

## Appendix 3 - Remuneration and Payment

### 1. AGREED REMUNERATION FOR SERVICES

- 1.1. The Client shall pay to the Consultant for full and proper provision of Services under the Agreement Price determined according to the price or rates indicated in the Annex 1 (Detailed Financial Proposal) to this Appendix 3 and finally determined as described in this Appendix 3.
- 1.2. Detailed Financial Proposal consists of 6 sections, which have the following meaning:
  - 1.2.1. Section “**Preparatory phase**” reflects fixed lump sum payable by the Client to the Consultant for fully and properly provided Phase 1 Services (**Total Phase 1 Price**). Total Phase 1 Price is further divided in 6 (six) fixed fees corresponding to and to be payable for 6 (six) Service Packages (as defined and described under Appendix 1 [*Scope of Services*]) to be provided by the Consultant to the Client under the Agreement as Phase 1 Services.
  - 1.2.2. Section “**Works implementation phase**” reflects maximum price for all fully and properly provided Phase 2 Services (**Maximum Phase 2 Price**), and prices to be used, when calculating the fees for the relevant part of Phase 2 Services ordered by the Client. For the avoidance of doubt, the Client shall pay only for those Phase 2 Services which it has ordered pursuant to the Agreement, and the Client shall pay the fee only in the amount of Phase 2 Services that it has ordered.
  - 1.2.3. Section “**Mobilisation for Works implementation phase**” reflects the daily rates and more detailed calculation of fees for Consultant’s Lead-Experts and additional Experts (as described under Appendix 1 [*Scope of Services*]) (**Experts**) used for providing Phase 2 Services. The rates indicated in the section mentioned in this Sub-Clause have been used to calculate the Maximum Phase 2 Price and reflect the mobilisation of Experts required for provision of Phase 2 Services under Appendix 1 [*Scope of Services*], and these rates shall be fixed. Mobilisation for Works implementation phase will be used by the Consultant as baseline when preparing timesheets regarding the provided Phase 2 Services pursuant to the requirements under Appendix 1 [*Scope of Services*].
  - 1.2.4. Section “**Agreement price**” reflects the Agreement Price. For the avoidance of doubt, payment of any part of Total Phase 1 Price or Maximum Phase 2 Price includes also remuneration for those Services that are not described under the relevant Service Packages in Appendix 1 [*Scope of Services*], but that are related to Phase 1 Services and Phase 2 Services and required to be provided under the Appendix 1 [*Scope of Services*] (with the exception to Variations and Exceptional Costs).
  - 1.2.5. Section “**Variations**” provides daily rates for Experts to be used by the Consultant for calculating the fees for any Services that are deemed as Variations under the Agreement, if the Parties do not reach an agreement on the final price for Variations pursuant to Sub-Clause 2.2 below. For avoidance of the doubt, the Client has no obligation to approve Variations and the final fee for the relevant Variations shall be subject to prior written approval of the Client.

- 1.2.6. Section “**Client’s Reserve**” reflects the amount equal to 10 % of the Phase 1 and Phase 2 Service price that may be used by the Client for the Services that are not deemed as Variations under the Agreement. The Client’s reserve may be used by the Client to Pursuant to Clause 4 below.
- 1.3. Unless expressly provided otherwise in this Appendix 3, the rates and prices indicated in the Detailed Financial Proposal cover all risks, fees and expenses of the Consultant, such as those listed under the Procurement documents, as well as all taxes (except for VAT, which is paid in addition according to the applicable laws) and levies. Save for indexation in line with provisions on indexation as per Clause 7 of this Appendix 3, and/or subject to the Variations and Exceptional Costs conditions as per requirements of the Agreement, the Consultant cannot claim payment of any amount or fees for performance of the Services other than the amount which is to be paid and calculated according to the prices and rates indicated in the Detailed Financial Proposal, including, the Consultant has no right to demand any additional amounts or increase in the set prices or rates deriving from inflation, rise in the construction price index, rise in the prices of materials, equipment, workforce or change in any other costs during the validity of the Agreement. For avoidance of the doubt, any cost incurred by the Consultant (or its Experts) remedying any inconsistencies in previously provided Services shall not be charged to the Client.
- 1.4. Rates and prices indicated in the Detailed Financial Proposal include rates and prices for Services to be performed in the construction site, work with the Project, design and technical documentation in offices and other work related to the Project that is necessary to perform the Services, like (but not limited to) participation in meetings, preparation of reports, communication with Client, Contractors and their subcontractors (if applicable), and other parties involved in execution of the Project, as well as any other work that may be necessary for successful finalisation of the Project.

