

PROCUREMENT PROCEDURE OF EESTI ENERGIA AS AND COMPANIES OF THE GROUP

Category	<i>By the decision of the Eesti Energia AS management board</i>
Scope	<i>Eesti Energia AS and group companies that have been founded based on the legislation of the Republic of Estonia (except Enefit Outotec Technology OÜ)</i>
Documents being invalidated	<i>This procurement procedure repeals the decision of the Management Board of Eesti Energia from 28.03.2022</i>
Valid from	<i>Procurement procedure of Eesti Energia AS and companies of the group is valid from 01.07.2022</i>
Related areas and governing documents	<i>The procurement procedure of Eesti Energia AS and the group companies includes the documents "Eesti Energia's Management Principles", "Eesti Energia's Code of Ethics", "Eesti Energia AS Group Document Management Procedure", "Eesti Energia Group Research Management Principles", "Eesti Energia Group Project Management Principles", "Ethical Requirements for Eesti Energia's Contract Partners", "Occupational Health and Safety Requirements for Eesti Energia's Contract Partners", "Representation Rights of Transactions and Legal Operations, Procedure for Granting Authorizations and Managing Credentials", "Principles of Approval of Expense Documents", "Eesti Energia's Procurement Service Document Management Guide"</i>
Forms and information system solutions	<i>Public Procurement Register (RHR), Eesti Energia's Unified Document Management System (EDHS), procurement plan form, procurement procedure matrix, procurement order form</i>
Owner	<i>Eesti Energia AS (procurement service)</i>
Restrictions on access	<i>Public document</i>

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1. General part

1.1 The purpose of these procurement procedures of Eesti Energia AS and Group companies (hereinafter *procurement procedures*) is to establish uniform requirements and procedural rules for the organization of procurement, including central public procurement and joint procurement. The procurement procedure regulates the planning, preparation, conduct of public procurement and tenders, the conclusion and management of procurement contracts and the general principles of supervision.

1.2 The procurement procedure is drawn up on the basis of the Public Procurement Act. The procurement procedure is implemented in conjunction with the Public Procurement Act (hereinafter the *Act*) and legislation established on the basis thereof.

1.3 The purpose of a public procurement or tender is to ensure the transparent, efficient and sustainable use of the contracting authority's funds, equal treatment of persons and the effective use of competition.

1.4 The suppliers of the network sector in the Eesti Energia Group are:

1.4.1 Eesti Energia Aktsiaselts (EE), Elektrilevi OÜ, Imatra Elekter AS, Enefit Connect OÜ, Enefit Power AS, Enefit Green AS (EG), Enefit Wind Purtse AS, Tootsi Windpark OÜ and Enefit Wind OÜ when purchasing things necessary for operating in the field of electricity, ordering services and construction works;

1.4.2 Enefit Power AS, Narva Soojusvõrk AS and Enefit Green AS when purchasing things necessary for operating in the field related to gas and heat energy, ordering services and construction works;

1.4.3 Enefit Power AS when purchasing things necessary for operating in the field related to exploration and mining of oil shale, peat and other solid fuel deposits, ordering services and construction works.

1.5 Public procurement and tenders are coordinated in the Group by the procurement service, which:

1.5.1 draws up an annual consolidated procurement plan for the Group;

1.5.2 advises on the planning, preparation and conduct of public procurements and competitions;

1.5.3 explains public procurement legislation, practices and best practices to the Group's employees.

1.6 The costs indicated in the procurement procedure are without VAT.

2. Definitions

2.1 **development investment** is an investment that creates/acquires a new asset or value, increases existing capabilities, reduces fixed costs, significantly changes the business model, improves process efficiency, management quality (incl. large-scale organizational changes), develops a new product/product group and or service/service group, entering new markets, creating new technical (incl. IT) solutions, creating preconditions (regulations, fundamental research), etc.

2.2 **emergency situation** is a situation where the condition of a building, equipment, immovable, material or other movable is dangerous to a person, property, the environment or the provision of a vital service or maintenance of a business or is a direct risk-critical service for interruption.

2.3 **budget manager** is a person who has been appointed by a directive issued on the basis of the “Principles of Approval of Expenditure Documents” to be responsible for maintaining the budget of the unit, place of expenditure, line of expenditure, account group, project, etc. Lists of budget managers by units, cost centres, cost lines, account groups, projects, etc. for companies and central services in their area of responsibility shall be established by a directive of the members of the Management Board of Eesti Energia AS.

2.4 **electronic records management system**(hereinafter EDHS) is electronic software for the management, control and access to records and document meta data.

2.5 **e-procedure** is the conduct of a procurement procedure in electronic form in an electronic system.

2.6 **procedure for special procurements** is the procedure provided for in Chapter 3 of the Act:

2.6.1 the procedure for simple procurement procedure is the rules for the organization of simple procurement provided by law;

2.6.2 a special procedure for social and special services is a public procurement organized for ordering social or special services.

2.7 **procurement** is a public procurement or a tender.

2.8 **initiator of the procurement** is a person who wants to buy an item, order a service or construction work.

2.9 **basic procurement documents** are the contract notice, the concession notice, the design contest, the tender proposal and all other documents prepared or referred to by the contracting authority specifying the details of a specific contract, including conditions and documentation requirements.

2.10 **person responsible for the procurement** is the person who is responsible for the proper execution of the procurement.

2.11 **procurement committee** is a committee of at least three members (incl. the chairman of the committee) formed by the procurement service to carry out the procurement.

2.12 **chairman of the procurement committee** is the person who is responsible for organizing the work of the procurement committee.

2.13 **the specification of the procurement procedure** is a regulation on the basis of which it is permitted to deviate from the rules established by this procedure (see the chapter Specifications of the procurement procedure).

