

POLICY

RB RAIL AS PROCUREMENT POLICY

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Acronyms and Abbreviations

A full list of acronyms and abbreviations can be found in the RBR Glossary of Terms and Abbreviations. The following acronyms and abbreviations are used throughout this document:

Abbreviation	Definition
AOP	Application of procurement.
AO	Assignment Order.
CPO	Chief Procurement Officer of RB Rail.
CPSG	The Common Procurement Standards and Guidelines for the Rail Baltica Project.
DL	Doclogix IT system.
CPS	Centralised purchasing system (EIS for Latvia, CPO.LT for Lithuania, RTK for Estonia or other CPS in case of availability).
HoD	Means (i) the head of the structural unit of RBR (Division, Branch, Department, Team) or (ii) a person holding a specific position within RBR or Branch in accordance with the organizational structure of RBR for which the relevant goods, services or works are procured.
MB	The Management Board of RB Rail.
PC	Procurement Commission, formed in accordance with the Policy, the CPSG and the PPL.
PO	Procurement Order by which, in accordance with the process and approvals established according to the Policy and RRR, the MB establishes the PC and approves to proceed with a particular procurement exercise.
PPL	Public Procurement Law of the Republic of Latvia.
PMP	Project Management Plan approved according to RBR Project Management Guidelines.
RB Rail	RB Rail AS, Reg. No 40103845025.
RBR	RB Rail, including RB Rail AS Lithuanian Branch and RB Rail AS Estonian Branch and RB Rail AS Latvian Branch.
RBR Employee	Any Employee of RBR.
RFQ	Request for Quotation.
RRR	RBR Regulations on Representation Rights.
SB	The Supervisory Board of RB Rail.
SPF	Small Procurement Form, to be used for the Small Procurement in DL.
VAT	Value added tax according to the applicable laws, applied at the prevailing rate.

Definitions

A full list of terms can be found in RBR Glossary of Terms and Abbreviations. The following terms are used throughout this document:

Term	Definition
Annual Budget	RBR annual budget planned to be used for the financial year.
Articles of Association	Articles of Association of RB Rail.
Assignment Order	The form used in DL to document the assignments given to Suppliers under Framework Agreements.
Beneficiaries, each Beneficiary	The Ministry of Economic Affairs and Communications of the Republic of Estonia, Reg. No 70003158, Ministry of Transport of the Republic of Latvia, Reg. No LV90000088687 and Ministry of Transport and Communications of the Republic of Lithuania, Reg. No 188620589.
Branch	Any branch of RB Rail.
CEF Agreement	Grant Agreement under the Connecting Europe Facility (CEF) -Transport Sector Agreement signed by The Innovation and Networks Executive Agency (INEA), RB Rail and Beneficiaries.
Competitive Process	Small Procurement performed with a price quotation, when RFQ is sent to at least three (3) Suppliers.
Contract/Project Manager	RBR Employee (or outsourced service provider) in charge of successful fulfilment of a particular Contract/Project as defined by the approved Project Management Plan (if plan is prepared) of the Project.
Contracting Scheme Agreement	Agreement on the Contracting Scheme for the Rail Baltic / Rail Baltica between RB Rail, Beneficiaries, Shareholders, Estonian Technical Regulatory Authority, LTG Infra AB (substituted AB "Lietuvos geležinkeliai" as of 8 December 2019), dated 30 September 2016.
Department	Department of RB Rail.
Eligibility Manager	Representative of the RB Rail Global Project Finance Department who <i>inter alia</i> checks eligibility of expenses and description of scope for eligibility purposes in documents.
Exception	A case when national public procurement rules do not oblige to procure goods, services or works in accordance with a regulated procedure.
Framework Agreement	Agreement between RBR and one or several Suppliers the purpose of which is to establish and characterise the procurement contracts to be concluded within a certain period of time and to provide for the provisions according to which such contracts will be concluded (especially in relation to the prices and, if necessary, the quantity envisaged).
Interested Beneficiary	Beneficiary for the benefit of which the procurement exercise is organised by RBR.
Market Research Report	The report, prepared on the basis of the market analysis, undertaken with the purpose to clarify the potential participants of the planned procurement, price level of the goods, services or works planned to be procured, also the possibility to acquire the needed technical parameters of the product on the market.