## **2. VARIATIONS**

- 2.1. The Consultant shall not be entitled to reimbursement of any variations and the Client will not pay to the Consultant for any Variations unless the fees for the specific Variations have been explicitly approved by the Client in writing in advance.
- 2.2. In order to agree on the fees for Variations the Consultant shall submit to the Client a detailed fee proposal for performing Services under Variations, including any associated costs, which shall correspond to the fees already received by the Consultant during the Project for closest similar services to Variations and based on the daily rates of the relevant experts to be engaged. If the Client rejects the fee proposal based on the closest similar services, the Consultant shall submit another fee proposal to the Client consisting of (1) list of Experts required to provide the Services under the Variations, (2) required days to provide the Services under Variations for each Expert, (3) final calculations of the fee for Variations based on daily rates provided under “Variations” section of the Detailed Financial Proposal, and (4) any other associated direct costs for carrying out Variations. The associated direct costs shall be reasonable, not excessive, and consistent with practical circumstances and market practice, where applicable. Once the agreement on the fees for Variations is reached, the Consultant shall not be entitled to compensation of any other type of fees or costs for carrying out the Variations.
- 2.3. The daily rates set under “Variations” section of the Detailed Financial Proposal may be amended only with a written agreement of both Parties.

- 2.4. If the current rates may not be applied to Variations, then the Parties shall calculate the new rates using the current rates as a reference (for example, take into account only a respective part of the rate). If that may not be done, the Parties shall adapt price rates of similar services. In the latter case the new price rate shall not be higher than the existing estimated prices prevailing at the time of evaluation, and if such prices do not exist — the average market price, which shall be determined by Client requesting proposals of at least three separate service providers working in the same business sector.

### **3. EXCEPTIONAL COSTS**

- 3.1. The Client will not pay to the Consultant for any Exceptional Costs, unless the Exceptional Costs have been explicitly approved by the Client in writing in advance.
- 3.2. Notice on occurrence of the Exceptional Costs issued by the Consultant to the Client pursuant to the Agreement shall indicate the amount of Exceptional Costs, proof or the occurrence of the relevant costs (and, if already paid, relevant payment documents), and substantiation as to why such costs are to be considered as Exceptional Costs under the Agreement. However, such Notice shall not be binding to the Client and it shall not entitle the Consultant to automatically incur any Exceptional Costs, until the Client has explicitly approved such costs in writing.

### **4. THE CLIENT'S RESERVE**

- 4.1. The Client's Reserve shall be used to make payments by the Client for the following conditions:
  - 4.1.1. Increase of Fees Subject to Indexation for Phase 2 Services;
  - 4.1.2. changes as a result of Client ordering optional scope of Services as described under Appendix 1 [Scope of Services];
  - 4.1.3. changes as a result of Client ordering additional Services that are necessary, related and relevant to the Services but are unforeseen and therefore not described in the Appendix 1 [Scope of Services];
- 4.2. Services to be reimbursed from the Client's Reserve may be engaged exclusively by the written instruction from the Client indicating the main requirements for the services in question and requesting the Consultant to submit a detailed fee proposal. Increase of Fees Subject to Indexation shall be calculated and paid in accordance to Clause 7 of this Appendix 3.
- 4.3. The Consultant shall not be entitled to reimbursement of any optional or additional services using the Client's Reserve and the Client will not pay to the Consultant for any optional or additional services using the Client's Reserve unless the fees for the specific Services have been explicitly approved by the Client in writing in advance.
- 4.4. In order to agree on the fees for optional or additional services to be reimbursed from the Client's Reserve, the Consultant shall submit to the Client a detailed fee proposal for performing optional or additional services to be reimbursed from the Client's Reserve, including any associated costs, which shall correspond to the fees already received by the Consultant during the Project for closest similar services to optional or additional services to be reimbursed from the Client's Reserve and based on the daily rates of the