2.14 **procurement contract is a contract for pecuniary interest concluded between a contracting authority and an economic operator, including a concession contract for the supply of goods, services or works.** If the value of the procurement contract is at least EUR 20,000, the contract shall be concluded in a form that can be reproduced in writing.

2.15 **subject of the procurement contract is the item to be purchased as a result of the procurement, the ordered service or construction work.**

2.16 **procurement procedure** is the organization of a public procurement pursuant to the procedure provided for in Chapter 2 of the Act. A call for tenders is a procurement procedure that starts with the publication of a contract notice in the Public Procurement Register and includes an open procedure, a restricted procedure, a competitive dialogue, an innovation partnership and a competitive negotiated procedure:

2.16.1 when purchasing items, ordering services pursuant to the procedure provided by law from EUR 431,000 and more;

2.16.2 for works from EUR 5 382 000 and above.

2.17 **contracting authority** is Eesti Energia AS or a company belonging to a Group in which Eesti Energia AS or its subsidiary or Eesti Energia AS jointly with the subsidiary has a majority of votes and its purpose is to enter into a procurement contract, framework agreement or concession agreement.

2.18 **conflict of interest** is a situation in which an employee, board member or other competent representative of the contracting authority or a person acting on its behalf who is involved in the preparation or organization of a public contract or who may otherwise influence the outcome of that contract, who has a direct or indirect financial, economic or other personal interest, which may be considered prejudicial to their impartiality and independence.

2.19 **central contracting authority** is a contracting authority that organizes central public procurement, which may also provide public procurement support services.

2.20 **tender** is a procedure for determining the best tender in cases where the purpose of the procedure is to order goods, services and works in areas not regulated by the Public Procurement Act.

2.21 **Group** is a unity where the the parent company together with its subsidiaries forms an association within the meaning of § 6 of the Commercial Code.

2.22 **Group's company** is the parent undertaking or each individual subsidiary.

2.23 **prohibition of cooperation** is a restriction imposed by the contracting authority on a company to participate in procurements and to enter into contracts and perform operations as a subcontractor.

2.24 **person responsible for performance of the contract** is the person appointed by the contracting authority who is responsible for the proper performance of the contract.

2.25 **simple procurement** is a public procurement, the estimated value of which, excluding VAT, is above the small procurement and below the international threshold of the public procurement:

2.25.1 when purchasing goods or ordering services from EUR 60,000 to EUR 430,999;

2.25.2 when ordering construction works from EUR 300,000 to EUR 5 381 999.

2.26 **mini-tender** is a tender organized in accordance with the procedure provided for in the framework agreement, the purpose of which is to conclude the procurement contract(s).

2.27 **purchase** is the purchase of goods, the ordering of services and construction work, the estimated cost of which, excluding VAT, is up to EUR 999.

2.28 **tenderer** is the economic operator that has submitted a tender. For the purposes of this procedure, an applicant is also equated with a tenderer.

2.29 **framework agreement** is a contract concluded between one or more economic operators and one or more contracting authorities, normally for a period of up to eight years, laying down the conditions governing the contracts to be awarded under the contract during its term.

2.30 **international public procurement** is a public procurement the estimated value of which, excluding VAT, is:

2.30.1 when purchasing goods or ordering services from EUR 431,000;

2.30.2 when ordering construction works, from EUR 5 350 000.

2.31 **public procurement** is the purchase of goods, the ordering of services or construction works, the receipt of a conceptual design or the conclusion of a concession contract by a contracting authority within the meaning of the Public Procurement Act.

2.32 Public Procurement Register (**edaspidi RHR**) is a database belonging to the state information system used for conducting public procurements. The web address of the registry is <https://riigihanked.riik.ee>.

2.33 **Market research** is the collection (including cost), analysis and evaluation of information on the market for a product or service before or during the procurement.

2.34 **small procurement** is a public procurement, the estimated value of which, excluding VAT, is above the purchase threshold and below the simple procurement threshold:

2.34.1 when purchasing goods and ordering services from EUR 1,000 to EUR 59,999;

2.34.2 when ordering construction works from EUR 1,000 to EUR 299,999.

2.35 **negotiated procedure without prior publication of a contract notice** is an exceptional procedure which may be organized only on the grounds provided by law.

2.36 **joint procurement** is a public procurement organized jointly by at least two contracting authorities as one public procurement.

2.37 **joint contracting authority** is a tenderer participating in the joint tender.

2.38 **representative of joint contracting authorities** is the an authorized person or contracting authority conducting the joint procurement.

3. Procurement planning, approval of the procurement plan and initiation of the procurement

3.1 Procurement is guided by the approved procurement plan.

3.2 The procurement plan must include all procurements with a value starting from EUR 30,000, except for Elektrilevi OÜ, Enefit Connect OÜ and Imatra Elekter AS low voltage, medium voltage and high voltage investments up to EUR 199 999 and Elektrilevi OÜ, Enefit Connect OÜ and Imatra Elekter AS customer orders (connections and public procurement of ancillary services). The last line of the procurement plans of Elektrilevi OÜ, Enefit Connect OÜ and Imatra Elekter AS indicates the numbers of investment objects, customer subscriptions and additional services planned for the financial year.

3.3 The estimated cost of the procurement must be calculated on the basis of the price level corresponding to the average market price immediately prior to the commencement of the procurement, which is valid at the time of the commencement of the procurement. The market price is determined either as a result of a previous market research or based on information obtained during previous similar procurements.

3.4 The estimated value of a framework agreement shall be based on the estimated maximum total value of the contracts to be awarded under the framework agreement.

3.5 The procurement plan shall be submitted in the procurement plan form set out in Annex 3 to the Procurement Procedure.