Nominee	Beneficiary nominated expert(s) for participation in a committee of a procurement, organised by RBR.
Procurement Plan	A list of goods, services and works planned to be procured for the calendar year, prepared and approved by RBR.
Procurement Documents	Package of the documents used in the procurement procedure, and indicating the scope and conditions of the procurement, prepared in accordance with CPSG requirements.
Policy	This RB Rail AS Procurement Policy.
Project	A temporary endeavour undertaken to create a unique product, service or result. It meets the requirements for a Project defined in the scope section of Project Management Guidelines. It has a beginning, end, and resources.
Purchase Order	A legal document a buyer sends to a supplier to authorize a Purchase or Small Procurement/Framework Agreement direct award.
Railway	A new fast conventional double track electrified railway line according TSI INF P2-F1 criteria and European standard gauge (1435mm) on the route from Tallinn through Pärnu-Rīga-Panevėžys-Kaunas to Lithuanian-Polish border, with the connection of Kaunas – Vilnius.
Regular Procurement Procedure	A procurement procedure organised by RB Rail, for which the planned value is equal to or exceeds 10 000 EUR, excluding VAT, for goods and services and 20 000 EUR, excluding VAT, for works.
Request for Quotation	The invitation to the Suppliers to submit the proposal in the Small Procurement
Shareholders	OÜ Rail Baltic Estonia, reg. No 12734109, Sabiedrība ar ierobežotu atbildību "EIROPAS DZELZCEĻA LĪNIJAS", reg. No 40103836785 and UAB "Rail Baltica statyba" reg. No 303227458.
Shareholders' Agreement	Shareholders' Agreement relating to RB Rail among the Shareholders, concluded on 28 October 2014.
Small Procurement	A procurement organised by RB Rail, for which the planned value is up to and including 9 999,99 EUR, excluding VAT, for services and goods and up to and including 19 999,99 EUR, excluding VAT, for works and for procurement when national public procurement rules do not oblige to procure goods, services or works in accordance with a regulated procedure.
Supplier	a natural or legal person, an association of such persons in any combination thereof, which offers or has the capacity and capability to offer to perform works, supply goods (products) or provide services on the requirements of the Rail Baltica Global Project accordingly
Technical Specification	A document which defines technical, quality and other requirements for the goods, services or works to be procured.
Value for Money or VfM	The value that is obtained from the most advantageous combination between the various criteria (cost-related and non-cost related criteria (quality, capability, experience, sustainability, etc.)) that together meet RBR's requirements to maximise the effectiveness and efficiency, providing the most optimum solution for RBR and the Rail Baltica Global Project as an eventual outcome from the completion of the intended procurement results.

1 Introduction

1.1 Purpose

This Policy sets the requirements and provides the necessary guidance on the rules that apply to RBR Employees who are involved in procurement activities. The purpose of this Policy is to ensure legality of procurement, observance of principles of equality, non-discrimination, mutual recognition, proportionality and transparency, as well as the division of responsibilities between the participants in public procurement process.

Adherence to the requirements set out in this Policy is mandatory for all RBR Employees.

This Policy will be updated from time to time to ensure relevance to RBR's activities and requirements, alignment with the latest applicable legislation, and to be up to date with best practices in the procurement field.

1.2 Application

This Policy is applied to all procurement procedures organised by RBR and irrespective of whether the result of the procurement may be used for ensuring day-to-day activities of RBR or for ensuring activities related to the design and/or construction of the Railway or other activities.

The Policy has been approved based on the Articles of Association, the CPSG and the applicable legislation of the Republic of Latvia.

In addition to the Policy, RBR shall follow the applicable laws and the Policy shall be read in conjunction with the Articles of Association, the Contracting Scheme Agreement, the CPSG and the Shareholders' Agreement.

Irrespective of the procedures specified in this Policy, the MB is responsible for ensuring the procurement or contract approvals from the SB, Shareholders or other institutions of RBR as per Articles of Association, Shareholders' Agreement and other documents applicable to RBR. The MB has the overall accountability regarding the proper application of this Policy.

