Appendix 2 Additional Rules

1. **RIGHT TO AUDIT**
   1. Notwithstanding anything to the contrary set forth in the Agreement, the Client itself, a reputable outside independent body or expert engaged and authorised by the Client shall be entitled to inspect and/or audit the Consultant to ensure compliance with the terms of the Agreement and EU financing rules, including inspecting and/or auditing:
2. the performance of any aspect of the Services; and/or
3. any documentation, including all payrolls, accounts of the Consultant and/or other records used in or related to the performance of the Services.
   1. The Consultant shall provide all reasonable assistance to the Client or the independent body authorized by the Client in carrying out any inspection or audit pursuant to this Section. The Client shall be responsible for its own costs, or the costs incurred by the outside independent body designated by the Client, incurred toward carrying out such inspection or audit, unless, in the case of any such audit, that audit reveals that the Consultant is not compliant with the terms of this Agreement, in which case the Consultant shall reimburse the Client for all of its additional reasonable costs incurred, provided such non-compliance is material.
   2. The rights and obligations of the Client set forth in accordance with this Section shall survive expiration or termination of the Agreement for any reason and shall continue to apply during ten (10) years following expiration or termination of this Agreement for any reason whatsoever.
   3. The Consultant is under obligation to retain in immediately accessible readable format, not encrypted or otherwise protected manner, all working files, correspondence and in paper or email for the time period of ten (10) years after expiry of the Agreement.
4. **ON-THE-SPOT VISITS** 
   1. By submitting a written notice five (5) days in advance, but at the same time reserving the right of an unannounced on-the-spot visit without an advance notice, the Client may carry out on-the-spot visits to the sites and premises where the activities implemented within the Agreement are or were carried out.
   2. On-the-spot visits may be carried out either directly by authorised staff or representatives of the Client or by any other outside body or third party authorised to do so on behalf of the Client. Information provided and collected in the framework of on-the-spot visits shall be treated on confidential basis. The Client shall ensure that any authorised outside body or third party shall be bound by the same confidentiality obligations.
   3. The Consultant shall provide to the performer of the on-the-spot visit or any other authorised outside body or third party access to all the information and documents, including information and documents in electronic format, which is requested by the authorised staff of the performer of the on-the-spot visit or any other authorised outside body or third party for the performance of an on-the-spot visit and which relates to the implementation of the Agreement, as well as shall allow the authorised staff of the performer of the on-the-spot visit or any other authorised outside body or third party the copying of the information and documents, with due respect to the confidentiality obligation.
   4. By virtue of Council Regulation (Euratom, EC) No 2185/961 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EU) No 883/20132 of the European Parliament and the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by European Union law for the protection of the financial interests of the European Union against fraud and other irregularities. Where appropriate, OLAF findings may lead to criminal prosecution under national law.
5. **SUB-CONTRACTORS AND STAFF**
   1. In carrying out the Services, the Consultant may only rely on the services of those approved Sub-Contractors and Staff listed in Tender documents as such list may, from time to time, be modified or supplemented in Agreement with the Client and in accordance with the terms and subject to the criteria contained in the applicable national public procurement law. The Consultant shall specify the name, contact details and legal representative(s) of each approved Sub-Contractor. The Consultant shall have an obligation to notify the Client in writing of any changes to Sub-Contractor and Staff data occurring during the term of the Agreement and of the required information for any new Sub-Contractors and Staff which it may subsequently engage toward provision of the Services.
   2. Pursuant to the national public procurement law at the Effective Date, the Consultant shall obtain prior written consent of the Client for the replacement of a Sub-Contractor or Staff whose capacities the Client has relied on during the selection or evaluation stages of the Procurement Procedure (the Client is entitled to ask Sub-Contractor’s and Staff’s opinion regarding the reasons of replacement).
   3. Review and evaluation of the replacement Sub-Contractors and Staff shall be carried out, and the consent or refusal to give consent shall be rendered by the Client in accordance with the applicable national public procurement law.
   4. The Client shall be entitled to demand replacement of the Sub-Contractors and Staff which, during the effectiveness of this Agreement, meets any of the compulsory grounds for exclusion of tenderers (or Sub-Contractors and Staff) that were verified during the procurement procedure.
   5. The Consultant shall retain the complete responsibility for the proper performance of all of its obligations under this Agreement, and any act, failure to act, breach or negligence on the part of any of its approved Sub-Contractors and Staff shall, for the purposes of this Agreement, be deemed to be the act, failure to act, breach or negligence of the Consultant.
   6. On the basis of the Sub-Contractor’s request and invoice The Client is entitled to manage the payment for the Sub-Contractor’s services which are accepted, and which payment term is due, directly to the Sub-Contractor, if the Consultant has not paid to the Sub-Contractor all payments the latest was entitled to. In this case the Client shall lower the next following payment for the Consultant by the amount paid to the Sub-Contractor.
6. **MAINTENANCE OF RECORDS**