- 3.6 The budget managers shall submit to the Procurement Office a preliminary procurement plan for the following financial year by 31 October at the latest and a final procurement plan by 15 December at the latest.
- 3.7 If necessary, the Procurement Service specifies and supplements the procurement plans submitted by the Group companies.
- 3.8 The management boards of the companies approve the specified procurement plans.
- 3.9 Once the management boards have approved the procurement plans, the procurement service will consolidate the procurement plans within three weeks.
- 3.10 The consolidated procurement plan is submitted to the Management Board of Eesti Energia AS for inspection.
- 3.11 The procurement plan will not be changed during the financial year.
- 3.12 An addition to a procurement plan is considered to be the addition of a new procurement, a change in the subject of the contract or an increase in the estimated value.
- 3.13 The initiator of a procurement outside the procurement plan must approve it in accordance with the procurement procedure and then immediately notify the Procurement Service in writing of the procurement outside the procurement plan.
- 3.14 Procurement outside the procurement plan does not need to be coordinated in the following cases:
- 3.14.1 tenders for the purchase or auction of primary energy by Group companies;
- 3.14.2 the conclusion by the undertakings of a Group of companies for the purpose of reselling or leasing to other persons the proceeds thereof.
- 3.14.3 Subcontracting works of Enefit Solutions AS that are not included in the procurement plan.
- 3.14.4 Elektrilevi OÜ, Enefit Connect OÜ and Imatra Elekter AS low voltage, medium voltage and high voltage investments up to EUR 199 999 and customer orders (public procurement of subscriptions and ancillary services);
- 3.14.5 procurements that are repeated due to failure and the estimated cost of which does not increase.
- 3.14.6 procurements which are included in the procurement plan but are carried out in the form of several smaller tenders, provided that their total estimated cost does not exceed the estimated cost originally in the procurement plan.
- 3.15 The procurement service submits the report on the implementation of the consolidated procurement plan of the Group to the management board of Eesti Energia AS for inspection.
- 3.16 The procurement plans of the companies and the consolidated procurement plan of the group must be kept and maintained in the EDHS.
- 3.17 Procurement plans are published by the procurement service on the website of Eesti Energia AS. The procurement plan shall indicate the undertaking initiating the procurement, the name of the procurement and the expected time for publication of the procurement.

3.18 A public contract may not be divided into lots in order to circumvent the procedure or requirements established for the performance of a public contract, especially if the object of the contract is functionally interoperable goods, services or works necessary for the achievement of the same purpose.

3.19 Public procurement may not be subdivided for the purpose of using a less regulated type of procedure.

3.20 In order to initiate a procurement (excluding purchases), a written order containing the information provided in the form in Annex 2 must be submitted to the Procurement Service. In the case of orders submitted via electronic database, the required fields of the database (IFS, Enefit Connect partner portal) must be filled in.

3.21 Procurement may also be initiated by the procurement office on its own initiative without placing an order, if the purpose is to conclude a framework agreement or to establish a dynamic procurement system.

3.22 The procurement service may also initiate the procurement on the basis of the Min-Max list approved by the company.

3.23 A technical description of the subject of the contract must be submitted to the procurement service together with the procurement order.

3.24 The managers of the procurement group of the procurement service of Eesti Energia AS decide on the conduct of the joint procurement based on legal bases and expediency.

4. Procurement committee

4.1 The establishment of a procurement committee is mandatory for procurements with an estimated cost of EUR 431,000 or more.

4.2 The composition of the procurement committees shall be determined in accordance with Annex 1 to the procurement procedure. The procurement committee must have at least three members. The formation of the procurement committee shall be approved by a directive of the direct head of the chairman of the procurement committee.

4.3 Procurement committees are formed before the publication of the procurement notice.

4.4 The members of the procurement committee are jointly and severally liable for the decisions and proposals made.

4.5 In the absence of a member of the procurement committee, they shall be replaced by an alternate member approved by a directive or other document.

4.6 Employees of the Group with the necessary knowledge and impartial experts from outside the Group may be involved in the work of the procurement committee without the right to vote.

4.7 A lawyer of the legal service is generally not a member of the procurement committee. A lawyer shall be involved in the work of the procurement committee in cases where the chairman of the procurement committee deems it necessary.

4.8 The tasks of the procurement committee are:

4.8.1 preparation of procurement basis documents;

4.8.2 organizing the coordination of the procurement source documents;

- 4.8.3 qualification of tenderers and candidates;
- 4.8.4 exclusion of tenderers and candidates from the procurement if there is a corresponding basis;
- 4.8.5 taking decisions to join or not to join a dynamic purchasing system;
- 4.8.6 declaring tenders to be compliant or non-compliant and rejecting them;
- 4.8.7 negotiating with tenderers and documenting the progress and results of negotiations;
- 4.8.8 evaluation of tenders;
- 4.8.9 identification of the successful tenderer;
- 4.8.10 adoption of a decision to cancel the procurement;
- 4.8.11 in the event of a dispute, participating in the development of the contracting authority's views in cooperation with the legal service;
- 4.8.12 performance of other obligations arising from law or this procedure.

4.9 A decision of the procurement committee is adopted if more than half of the members of the committee vote in favor of it. A member of the procurement committee does not have the right to abstain from voting or abstain. In the event of an equal amount of votes, the chairman of the procurement committee shall have the casting vote. The decisions of the procurement committee shall be recorded in the minutes and the minutes shall be signed by all members of the procurement committee.

4.10 The dissenting opinion of a member of the procurement committee who does not agree with the decision shall be recorded in writing in the minutes of the procurement committee or appended to the minutes separately.

4.11 It is prohibited to participate in the work of the Procurement Committee of a person who has a conflict of interest or in whose case his or her impartiality arises or may arise. In the event of a conflict of interest, the member of the commission must immediately inform the procurement committee in writing and withdraw from the work of the committee. The duties of a resigned member of the procurement committee shall be performed by their alternate member.