The standard forms of the documents, mentioned in this Policy and related to procurement processes and/or procurement management (AOP, SPF, Market Research Report, Procurement Plan, Purchase Order, RFQ, process charts, etc.) are approved and changed if necessary, separately by the order of CPO, subject to prior alignment with the Head of Legal Department and the Eligibility Manager and added to DL.

All amounts mentioned in the Policy are exclusive of VAT, if not stated otherwise.

2 General provisions

1. RBR is responsible for the design, construction and marketing (including branding) of the Railway and thus for selecting the Suppliers, concluding the respective contracts with the Suppliers and subsequently administrating the implementation of these contracts according to this Policy and directly applying PPL and other applicable laws, regulations, acts and documents.
2. The Small Procurements shall be conducted in accordance with the requirements set in this Policy.

3 Overview of procurement process

3. RBR procurement exercises follow the following steps in a typical procurement cycle:
 - 3.1. Procurement strategy and planning;
 - 3.2. Requirement definition;
 - 3.3. Procurement procedure selection;
 - 3.4. Procurement process.

3.1 Procurement strategy and planning

4. Procurement strategy and planning process includes the following (as may be relevant):
 - 4.1. Assessment of the needs;
 - 4.2. Indicative market review (including indicative cost estimation);
 - 4.3. Indication of the financing source, planned to be used for the contract;
 - 4.4. Indication of the main technical/qualitative requirements;
 - 4.5. Strategy for procurement splitting or consolidation.
5. The procurement planning process shall be compliant with the Activities Planning Process regulations of RBR.
6. All HoDs are responsible for collecting and consolidating all products, services and works that are foreseen to be procured by the respective structural unit of RBR during the following calendar year, required for day-to-day activities of RBR, for ensuring the specific tasks assigned to RBR for the respective financial year (including also procurements planned to be financed from CEF Agreements to be approved during next year, if there are such) and for execution of business operations as per the Articles of Association, Shareholders' Agreement and other documents applicable to RBR, and shall submit their estimated Procurement Plans for the following year by 10 November (in 10 days after Annual Budget approval) of the current year to the CPO either directly or via the respective planning engineer.
7. Based on the above mentioned information, received from HoDs, a Procurement Plan for RBR is developed by the Procurement Department. The Procurement Plan should capture all foreseen procurement exercises (including a list of planned purchases under Framework Agreements, as foreseen in Section 5 of this Procedure), for the next year, with the starting annual value from 10 000 EUR (inclusive) for services and goods, and from 20 000 EUR (inclusive) for works. CPO has the right, estimating the Procurement Department workload, to make reasonable changes in the Procurement Plans received from HoDs.
8. The template and format of the Procurement Plan is approved by the separate CPO order. In case the Procurement Plan format has to be changed, the CPO has the right to provide the updated template. If the CPO

has not provided the template at least one (1) month in advance of the deadline stated in Clause 6 above, the HoDs shall apply the format as indicated in the order of CPO.

9. The Procurement Plan shall become effective upon approval by the MB, but not later than 30 November (in 30 days after Annual Budget approval) and should be made available to all Employees of RBR.
10. The HoDs will provide the updated requirements for Procurement Plan by informing the CPO and the respective planning engineer. Procurement Plan updates shall become effective upon approval by the MB.
11. Procurement exercises that are not in the approved Procurement Plan and/or have not been foreseen and where the need for procurement arises, shall be considered approved into the Procurement Plan following the approval of the AOP and PO and shall be incorporated in the Procurement Plan by next revision of it. The CPO or the MB may request additional review and/or approval if they deem it necessary.