relevant experts to be engaged specified in the provided under “Variations” section of the Detailed Financial Proposal. If the Client rejects the fee proposal based on the closest similar services or it is not reasonable to compare optional or additional services to be reimbursed from the Client’s Reserve with closest similar services already provided, the Consultant shall submit a fee proposal to the Client consisting of (1) list of Experts required to provide the optional or additional services to be reimbursed from the Client’s Reserve, (2) required days to provide the optional or additional services to be reimbursed from the Client’s Reserve for each Expert, (3) final calculations of the fee for optional or additional services to be reimbursed from the Client’s Reserve based on daily rates provided under “Variations” section of the Detailed Financial Proposal, and (4) any other associated costs for carrying out optional or additional services to be reimbursed from the Client’s Reserve. The associated direct costs shall be reasonable, not excessive, and consistent with practical circumstances. Once the agreement on the fees for optional or additional services to be reimbursed from the Client’s Reserve is reached, the Consultant shall not be entitled to compensation of any other type of fees or costs for carrying out the optional or additional services to be reimbursed from the Client’s Reserve.

- 4.5. If the current rates may not be applied to fees for optional or additional services to be reimbursed from the Client’s Reserve, then the Parties shall calculate the new rates using the current rates as a reference (for example, take into account only a respective part of the rate). If that may not be done, the Parties shall adapt price rates of similar services. In the latter case the new price rate shall not be higher than the existing estimated prices prevailing at the time of evaluation, and if such prices do not exist — the average market price, which shall be determined by Client requesting proposals of at least three separate service providers working in the same business sector.

## **5. TERMS OF PAYMENT**

- 5.1. All payments under the Agreement shall be made by the Client to the Consultant on the basis of Consultant’s invoice issued pursuant to the procedure under Clause 6 of this Appendix 3 subject to the fulfilment of the conditions provided below.
- 5.2. Each of 6 (six) payments for Phase 1 Services shall be made after the Client has received and accepted all deliverables under the relevant Service Package of Phase 1 Services pursuant to the procedure provided in the Agreement.
- 5.3. Payments for Phase 2 Services shall be made provided that:
- 5.3.1. the required payment by the Consultant corresponds to the scope of ordered Phase 2 Services by the Client in the Notices to Commence;
- 5.3.2. the Client has received and accepted the relevant Phase 2 Services pursuant to the procedure provided in the Agreement;
- 5.3.3. the invoice for Phase 2 Services is issued on monthly basis pursuant to the filled in and approved monthly timesheets on the delivered Phase 2 Services regarding the previous 3 months. All monthly timesheets shall be filled in according to the requirements set in Appendix 1 [Scope of Services].
- 5.4. Payments for Variations and Exceptional Costs or optional or additional services to be reimbursed from the Client’s Reserve (except for Indexation) shall be made provided that:

- 5.4.1. there has been Client's prior written approval of the incurred fees and costs pursuant to this Appendix 3;
- 5.4.2. the Client has received and accepted the Services provided under Variations, as part of Exceptional Costs and/or optional or additional services to be reimbursed from the Client's Reserve, pursuant to the same procedure as applicable to Phase 2 Services under Clause 4.7 of the Particular Conditions.
- 5.4.3. the invoice is issued on monthly basis pursuant to the filled in and approved timesheets on the delivered Services under Variations, as part of Exceptional Costs, and/or optional or additional services to be reimbursed from the Client's Reserve, regarding the previous 3 months.
- 5.5. For clarity – the payments shall be made as per this Appendix 3, whereas the purpose of signing the Deeds and receiving monthly timesheets (where applicable) is to monitor and control the amount of the Services performed. If the Client detects that the progress of Services is behind the planned work flow as may be derived from the Agreement or if the Client detects inconsistencies in the quality of previously provided Services, the Client may suspend (without any penalties being applied to him) any payments due to the Consultant until the Services performed are in line with the Agreement to the extent acceptable to the Client.
- 5.6. The Consultant shall pay any contractual penalties and damages; the Client may deduct this amount from any sums payable to the Consultant pursuant to the Agreement.

## 6. INVOICING REQUIREMENTS

- 6.1. The invoices issued by the Consultant shall, among other, specify the following administrative requisites:

Title: RB Rail AS
Registration No 40103845025
Tax registration No LV40103845025
Address: Satekles iela 2B, Riga, LV 1050, Latvia
Bank: Luminor Bank AS Latvijas filiāle
Account No: LV73NDEA0000084270995
Code: NDEALV22
E-mail: [●]
Agreement information: [●]
CEF Contract No [●]
Period of Services: [●]
Details of Services: [●]
Payment basis: reference to the relevant Clause of Appendix 3

- 6.2. Before issuance of any invoices the Consultant shall send the draft invoice to the Client electronically to the e-mail: [●].
- 6.3. With respect to any invoice the Client may request the Consultant to include additional information in the invoice, and/or to issue the invoice by using different administrative requisites, including to issue the invoice to a different recipient indicated by the Client, and/or the Client may request that invoices are split either according to the Country, where Services are performed, or by other criteria as indicated by the Client.