4.12 The decisions of the procurement committee shall be submitted for the approval of the transaction in accordance with Annex 1 to the procurement procedure. In order to obtain the consent of the transaction, the procurer must obtain prior approvals from the lowest level (example: The application for approval of the transaction submitted to the Management Board of Eesti Energia AS has previously been approved by the budget manager and the member of the Management Board of Eesti Energia AS responsible for the field).

4.13 The chairman of the procurement committee, who shall involve a lawyer of the legal service, shall be responsible for resolving disputes and arranging the timely submission of related answers and documents.

4.14 A person participating in the preparation of a procurement (incl. budgeting the cost of the subject of the contract, preparation of a technical specification or terms of reference and the procurement document, etc.) or performing the contract is prohibited from performing outside activities that affect or may affect economic interests of relatives or related legal persons. Close relatives mean the parent, brother, sister, child, grandparent and grandchild. Affiliates are the parents, brother, sister and children of the spouse/partner. Nor may such a person be a member of the management or control body of a legal person participating in the procurement or be otherwise associated with a candidate or tenderer participating in the procurement which creates a conflict of interest.

5. Procurement supporting documents

5.1 The basic documents of the procurement must be sufficient in content to explain the contracting authority's wish to purchase the item, order the service or construction works, meet the requirements provided by law, and generally contain the following information:

5.1.1 the most detailed and unambiguous technical description of the subject of the procurement contract (terms of reference);

5.1.2 the most important terms of the contract: the term of performance of the contract, terms of payment, terms of guarantee, legal remedies of the contracting authority, possibilities for amendment, if necessary, etc. ;

5.1.3 the conditions for the qualification of tenderers;

5.1.4 the minimum period of validity of tenders;

5.1.5 the name and contact details of the contact person of the contracting authority;

5.1.6 other possible conditions attached to the procurement.

5.2 The initiator of the procurement prepares a technical description of the subject of the contract, participates in the preparation of the basic documents of the procurement and organizes the procurement in cooperation with the person responsible for the procurement.

5.3 The procuring entity is responsible for the proper preparation of the technical specification of the subject of the contract, mandatory intra-group approvals and submission to the person responsible for the procurement.

5.4 The publication of the basic documents of the procurement must be accompanied by the essential terms of the contract or the draft contract, which has been previously agreed in writing with the lawyer serving the procuring entity. If the general terms and conditions of the contract approved by the procurement director of the procurement service are attached to the procurement documents, the approval of a lawyer is not required.

5.5 In order to determine the most economically advantageous tender in the procurement documents, the contracting authority shall set out the criteria for the evaluation of tenders related to the subject of the procurement contract and ensuring real competition. The criteria for evaluating the most economically advantageous tender must be objective. In particular, quality, warranty period, price, functional characteristics, environmental performance, social criteria, operating costs, cost-effectiveness, after-sales service and technical assistance, and, in the case of a critical service to the contracting authority, continuity must be assessed.

5.6 If training, maintenance, etc. are required to use the subject of the contract, the obligation to provide the cost of all these costs must be set out in separate procurement documents. The costs must be presented as a separate line on the tender cost form.

5.7 If it is only possible to purchase or order maintenance, accessories, spare parts, etc. from the contractor in the future, price lists for further maintenance, accessories, etc. and other important information must be included in the tender and the corresponding principles must be included in the technical description.

5.8 The procurement documents must contain substantive information or a reference to the following Group documents: "Ethical requirements for Eesti Energia's contractual partners" and "Occupational health and safety requirements for Eesti Energia's contractual partners". Tenderers are obliged to follow the content points of the aforementioned documents and follow them.

5.9 The approval of the source documents of the procurement shall be based on the provisions of Annex 1. In the case of changes to the source documents, coordination is only necessary in cases where the change has a significant effect, for example affecting the cost of the procurement.

5.10 The procurement documents, decisions, approvals, consents and other relevant documentation and information related to the procurement must be kept and preserved in writing in accordance with the "*Eesti Energia procurement service document management guide*" in force.

5.11 According to the requirements of the Language Act, the procurement must be carried out in Estonian. In addition to Estonian, a foreign language may also be used in procurement. If necessary, translations in the desired foreign language(s) shall be added to the procurement by the initiator of the procurement.

6. Exclusion from the contract and cooperation ban

6.1 The Contracting Authority has the right to exclude the tenderer from the procurement (incl. purchase). Elimination (cooperation ban) is decided by the procurement service. The decision to exclude (cooperation ban) is formalized by a directive of the procurement director.

6.2 In public procurements, except for small procurements, the provisions of law shall be followed in removing a tenderer.

6.3 In small procurements and tenders, the Contracting Authority has the right to exclude the candidate or tenderer from the procurement in the following cases:

6.3.1 there is a dispute between the tenderer and Eesti Energia AS or a Group company regarding the performance of a previous contract in which the tenderer has breached the contract;

6.3.2 the tenderer has a financial claim that has become due to Eesti Energia AS or a Group company that has not been settled;

6.3.3 The tenderer violated a contract signed with Eesti Energia AS or Group's company, in such a way that the Contracting Authority was required to demand contractual penalty for not complying with the contractual requirements or use the remedies stipulated in the **LOA**;

6.3.4 The tenderer has not fulfilled the requirements of the documents "Ethical requirements for the contract partners of Eesti Energia" and/or "The occupational health and safety requirements for the contract partners of Eesti Energia";

6.3.5 tenderer who or whose member of an administrative, management or supervisory board or another legal representative or a contractual representative involved in the procurement has been convicted by final judgement for participating a criminal group, violating the duty of integrity, corrupt practice, fraud, terrorist act, other criminal offence linked to terrorist activities or inciting or aiding or abetting or attempting to commit an offence, money laundering offence, or terrorist financing;

6.3.6 the tenderer has presented false information or forged documents to Eesti Energia AS or to a Group's company;

6.3.7 the tenderer withdrew its tender after the procurement or submission deadline for tenders stipulated in the base documents of the procurement;

6.3.8 the tenderer whose tender was deemed as successful refused to sign the contract;

6.3.9 the tenderer has not presented partially or entirely the information and/or documents required by the Contracting Authority;

6.3.10 in other justified cases.

