractor and the policy operates above the amount and coverage of the insurance limit specified in Cabinet Regulation No. 502 “Regulations on Compulsory Civil Liability Insurance for Construction Specialists and Construction Contractors”, adopted on 19 August 2014;
- (c) professional activity third party insurance policy of the construction specialists, where the insured person is the Contractor and the policy operates above the amount and coverage of the insurance limit specified in Cabinet Regulation No. 502 “Regulations on Compulsory Civil Liability Insurance for Construction Specialists and Construction Contractors”, adopted on 19 August 2014.

³⁴ The wording of the Clause until the Customer has purchased its construction insurance policies.

In cases where the Customer or a third party suffers losses in relation to the professional activities of the Contractor, the primary policies regarding losses of the Customer or third parties shall be the policies acquired by the Contractor in accordance with the procedure determined in the first paragraph of this Sub-Clause and Cabinet Regulation No. 502 "Regulations on Compulsory Civil Liability Insurance for Construction Specialists and Construction Contractors", adopted on 19 August 2014. Provisions determined in Section 52, Paragraph six of the Insurance Contract Law regarding compensation for proportional losses shall not be applied to the insurance policies determined by the Customer in Sub-Clauses (b) and (c) of the fourth paragraph of this Sub-Clause.

In cases when the Contractor has not provided the insurance policies determined in accordance with the procedure of the first paragraph of this Sub-Clause and Cabinet Regulation No. 502 "Regulations on Compulsory Civil Liability Insurance for Construction Specialists and Construction Contractors", adopted on 19 August 2014, and/or the maintenance thereof during the validity period of the Contract, in cases of losses of the Customer or third parties after disbursement of the indemnity from the insurance policies determined in Sub-Clauses (b) and (c) of the fourth paragraph of this Sub-Clause, a recourse claim shall be directed towards the Contractor.³⁵

14.2 Insurance Procedure	Clause shall be deleted.
15.1 Pre-Trial Settlement of Disputes 15.2 Disagreement Notification 15.3 Arbitration Court	shall be deleted
15.4 Court/tribunal	Sub-Clause 15.4 shall be supplemented as follows: Any dispute, where the Parties fail to reach a settlement through mutual negotiations, shall be submitted to a court for judicial review in accordance with the laws and regulations of the Republic of Latvia.
16. Termination of the Contract	to supplement with Clause 16 as follows: 16.1. The Parties shall have the right to terminate the Contract before the expiry of the Performance Time by entering into a written agreement on this.
17. Document Manager and Submission	To supplement with Clause 17 as follows: 17.1 The Parties agree that the templates included in the documents attached to these terms and conditions will be used for the fulfilment of the Contract: a) ACCEPTANCE-TRANSFER DEED OF THE BUILDING CONCEPT DOCUMENTATION (Sub-Clause 5.1); b) ACCEPTANCE-TRANSFER DEED OF THE MONTHLY AUTHOR'S SUPERVISION WORKS (Clause 4.3 and Sub-Clause 1.1.24); c) ACCEPTANCE-TRANSFER DEED OF THE WORK PERFORMANCE PLACE (Sub-Clause 2.1); d) CONSTRUCTION WORKS PERFORMANCE DEED (FORM 2) (Sub-Clause 11.2); d) CONSTRUCTION WORKS PERFORMANCE DEED (FORM 3) (Sub-Clause 11.2); f) CONSTRUCTION WORKS ACCEPTANCE-TRANSFER DEED (Sub-Clause 8.2) ³⁶ ;

³⁵ The wording of the Clause if the Customer has purchased its own construction insurance policies.

³⁶ Option to add or not

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- g) ALL CONTRACTUAL OBLIGATIONS PERFORMANCE DEED (Sub-Clause 8.1);
 - h) MATERIAL/EQUIPMENT REPLACEMENT DEED (Sub-Clause 11.2);
 - i) DEFECT REPORT (Sub-Clause 9.1);
 - j) FACT ESTABLISHMENT DEED;
 - k) FINANCIAL FLOW SCHEDULE (Sub-Clause 11.2);
 - l) CHANGE IN WORKS DEED (Sub-Clause 10.1);
 - m) MATERIAL/PRODUCT APPROVAL FORM (Sub-Clause 10.1).
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Contractor:

<Contractor's name>

<Position, name and surname of the person entitled to sign>

Customer:

<Customer's name>

<Position, name and surname of the person entitled to sign>

(signature*)

(signature*)

*THIS DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.
THE DATE OF SIGNING OF THE DOCUMENT IS THE DATE OF THE TIME STAMP OF THE LAST SIGNATORY.