During the term of the Services and during ten (10) years from expiration or termination of this Agreement for any reason whatsoever, the Contractor shall keep and maintain clear, adequate and accurate records and evidence regarding the provision of the Services to the extent reasonably necessary to comply with the requirements of the Agreement and applicable law. This period set out in this Section 4 shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the financing issues. In such cases the records shall be kept until such audits, appeals, litigation or pursuit of claims are closed. During the above mentioned term the Consultant shall ensure access to the necessary documentation.

**5. SECURITY CLEARANCE REQUIREMENTS**

* 1. The Consultant shall not involve employee and/or staff, including but not limited to key office-holders, key personnel, designers, design supervisors, engineers, construction and design specialists, consultants and design sub – consultants (if any) who have a criminal record, in the implementation of the Agreement.
  2. The Consultant shall submit to the Client the name, surname, personal code (identification number), professional title (job position) of every person that will implement the Agreement and/or will be present on site at least 10 (ten) working days prior involvement of this person in the implementation of the Agreement and/or its presence on site. The Consultant shall provide a brief (concise) description of duties towards the implementation of the Agreement of the persons, and, if requested by the Client.
  3. The Client has a right to demand dismissal of such a natural person non-compliant with the security clearance requirements stipulated in this Section at the Client’s sole discretion on the basis of the Client’s written request for dismissal. Parties agree that such Client’s decision is incontestable.
  4. The Consultant shall immediately undertake all the necessary actions and measures to ensure that any risk of involvement of such a natural person in the implementation of the Agreement is promptly and duly eliminated.
  5. The Consultant is obliged:
     1. to prevent involvement of such a natural person in the implementation of the Agreement, and to prevent the presence of this person in the real estate, construction site or any other site, and
     2. to immediately replace the dismissed person according to Article 62 of the Public Procurement Law of the Republic of Latvia and the Agreement, and
     3. to comply with the Client’s written instructions pursuant to this Section and not to challenge these instructions, and
     4. to inform the Client about dismissal or replacement proceedings pursuant to Sub-Section 5.6.
  6. In any occasion the Consultant shall immediately notify the Client in writing about any situation that emerged before and during the implementation of the Agreement, as a result of which there could appear or appears a risk of involving such a natural person in the implementation of the Agreement, and about the immediate replacement of non-compliant or dismissed natural person involved in the implementation of the Agreement.
  7. In case if the immediate dismissal or replacement of the dismissed natural person non-compliant with the security clearance requirements stipulated in this Section results in the unreasonable increase of the costs towards the Consultant, the Consultant shall immediately inform the Client about this fact in written and the Parties shall agree upon the conditions of the provision of the Services.
  8. The Consultant’s non-compliance with the security clearance requirements stipulated in this Clause, the Client’s instructions towards the Consultant regarding these security clearance requirements or other provisions of this Clause constitutes a material breach (breach of a material term or condition) of the Agreement.

**6. NON-RECRUITMENT AND NON-ENGAGEMENT REQUIREMENTS**

6.1. During the period of the Agreement, and in the event of any termination, suspension, or expiration of the Agreement until the expiration of the Agreement, the Consultant, the Consultant’s Sub-Contractors, board members, employees, or any other personnel or entity assigned by the Consultant shall not, without the prior consent of the Client, either directly or indirectly, on his own behalf or in the service of or on behalf of others, solicit or attempt to solicit for employment (headhunt) and/or solicit for any engagement with employment purpose of any person employed or engaged in the provision of the Services by the Client, the Implementing Body and the Beneficiary, and whether or not such employment is pursuant to a written agreement or independent contractor agreement and whether or not such employment or engagement is for a determined period or is limited in any manner.

6.2. The Consultant’s non-compliance with the conditions set forth in this Section, the Client’s instructions towards the Consultant regarding these non-recruitment and non-engagement requirements constitutes a material breach (breach of a material term or condition) of the Agreement, because requirements included in this Section are merely clarifying mandatory suppliers code of conduct conditions provided in the Particular Conditions of the Agreement.