6.4 In the cases specified in clause 6.3, the procurement service has the right to exclude the tenderer from the procurements organized by the Group's companies as of the date of approval of the relevant cooperation ban directive.

6.5 The sanctions set out in clauses 6.3 and 6.4 and the conditions for their application must be set out in the procurement documents.

6.6 Companies who have a cooperation ban established under section 6.1. are prohibited from being subcontracted for the performance of contracts.

6.7 The prohibition on cooperation also extends to persons related to a company which has been prohibited from cooperating and to companies related to such persons. The persons related to the company are a member of the administrative, management or supervisory body or any other legal or contractual representative related to the procurement in question.

6.8 The procurement service shall decide on the early termination of the ban on cooperation. The decision to terminate the ban on cooperation prematurely shall be formalized by a directive of the procurement director.

6.9 The Contracting Authority shall decide whether the remedial measures taken by the tenderer are sufficient to enable the tenderer to participate in the procurement.

7. Social and special services

7.1 The provisions of §166 of the Act shall be followed when concluding procurement contracts for social and special services.

8. Purchase

8.1 In the case of a purchase, compliance with the rules of public procurement is not mandatory.

8.2 The sustainable use of funds is mandatory.

8.3 In case of purchase, the conclusion of a written contract is not obligatory, payment for the transaction is made on the basis of an invoice.

8.4 In order to optimize the administrative burden of transactions, it is recommended to enter into a framework agreement with one or more tenderers for the performance of purchases, thereby following the procurement procedure and the provisions of law.

8.5 The purchase may be made by the budget manager or a person appointed by the budget manager. The budget manager is responsible for the expediency of the purchase.

9. Small procurement

9.1 A small procurement is a public procurement, the implementation of which is based on the rules set out in this Chapter.

9.2 A small contract with a value of between EUR 1 000 and EUR 19 999 may be carried out not only by the procurement service but also by a person appointed by the budget manager.

9.3 In the case of a small contract with an estimated cost of between EUR 1 000 and EUR 19 999, the economical and efficient use of funds shall be ensured by comparing the various tenders in a form that can be reproduced in writing.

9.4 The following rules shall apply to the organization of a small contract with an estimated cost of EUR 20 000 or more:

9.4.1 the Contracting Authority shall set out in the procurement documents the criteria for determining the successful tender;

9.4.2 The small procurement will be conducted in RHR. In exceptional cases, the head of the procurement group or the head of the procurement department grants the right to organize a small procurement in an alternative e-environment.

9.5 The procurement documents may be amended until the deadline for submission of tenders, extending the deadline for submission of tenders by at least one working day, if necessary.

9.6 Important documentation related to the small procurement (at least the procurement order, tenders and the decision to approve the transaction) must be kept in writing. In the case of small procurements carried out by the procurement service, the provisions of clause 5.10 shall be followed when storing documents.

9.7 If the small procurement is not carried out by a procurement service, the documentation (minimally, the invitation to tender, tenders, notification of the successful tenderer and all approvals of the budget manager) must be kept in the EDHS. Detailed guide can be found from the Group's procurement section in the intranet.

9.8 If the cost of a successful tender for a small procurement is equal to or exceeds the threshold for a simple procurement, the public procurement organized as a small procurement must be declared invalid.

9.9 In the case of procurements carried out independently by the entity, the contracts are signed by the procuring entity itself.

9.10 The necessary approvals and/or consents for the performance of a small procurement shall be taken in accordance with Annex 1 to the Procurement Procedure.

10. Simplified procurement

10.1 The procedure provided for in Division 1 of Chapter 3 of the Act must be followed in the organization of a simplified procurement.

10.2 Simplified procurement shall follow at least the following rules:

10.2.1 In order to determine the most economically advantageous tender in the procurement documents, the Contracting Authority shall set out the criteria for the evaluation of tenders related to the subject of the procurement contract and ensuring real competition;

10.2.2 Simplified procurement is carried out in RHR;

10.2.3 in the case of a simplified procurement, the tenderer shall be informed of the reasons for his exclusion, non-qualification or rejection. The successful tenderer shall be informed of the name(s) of the successful tenderer(s) and of the particulars of the successful tender which gave the successful tender an advantage over their tender;

10.2.4 the establishment of a procurement committee is mandatory from EUR 431,000.

10.3 The procurement documents can be changed until the term for submitting tenders, based on the provisions of law.

10.4 The contract is concluded between the parties in writing.

10.5 Important documentation related to the simplified procurement must be kept in writing (see section **Error! Reference source not found.**).

10.6 If the value of the successful tender is equal to or exceeds the threshold of an international public procurement, the simplified procurement must be declared invalid.

10.7 The necessary approvals and/or consents for conducting a simplified procurement must be obtained in accordance with Annex 1 to the procurement procedure.

11. International Public Procurement

11.1 When organizing international public procurement, the requirements arising from law must be followed.

11.2 A lawyer from the legal service will be involved in the international public procurement procedure.

11.3 The procurement procedure for international public procurement is carried out in the RHR.

11.4 Important documentation related to international public procurement must be kept in writing (see section **Error! Reference source not found.**).

11.5 The necessary approvals and/or consents for the conduct of international public procurement shall be obtained in accordance with Annex 1 to the procurement procedure.

12. Tenders

12.1 The tender is not a public procurement and is conducted in accordance with the rules set out in this chapter.

12.2 The rules set out in Chapter 3 must be followed when planning competitions.

12.3 A tender is a procedure for determining the best tender in cases where the purpose of the procedure is procurement in areas not regulated by the Public Procurement Act.