3.2 Requirement definition

12. Requirement definition includes the following (as may be relevant):
 - 12.1. Definition of the main technical/qualitative requirements;
 - 12.2. Definition of the financing source to be used for financing of the contract;
 - 12.3. Packaging of requirements.
13. Requirement definition is the first step in the implementation of a procurement process, and an integrated step in its planning.
14. The Contract/Project Manager defines the following draft requirements for procurement:
 - 14.1. evaluates whether procurement is required to be undertaken in order to achieve the goals of the Rail Baltica Global Project and whether RBR has the required resource to undertake the activities in-house;
 - 14.2. consults Eligibility Manager and defines the financing source to be used for the financing of the contract;
 - 14.3. if procurement is required to be undertaken, evaluates the usefulness and efficiency of the procurement exercise in light of the required needs of the Rail Baltica Global Project and RBR, consulting with the RBR Procurement Department on the most appropriate approach to be taken, whereby the procurement is regarded as useful and efficient, if:
 - 14.3.1. it conforms with the goals and interests of RBR;
 - 14.3.2. it allows for the best VfM to be achieved, taking into account Project risks and possible mitigation measures that can be applied throughout the procurement phase;
 - 14.3.3. it is the best identified option for obtaining goods, works, services for the Rail Baltica Global Project.
15. If usefulness and efficiency of the particular procurement exercise is proven, the Contract/Project Manager:
 - 15.1. defines the substantial draft requirements for the planned procurement procedure, i.e., subject matter, general technical requirements, draft proposals for any specific selection criteria for Suppliers in light of the subject matter, amount of required goods and/or services, and/or planned works, timing and other substantial information;
 - 15.2. undertakes the relevant market research, analyses the available information on possible Suppliers of goods and/or service providers, i.e., research via web pages, research of available experts' opinions, phone calls to possible Suppliers etc. before the completion and submission of the AOP for approval. Market research data (the form for Market Research Report is approved by a separate CPO order) must be provided to the Procurement Department together with the AOP (Market Research Report is not requested for procurement exercises with a value lower than 42 000 EUR for services and goods and 170 000 EUR for works, also not requested for SPF and CPS procurement exercises, also in other exceptional cases where single quotation is

allowed according to applicable legislation). If the market information is available via other means or internally within RBR without the need to undertake a separate market research, this information shall be provided in the Market Research Report accordingly.

16. To the extent possible and practicable, negotiations shall be applied to maximise the value for the Project and to ensure the most optimum use of public funds. The extent of negotiations shall be as per the applicable procurement legislation. Due consideration to this approach shall be provided in the selection of the most applicable procurement procedure.

3.3 Procurement procedure selection

17. Procurement procedure shall be selected taking into account principles mentioned in this Section of the Policy.
18. Procurement procedures of RBR are divided as follows:
 - 18.1. Small Procurement and Exceptions;
 - 18.2. CPS procurement;
 - 18.3. Regular Procurement.

19. The following steps and documents are necessary for the procurement process, inter alia:

Procurement process	Small Procurement and Exceptions (Health, social and related services, training and others) in accordance with PPL Sections 3 and 10	CPS procurement	Regular Procurement in accordance with Section 9 or Section 10 of PPL	Regular Procurement***
Steps and documents	Up to and including 9 999,99 EUR for goods and services, 19 999,99 EUR for works; up to and including 749 999,99 EUR for Exceptions in accordance with PPL Article 10; no threshold for Exceptions in accordance with PPL Section 3 (in some cases special procurement rules can apply)	No threshold	Procurements between 10 000 EUR and 41 999,99 EUR (for goods and services) and between 20 000 EUR and 169 999,99 EUR (for works)	Procurements equal to or greater than 42 000 EUR (for goods and services) and equal to or greater than 170 000 EUR (for works)
Budget allocation must be in place before proceeding with purchase	YES*	YES*	YES*	YES*
Expenditure approval of Finance Controller required	YES	YES	YES	YES
Procurement procedure	Purchases up to 499,99 EUR and Exceptions A single quotation is sufficient. Responsibility of VfM shall rest upon the requester. Purchases from 500 EUR RFQ process must be organized according to requirements of the Clause 31 of this Policy.	Procurement procedure in CPS catalogue	Procurement procedure in accordance with requirements of Sections 9 and/or 10 of PPL	Regular Procurement Procedure according to the PPL
AOP and PO / or SPF	SPF or Exception approved in accordance with the RRR	EIS process in DL	AOP and PO	AOP and PO
Written Contract	YES / signed in accordance with RRR. (In cases where written contract can not be signed, it should be aligned with Legal Department in advance). Not mandatory for single purchase up to 500 EUR (but Purchase Order, Acceptance Deed and Invoice is mandatory)	Contract in CPS	YES / signed in accordance with RRR	YES / signed in accordance with RRR
Relevant documentation filed	YES	YES	YES**	YES**

Table 3-1. Steps and documents necessary for the procurement process.