- 6.4. Provided that the draft invoice is compliant with the Agreement conditions and Consultant's requirements and precisely reflects the amount of Services completed by Consultant, the Client shall accept the draft invoice and request the Consultant to issue the final invoice.
- 6.5. All payments to Consultant under the Contract shall be carried out by transferring the payment to the bank account of Consultant indicated in the invoices.
- 6.6. The time of the payment shall be the date evident on the payment order.

## 7. INDEXATION

- 7.1. Fees payable for ordered Phase 2 Services and rates for Variations as provided under Detailed Financial Proposal (**Fees Subject to Indexation**) may be adjusted subject to the provisions of this Clause 7 in the following circumstances:
  - 7.1.1. The first indexation of the Fees Subject to Indexation shall occur after the lapse of two (2) years' period after the Commencement Date;
  - 7.1.2. Every subsequent indexation of the Fees Subject to Indexation shall occur on the second (2) anniversary closing of the previous indexation;
  - 7.1.3. The indexation of the Fees Subject to Indexation shall be carried out based on the variation of the SPPI<sup>1</sup> of the Euro area (Eurozone) (classification of economic activities: Legal, accounting and management consultancy activities), published by Eurostat (at [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts\\_sepp\\_a&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts_sepp_a&lang=en));
  - 7.1.4. For the first adjustment of the Fees Subject to Indexation, the SPPI of the year preceding the Commencement Date shall be compared to the SPPI of the year preceding the indexation;
  - 7.1.5. For subsequent indexations, the comparison shall be made between the SPPI selected for the previous adjustment of the Fees Subject to Indexation and the SPPI of the year preceding the next indexation in question;
  - 7.1.6. The Fees Subject to Indexation shall be adjusted only with regards to the particular Services which shall be provided by Consultant going forward after the indexation and concerning which the relevant order, including Notice to Commence, is placed by the Client after the indexation. For the avoidance of doubt, the indexation shall never apply to the Services which were provided by Consultant before the indexation and/or which are being provided by Consultant at the time of indexation;
  - 7.1.7. Adjustment (increase or decrease) shall be capped at two percent (2%) per one indexation;
  - 7.1.8. In case the respective values of the SPPI are not published, the Client and Consultant shall agree to use other official statistical indices being equivalent to the former in respect of their content and purpose shall be applicable.

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<sup>1</sup> SPPI - the annual services producer price index of the Euro area (Eurozone) (classification of economic activities: legal, accounting and management consultancy activities), published by Eurostat at [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts\\_sepp\\_a&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts_sepp_a&lang=en).

- 7.2. Consultant shall provide a written Notice to the Client on adjustment of the Fees Subject to Indexation with substantiated explanation and calculation in compliance with Sub-Clause 7.1 of this Appendix 3.
- 7.3. Once the Client receives the Notice and provided that the Client explicitly accepts in writing that the Consultant's Notice indicated in Sub-Clause 7.2 above complies with the requirements under Sub-Clause 6.1, the Fees Subject to Indexation shall be adjusted pursuant to this Appendix 3 for the specific period.
- 7.4. Indexation of the Fees Subject to Indexation in line with this Clause 7 can be illustrated as follows, if it is assumed that Commencement Date would be 1 October 2021 (this is just an example and not the Commencement Date under the Agreement):
- The indexation is initiated on 1 October 2024, namely, after the lapse of two (2) years' period after the Commencement Date as indicated above.
  - The rate of change in the SPPI for the year 2023, compared to 2020, is five percent (5%).
  - The Notice to Commence the specific Phase 2 Services or agreement to carry out Variations is issued by the Client on 1 March 2026.
  - The fee for the ordered Services is equal to EUR 100 000 (one hundred thousand euro).
  - Indexation shall be capped at two percent (2%) of the fees that the Consultant is entitled to under the ordered Services.
  - Accordingly, the fee for the provided Services would be equal to EUR 102 000 (one hundred two thousand euro).

## **8. ANNEXES**

Annex 1 - Detailed Financial Proposal.

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