12.4 The rules of the tender also apply in cases provided by law, where the purpose of concluding contracts is to resell or lease the proceeds to other persons. In such cases, the tender (incl. a mini-tender conducted on the basis of a framework agreement concluded as a result of the tender) may be conducted by a business unit of a group undertaking independently without the involvement of the procurement service.

12.5 Tenders are organized for tenders with an estimated cost of EUR 1,000 or more.

12.6 The organization of the competition, which is expected to cost between EUR 1 000 and EUR 19 999, will ensure the economical and efficient use of funds by comparing the various tenders in a form that can be reproduced in writing.

12.7 The following rules will be followed when organizing a competition with an estimated cost of EUR 20 000 or more:

12.7.1 the organization of the competition shall ensure the economical and efficient use of funds by comparing different tenders;

12.7.2 the tender documents shall lay down the criteria for determining the most economically advantageous tender;

12.7.3 the competition is conducted in an e-environment;

12.8 The basic documents of the tender may be changed until the deadline for submission of tenders.

12.9 The contract is usually concluded from 20,000 euros, but in special cases the transaction may take the form of a purchase order.

12.10 If, as a result of the tender, it is necessary to conclude a procurement contract, the contract will be signed by the entity conducting the tender itself.

12.11 In the case of tenders conducted by the Procurement Service, the provisions of clause 5.10 shall be followed in storing the documents.

12.12 If the tender is not conducted by a procurement service, the documentation (minimally the invitation to tender, tenders, notification of the successful tenderer and all approvals of the Budget Manager) must be kept in the EDHS. Detailed guide can be found from the Group's procurement section in the intranet.

12.13 The necessary approvals and/or consents for the conduct of the tender must be obtained in accordance with Annex 1 to the Procurement Procedure.

13. Mini - tenders under framework agreements

13.1 The following rules will be followed when conducting a mini-tender:

13.1.1 ensure the economical and efficient use of funds by comparing different tenders in a form that can be reproduced in writing. At least the contract, tenders and the successful decision of the contracting authority must be maintained in a reproducible form;

13.1.2 a written order must be submitted to the procurement service, unless the Contracting Authority organizes the mini-tender independently without the involvement of the procurement service;

13.1.3 a mini-tender conducted on the basis of a framework contract concluded as a result of a public contract, the cost of which is up to EUR 59 999, may be conducted not only by the procurement service but also by a person appointed by the budget manager;

13.1.4 organized in a form that can be reproduced in writing;

13.1.5 coordination of procurement outside the procurement plan is not required upon initiation;

13.1.6 the establishment of a procurement committee is not mandatory;

- 13.1.7 the evaluation criteria and procedural rules are laid down in the framework agreement;
- 13.1.8 an invitation to tender shall be issued to all partners in the framework agreement;
- 13.1.9 disclosure of tender prices to tenderers is optional;
- 13.1.10 the supporting documents may be amended until the closing date for the submission of tenders, extending the time limit for the submission of tenders if necessary;
- 13.1.11 where appropriate, the successful tenderer shall be awarded a contract or a written order;
- 13.1.12 if a contract is awarded as a result of a mini-tender, the contract shall be signed by the entity which carried out the mini-tender itself;
- 13.1.13 the necessary approvals and/or consents must be obtained in accordance with Annex 1 to the procurement procedure;
- 13.1.14 reporting is organized by the person responsible for monitoring the implementation of the specific framework contract. Reporting means the obligation to ensure that the remuneration paid for an item purchased under a procurement contract or a service or work ordered is not bigger or does not exceed the amount agreed in the framework contract, including the financial amount;
- 13.1.15 in the case of mini-tenders organized by the Procurement Office, the documents shall be kept in accordance with the clause **Error! Reference source not found.**;
- 13.1.16 if the mini-tender is not conducted by a procurement service, the documentation (minimum invitation to tender, tenders and notification of the successful tenderer) must be kept in the EDHS.

14. Preparation, conclusion and supervision of the contract

- 14.1 A contract shall be concluded in writing if its value, excluding VAT, is EUR 20,000 and more. The person responsible for the procurement shall organize the preparation, coordination and/or amendment of the contract in cooperation with the initiator of the procurement and, if necessary, the legal service, based on Annex 3 of the EE Document Management Procedure, contract management requirements.
- 14.2 The contract shall always set out at least the details of the Parties to the Contract, a description of the subject of the contract, the cost of the contract, the conditions for amending and terminating the contract and the person responsible for performance of the contract.
- 14.3 Contracts with natural persons and copyright are concluded in writing, regardless of the value of the contract.
- 14.4 A transaction must be approved with the management board of Eesti Energia AS or the supervisory board of a Group's company, as a result of which an open-ended procurement contract (except employment contracts) is entered into.
- 14.5 The Procurement Director has the right to enter into a procurement contract or framework agreement without financial obligation to be concluded as a result of a central public procurement and/or joint procurement on behalf of Eesti Energia AS by a power of attorney.

14.6 The contract is digitally signed. If it is not possible for the other party to digitally sign the agreement, the agreement is drawn up on paper, which is signed in the number of copies corresponding to the parties to the agreement and stored in accordance with the document management procedure established by the Group. All pages are endorsed on the copy of the contract concluded on paper, the contract is digitized and linked to the public procurement in the document management system.

14.7 The contract shall enter into force upon its conclusion, unless otherwise provided in the contract. The contract shall be deemed to have been concluded after the latter has signed it.

14.8 The contracts are stored in accordance with the Group's document management procedures.

14.9 Monitoring the performance of a contract means checking that the parties to the contract are performing their obligations properly. Among other things, compliance with the terms of the contract, the quantity and quality of the services, goods delivered, claims during the warranty period, compliance with occupational safety and health requirements and all other obligations agreed upon by the parties in the contract are monitored.