* If Budget for the amount to be procured is not in place, there must be a clear plan on how to obtain the financing, that is aligned with the Finance Department and Eligibility Manager of RBR and the decision to increase the Budget was approved by MB

** The document list that has to be prepared for the *Regular Procurement Procedure* carried about (indicative, can change according to the specifics of the procedure chosen):

PC Decision on Procurement Documents approval;
CPSG Deviations approval (where relevant);
PC Decision on Qualification;
PC Decision on proposal compliance;
PC Decision on exclusion grounds;
PC Decision on final results;
Memorandum to MB on results (if necessary);
MB approval (if necessary);
SB approval (if necessary).

20. If the services are provided in the Republic of Estonia or Lithuania only, RB Rail can conclude the contracts with the providers of such services through its Branch offices in the Republic of Estonia or Lithuania and they can be concluded applying SPF or national CPS up to the values of Small Procurements (up to and including 9 999,99 EUR for goods and services, 19 999,99 EUR for works).

3.4 Procurement process

21. Procurement process includes the following (as may be relevant):
- 21.1. Clarifications, site visits and “open days”;
 - 21.2. Announcement of the procurement;
 - 21.3. Qualification and Evaluation;
 - 21.4. Negotiations;
 - 21.5. Award of contract rights;
 - 21.6. After tender feedback (collection of Suppliers feedback and offering individual after-tender consultations);
 - 21.7. Contracting;
 - 21.8. Handover into contract implementation.
22. For Small Procurement and for CPS procurement Contract/Project Manager is responsible for conducting the relevant Small or CPS procurement.
23. For procurements with an estimated contract value equal to or more than 10 000 EUR (for goods and services) and equal to or more than 20 000 EUR (for works) the Procurement Department is responsible for the organisation of the procurement process and the PC is responsible for conducting the relevant procurement exercise in accordance with Section 3.4.2. of this Policy.

3.4.1 Small Procurement Process

24. When the expected procurement value is less than 10 000 EUR (for goods and services) and less than 20 000 EUR (for works) or when the procurement comes under an Exception, the procurement is free from part of the regulations and timescales foreseen in PPL. However, public procurement principles still apply. The principles of transparency, fair treatment and proportionality are key requirements.
25. If the planned procurement corresponds to the characteristics of the Small Procurement, Contract/Project Manager shall carry out the relevant Small Procurement.
26. If, during the financial year, there are already previous Small Procurements completed and regardless of the value of the particular requirement, the combined spend value for the same CPV category is equal to or exceeds 10 000 EUR for goods and services or is equal to or exceeds 20 000 EUR for works, then the Small Procurement cannot be undertaken and the requirements in question have to be reverted to a Regular Procurement Procedure. The control of the procurement values for the categories is implemented by Procurement Department representatives as foreseen by RRR.
27. Even if the estimated contract value of a procurement corresponds to the characteristics of the Small Procurement but it is considered it may be worth completing a Regular Procurement Procedure, it can be done so. The Contract/Project Manager should consult the Procurement Department representatives as foreseen by RRR (or referred to by CPO) in advance before taking such decision.

28. RFQ is used in Small Procurements to invite the Suppliers to participate in the procurement and get the proposals. The link to General Conditions of the Contracts for Small procurements should be added while sending RFQ to the Suppliers, except cases they are not applicable according to this Policy.
29. For documenting every Small Procurement SPF shall be filled in DL and it shall be approved as foreseen by RRR.
30. There are 2 types of Small Procurement applied in RBR: Competitive Process and Awarding a contract without Competitive Process.