14.10 Supervision of the performance of the contract shall terminate upon performance of the contract, unless otherwise provided in the contract (incl. provisions on intellectual property and confidentiality obligations). If the warranty conditions have been agreed in the contract, the supervision of the performance of the contract ends at the end of the warranty period.

14.11 The person responsible for the performance of the contract shall supervise the performance of the contract, including the submission of the letter of guarantee and the insurance policy.

14.12 The provisions of § 123 of the Act shall be followed in amending the procurement contract entered into as a result of a public procurement above the simplified procurement limit (purchase of services and things from EUR 60,000, ordering of construction works from EUR 300,000).

14.13 If the volume of the contract needs to be reduced due to unforeseen circumstances, a corresponding annex or agreement shall be concluded. The corresponding condition must be set out in the procurement document and/or contract.

14.14 Amendments to the contract are initiated by the person responsible for the performance of the contract, with the prior involvement of the procurement service. When a contract is amended, it is approved by exactly the same level of employees as it was originally approved for concluding the contract (i.e. if the transaction was originally approved by the company's supervisory board, the amendments must also be approved by the company's supervisory board). An amendment to the contract does not need to be approved by employees of exactly the same level if it is permitted by law, it does not change the general nature of the contract and the total value of the amendment does not exceed 10 percent of the original contract value;

14.15 In the case of trade secrets, specific technological information and intellectual property, a confidentiality agreement must be concluded. The confidentiality agreement must be agreed in writing with the lawyer serving the procuring entity and signed by an authorized person.

14.16 The persons signing the contract in accordance with Annex 1 to the procurement procedure.

15. Processing of contractual penalties and claims for damages

15.1 The person responsible for the performance of the contract is responsible for organizing activities related to contractual penalties and claims for damages.

15.2 The decision to impose a contractual penalty or to file a claim for damages shall be made by the person responsible for the performance of the contract in coordination with their direct manager. If the amount of the claim exceeds EUR 10,000, the submission or non-submission of the claim must be approved by the company's management board.

15.3 If the amount of the contractual penalty is less than EUR 100 (excluding VAT), no claim for a contractual penalty is submitted.

15.4 In the event of a waiver or a reduced claim against the party in breach of the contract, the person responsible for the performance of the contract must coordinate this with their direct manager, giving a written justification. If necessary, the final decision is made by the member of the management board of the company responsible for the field.

15.5 The contractor shall be notified of the intention to claim a contractual penalty as soon as possible after becoming aware of the breach of contract.

15.6 If the breach of contract causes property damage to the Contracting Authority and no contractual penalty is prescribed for the breach of contract or the damage caused exceeds the amount of the contractual penalty, the person responsible for performance of the contract shall notify the legal service as soon as possible. The legal service prepares a claim for damages on the basis of the submitted information.

15.7 In the application of a contractual penalty and a claim for damages, set-off shall be used in the first instance.

15.8 If set-off is not possible, a claim/invoice for a contractual penalty or damages will be submitted.

15.9 Until the invoice for the contractual penalty or damages claim is submitted, the person responsible for the performance of the contract is responsible for the proper conduct of the entire process.

15.10 If the contractual party does not pay the contractual penalty and/or damages on time, the debt settlement process will be applied.

15.11 All documents submitted to the other party to the contract must be in writing and stored in the EDHS.

15.12 The procurement service shall be informed of all claims for contractual penalties and compensation for damages and waivers thereof.

16. Negotiated procedure without prior publication of a contract notice

16.1 In the case of a negotiated procedure without prior publication of a contract notice, the person responsible for the procurement shall ask for a tender from one or more tenderers in the following cases:

16.2 no tenders or requests to participate were submitted during the procurement procedure, or all tenders or requests submitted were non-compliant and the initial conditions of the public procurement are not significantly changed;

16.3 the contract is awarded solely for the purpose of research, experiment, training or development, but not for profit or to cover research and development costs, and provided that this is without prejudice to subsequent contracts awarded for those purposes;

16.4 the contract may be awarded to only one economic operator for technical or exclusive reasons, including the protection of intellectual property rights, and the lack of competition does not result from an artificial restriction of the terms of the contract or from an artistic reason, such as the creation or acquisition of a unique work of art or performance;

16.5 the urgent awarding of the public contract is necessary when, for reasons of extreme urgency brought about by unforeseeable events not dependent on the contracting authority or entity, the time limits specified in § 93 or 94, § 125 (4) or § 158 of this Act cannot be followed;

16.6 Whereas goods are purchased from the same tenderer to partially replace or supplement goods previously purchased and due to a change of tenderer, goods with different technical characteristics should be purchased which are not technically compatible with existing goods or the operation and maintenance of which would lead to excessive technical problems;

16.7 new services or works are ordered which consist of the repetition of similar services or works ordered under a contract awarded by the same tenderer and corresponding to the original project, the initial notice announcing the possibility of awarding such a contract and the terms of the contract and the extent of the services and works and the estimated cost of the original contract including subsequent services or works;

16.8 goods are bought on a commodity exchange;

16.9 the goods are purchased in a very short time at a much lower price than the normal market price, taking advantage of the particularly favourable opportunity offered;

16.10 the goods or services are purchased on particularly favourable terms from a person against whom liquidation proceedings have been opened or from a trustee in bankruptcy on the basis of an agreement with creditors;

16.11 the contract will be awarded to the winner or one of the winners of the design contest and such a condition was laid down in the invitation to the design contest, whereas if the contract is awarded to one of the winners of the design contest, all winners will be negotiated;

16.12 in other cases provided for in § 50 of the Act.