3.4.1.1 Competitive Process

31. The Small Procurement is performed with a price quotation, the results of which are documented in writing (by submitting the SPF in DL). The RFQ is sent to potential Suppliers in a Competitive Process. The aim should be to obtain at least three (3) responses. Whilst it is recognised that RBR may not receive all the intended responses, if there is a likelihood of not receiving at least three (3) responses, the Contract/Project Manager shall apply reasonable efforts to send the RFQ to more than three (3) Suppliers. In case there's no possibility to receive three (3) responses, the Contract/Project Manager shall provide the justification in the SPF form, stating the reasons for the mentioned situation.
32. The RFQ shall contain:
 - 32.1. any substantial requirements for the planned procurement, so that the Suppliers can evaluate the value properly (including any payment and delivery terms anticipated);
 - 32.2. a clear reference to the RBR Code of Conduct for Suppliers;
 - 32.3. a clear reference to the application of the Supplier declaration as per the CPSG;
 - 32.4. indication on evaluation criteria (price, delivery term, qualification, etc).
33. The proper way of conducting RFQ and documenting the Small Procurement is ascertained by choosing any of the following methods:
 - 33.1. written communication (either via letters or email communication) to potential Suppliers;
 - 33.2. research in available websites, where the value of similar services and/or goods is identified;
 - 33.3. booklets, brochures and other catalogues, where the value of similar services and/or goods is identified;
 - 33.4. research for information on similar services and/or goods purchased by at least three other companies (or Contracting authorities) where information on such purchases can be obtained in public databases for tenders.
34. The results of the RFQ must be available in DL (attached to SPF), together with other documented supporting information, collected based on the methods indicated above and chosen by the Contract/Project Manager.
35. Unsuccessful Suppliers shall be informed of the outcome of procurement process at the same time as notifying the successful Supplier. In case no acceptable quotations are received from any Suppliers that are below 10 000 EUR for goods and services or below 20 000 EUR for works, the Small Procurement process must be terminated.
36. Once the RFQ has been performed and estimated contract value has been established, the Finance Controller shall be requested to verify whether the estimated contract value is within the funds available in the Annual Budget.
37. The approval of the Finance Controller shall be required for the expenditure in DL, in case of a successful outcome of the procurement exercise.
38. In case the estimated contract value exceeds the amount of funding available and foreseen for the contract, the process of requesting additional funding or revision of the scope for the required goods, works or services shall be performed by the respective Contract/Project Manager, aligned with Finance Controller and approved

by the MB decision. Under no circumstances may a commitment be made to successful Supplier in the absence of a sufficient funding sanctioned by the Finance Division.

3.4.1.2 Awarding a contract without Competitive Process

39. Awarding a contract below the threshold of 10 000 EUR (for goods and services) and below 20 000 EUR (for works) or a contract for the Exception without the use of a Competitive Process should be considered only in the following instances:
- 39.1. Where the value of the purchase is below 500 EUR;
 - 39.2. Where only a proprietary product/services will meet requirements, such as parts or components for equipment;
 - 39.3. Where an agent, licensee or franchise holder has sole rights to supply a service or goods;
 - 39.4. Where there is only one suitable qualified specialist in the relevant field;
 - 39.5. Where a particular service provider possesses a special advantage due, for example, to earlier research exclusively carried out in a particular area, or has exclusive data or information required performing a particular task. In such circumstances, it must be demonstrably clear that another service provider could not perform a contract more economically;
 - 39.6. Where due to the urgency Competitive Process cannot be undertaken in the time available. What constitutes urgency cannot be specified definitively. Factors giving rise to urgency must be serious, unforeseeable and, except in the most exceptional circumstances (for instance a matter of urgent public safety or the like) not due to the action or inaction on the part of RBR. The reasons for urgency must be indicated in the SPF;
 - 39.7. Participation in training course and/ or conferences for education purposes;
 - 39.8. Other circumstances where it can be reasonably evidenced or proven that such purchases are usually conducted without Competitive Process.

3.4.1.3 Contract preparation, signature and administration for Small Procurement

40. Separate written contract is mandatory for Small Procurements but in cases it cannot be signed, it may be concluded based on a written offer, duly signed by the authorised representative from the successful Supplier (for the single purchase contracts up 500 EUR, in other cases – with Legal Department prior alignment). In any case there must be reproducible evidence put on record of confirmation of the successful Supplier and for requesting the transaction to be undertaken by the respective Supplier and for the provision by Contract/Project Manager to the Finance Department for payment as foreseen in RRR.
41. Following SPF pre-alignment with the Finance Controller and Eligibility Manager, the Contract/Project Manager shall contact the Legal Department respectively, providing reasonable advance notification (no less as ten (10) working days, shorter term should be aligned with Legal Department on case by case bases), of the upcoming requirements and requests Legal Department to draft a contract, in case no standard form of contract is available or suitable for the particular requirements.
42. Legal Department and Eligibility Manager shall review and approve the final draft contract.
43. If, for any reason, it is necessary to accept the contract of a Supplier, the Contract/Project Manager shall seek advice and approval from the Legal Department before making any commitments to the Supplier regarding acceptability of their conditions.
44. The Contract/Project Manager shall, depending on the value of the contract, obtain needed approvals to award the contract to the selected Supplier and organize contract signing, as described in RRR.