16.13 The negotiated procedure without prior publication of a contract notice is organized by the RHR.

16.14 The use of a negotiated procedure without prior publication of a contract notice under clauses 16.1.1 to 16.1.11 shall be coordinated as set out in Annex 1 to the Procurement Rules.

17. Procurement specifications

17.1 In the absence of a statutory procurement obligation, a Group's company has the right to purchase goods and order services and construction work without organizing a procurement. The management board of a Group's company decides on the purchase of goods and the ordering of services and construction works without organizing the procurement, taking into account the law and the rules established in the Group. Specifications, starting at 60,000 euros, will be approved in advance by the head of the procurement team.

17.2 In the event of an emergency, the necessary supplies, services or works may be procured without the need for procurement, subject to the approval of the budgetary authority, only if this is necessary to remedy the emergency. Upon the end of the emergency situation, the budget manager shall immediately provide the company's management board or the member of the management board of Eesti Energia AS responsible for the field with an explanation of the purchased items, ordered services and construction works, substantiating their necessity. In the event of an emergency, if the procurement is not organized or if valid contracts are not used, the complete documentation (incl. justification of objective reasons, tender or tenders, minutes, decisions, etc.) must be kept in a form that can be reproduced in writing.

17.3 Ordering training, catering, room rental, accommodation, event management, communication management and research services with a transaction value of up to EUR 5 999 requires the written approval of the budget manager and does not require a small procurement. The documentation must be kept in a form that can be reproduced in writing.

17.4 Specifications up to a value of EUR 59 999, provided that the following conditions are met:

17.4.1 at least three employees must be involved in the decision to procure the recruitment service: the recruitment and employment partner, the head of recruitment and employment relations and the director of employee experience ;

17.4.2 at least three employees must be involved in the decision to procure the recruitment service: the employee experience director, the cultural hack field manager and the leading HR business partner ;

17.4.3 at least four employees must be involved in the decision to procure a development service based on the needs of companies: a supporting HR business partner, a leading HR business partner, a cultural hack field manager and an employee experience director;

17.4.4 in other cases, where the value of the transaction does not exceed EUR 19 999, the transaction shall be approved in advance by the budget manager;

17.4.5 in other cases, if the value of the transaction is between EUR 20,000 and EUR 59,999, the transaction shall be approved in advance by the head of the procurement group or the head of the procurement service department;

17.4.6 **Error! Reference source not found.**all documentation related to the specifications reflected in this section must be kept in a form that can be reproduced in writing (minimum approval of the specification). In the case of specifications prepared by the procurement service, the provisions of clause **Error! Reference source not found.** shall be followed when storing documents. If the specification is not made by the Procurement Service, the documentation must be stored in the EDHS.

17.5 It is permissible to depart from the rules established by the procurement procedure (except for the regulation on coordination of the procurement documents and the granting of consent to the transaction) on the basis of prior written approval of the member of the management board of the group responsible for the field of procurement, provided that all statutory provisions have been complied with requirements and rules established by other group rules.

17.6 All approvals and/or consents to the specification must be obtained as set out in Annex 1 to the Procurement Rules.

18. Notification of the termination of the procurement procedure and the contract

18.1 The person responsible for the procurement shall submit a contract or framework agreement notice to RHR within 30 days of the end of the procurement or simple procurement procedure if the value of the contract or framework agreement, excluding VAT, exceeds EUR 60 000 for supplies or services or EUR 300 000 for works.

18.2 Every 12 months after the conclusion of the framework contract and at the end of the framework contract, the bodies and companies participating in the central procurement and/or joint procurement shall provide the Contracting Authority with information on the time and cost of awarding contracts if such information is not available for the procurement service in RHR or not provided by the tenderer(s) according to the basic documents of public procurement.

18.3 In the case of a framework agreement, the contracting authority shall provide RHR with information on the time and value of the award of contracts awarded under the framework agreement within 30 days after 12-month period following the award of the framework agreement.

18.4 The person responsible for the procurement shall submit the following information to the register within 30 days after the termination of the procurement or framework contract:

18.4.1 the actual value of the contract;

18.4.2 amendments made to the contract for which no notice of amendment of the procurement contract was submitted;

18.4.3 breaches of the procurement contract by the company, as a result of which the legal remedy specified in clause 95 (4) 8) of the Act has been applied, and information as to whether the claim of the contracting authority has been contested;

18.4.4 in the case of a framework agreement, the relevant information shall be provided after the termination of the framework agreement or the expiry of the last contract awarded under the framework agreement, if the contract expires later than the framework agreement.

18.5 The information required in the information on the termination of the contract shall be provided by the procuring entity to the person responsible for the procurement within five working days after the performance of the contract.

19. Quality control of procurement

19.1 Quality control is performed by the head of public procurement of the procurement service group in accordance their job description.

19.2 The purpose of quality control is to improve the quality of procurement, prevent fraud and take the necessary measures to prevent damage from fraud and negligence.

19.3 The task of the public procurement manager of the procurement service group is to inform the employees related to the organization and processing of the Group's procurements about their rights and obligations and to draw attention to the shortcomings in the work.

19.4 Information related to possible violations of legislation and procurement procedures and anti-competitive practices is sent by e-mail to hanked@energia.ee.

20. Final provisions

20.1 Eesti Energia AS and the companies of the Group follow the procurement procedure when conducting procurements, except for the companies of the Group, which are not established on the basis of the legislation of the Republic of Estonia, and Enefit Outotec Technology OÜ. Group companies that are not established on the basis of the legislation of the Republic of Estonia and Enefit Outotec Technology OÜ must coordinate their procurement procedure with the procurement director of Eesti Energia AS. Elektrilevi OÜ, Enefit Connect OÜ and Imatra Elekter AS proceed based on their other relevant documents in addition to this procurement procedure.

20.2 In matters related to procurement that are not regulated by this procedure, the law and other legislation shall apply.