45. The administration of the agreements and Framework Agreements concluded under SPF shall remain with the Contract/Project Manager.
46. For the administration of such agreements the following principles shall be applied:
 - 46.1. Maximum threshold for these agreements must be 9999.99 EUR for supplies and services or 19999.99 EUR for works and cannot be exceeded. In case the value of the agreement or Framework Agreement is less than the max indicated, the Framework Agreement value must be followed.
 - 46.2. The Assignment Order in DL must be filled in for the orders planned to be given to the Supplier under SPF Framework Agreement. In case payment for the services/ goods or works is on monthly basis, the Assignment Order must be filled in for the longer period planned (3-6 months and monthly invoices provided for such Assignment Orders).
47. SPF Framework Agreement amendments shall include Procurement Department and Legal Department approval in DL.
48. Amended SPF Framework Agreement amounts shall be made part of the SPF category value calculation.

3.4.1.4 CPS procurement

49. The goods/services that can be acquired using CPS procurement, should be purchased using this system. The procurements carried out in CPS are considered to be procurements of international value. The procurement in CPS must be carried out according to instructions and requirements established in the system and by designated persons.
50. In RBR, CPS procurements are approved and documented as foreseen in the RRR and this Policy, designation of the responsibilities to use the system is established under separate Power of attorneys. Administration in CPS is performed by Procurement Department responsible employees.

3.4.2 Regular Procurement Procedure

3.4.2.1 Budget approval

51. The Contract/Project Manager shall perform an estimation of costs based on market research results. Once an estimation of costs has been performed and estimated contract value has been established the Finance Controller shall be requested to verify the estimated contract value with the funds available and approve the expenditure in case of a successful outcome of the procurement exercise. The Finance Controller approves availability of funds by endorsing the AOP.
52. In case the estimated contract value exceeds the amount of funding available for the particular procurement exercise, the process of requesting additional funding or revision of the required goods, works or services shall be performed by the Contract/Project Manager. The decision to reallocate and increase funding must be aligned with Finance Controller and approved by the MB decision.
53. Under no circumstances must a commitment be made to initiate any procurement process in the absence of a sufficient funding sanctioned by the Finance Controller. If funding for the amount to be procured is not in place, in whole or in part, there must be a clear plan on how to obtain the financing, that is aligned with the Finance Controller and Eligibility Manager of RBR.
54. If goods, works or services will be procured in the name of and for the benefit of the Beneficiary and the respective Beneficiary will be making the respective payments, the respective Beneficiary shall be requested to verify the estimated contract value with the funds available.

3.4.2.2 Application of procurement (AOP)

55. The AOP shall be drafted by the Contract/Project Manager, submitted in DL and approved according to the requirements indicated in RRR. The Contract/Project Manager in cooperation with the Procurement Department representative shall fill the required information as set in the AOP form enclosing Market Research Report and other respective information which is relevant for the successful organisation of the procurement (i.e., samples of goods, potential Supplier list, etc.). AOP together with draft Technical Specification (can be provided later in case two stage procedure), Market Research Report, PMP (or the link to the approved PMP plan in DL) and other relevant information shall be submitted to the Procurement Department. AOPs for Procurement Procedures below 140 000 EUR for Goods and/or Services, which are not for design and/or construction are approved by Procurement Manager. For AOPs, equal to or exceeding the indicated value, CPO approval is required.
56. After analysing the AOP and its annexes and giving remarks/comments on the information included (if relevant), the Procurement Manager or CPO, following the Procurement Policy Clause 55, approves the AOP for starting the procurement procedure and assigns the responsible Procurement Department representative to draft the PO for establishment of the PC based on the information provided in the AOP. Approval of CPO is required for any AOP irrespective of the estimated contract price for the procurement which is not included in the approved Procurement Plan of RB Rail AS or which exceeds the estimated contract price indicated in the Procurement Plan of RB Rail AS.
57. Once the PO is prepared and signed in accordance with RRR, all members of the PC shall receive the notification respective of the assignment in DL.
58. In case of amendments in the PO, the chairperson of the PC coordinates the content of the amendments with the CPO and assigns the secretary of PC to prepare the amendments in PO.
59. After the PO amendment is prepared and signed in accordance with RRR, all members of the PC receive the notification on amendments in DL.
60. Should it emerge during the Procurement Documents preparation or otherwise during the procurement procedure, that it is not possible to successfully complete the procurement procedure without amendments to the information in the AOP or there are significant risks without amending the AOP and that should be resolved, then the PC shall refer such issues back to the Contract/Project Manager for resolution and, if required, amendment of the AOP or MB decision shall be obtained by the Contract/Project Manager accordingly.

3.4.2.3 The Procurement Commission

61. The PC is established in accordance with the rules set in the CPSG and the PPL. Where there is no mandatory requirement to establish a PC and if RBR deems it necessary to establish a PC, the establishment of such a PC shall follow the same principles set out by the respective legislation. The PO shall be approved in accordance with the procedure, foreseen in RRR.
62. The PC must be established in the composition of the required number of members taking into account the value of the procurement, as foreseen in the CPSG. PC members are chosen considering their technical, economical and legal expertise and knowledge, also it should be ensured that the persons appointed are of good reputation and impartial. The reasoning for the choice of the members (their expertise) shall be included in the PO.
63. The PC shall consist of persons on whom administrative sanction - a prohibition to exercise the rights - the prohibition to hold the offices whose duties include taking of decisions in the field of public procurements and

public-private partnership or the award of procurements contracts, framework agreements, partnership procurement contracts, or concession contracts, has not been imposed for violations in the area of public procurement and public-private partnership, or the enforcement of such sanction has ended. Before establishment of the PC or inclusion of a new member in the PC, the information on the person concerning the abovementioned sanctions should be checked.

64. The PC shall have a PC chairperson, secretary and PC members. A vice-chairperson could also be appointed to assure the work of PC in case of PC chairperson's absence.
65. The chairperson of the PC shall organise and manage the work of the PC, determine the venue, time and agenda of the PC meetings, convene and chair the PC meetings, as well as shall ensure the signing of the PC member statements that there are no circumstances, due to which it might be regarded that they are interested in selecting a particular supplier or engaged in activities in support of a particular Supplier.
66. The PC secretary ensures preparation of minutes of meetings, organises document preparation for PC members' signatures and organises signing.
67. The PC is entitled to involve experts while performing its duties. If there is a need to involve any external experts (external to RBR), the PC chairperson informs the CPO on such a need. After the agreement with the external expert for the required service provision signed, the expert can be involved into PC work after the signing of the required non-disclosure agreement (unless the required clauses are already included in the service agreement). The PC has to request for the external expert to prepare the report on the matters which require expert opinion.
68. If there is a possibility to find the required expertise internally, the PC chairperson contacts the HoD of the expert and requests the designation of the particular internal expert.
69. The assignments given to any experts, shall be indicated in the PC meeting minutes and any such experts give their opinions as a response to the assignments given by the PC. The PC should consider the expert opinion on the assignments given when taking the decision, but the expert opinion is not binding to PC.
70. All designated RBR PC members and experts must sign a non-disclosure declaration before starting work in the PC.
71. The PC shall act, inter alia, in accordance with PPL, this Policy and the CPSG. It is noted, for the purpose of clarity:
 - 71.1. as RBR is a procuring organisation, any Employee may need to become involved with procurement activities, subject to their specific expertise and the particular subject matter of procurement. Thus, it is recognised that employment agreements reflect such a possible duty of RBR Employees as well as the on-boarding process of new Employees involves introduction to RBR policies, including the relevant procurement policies;
 - 71.2. the selection of PC members involves a certain discretion of the resource managers of RBR, discussion with the Contract/Project Manager as to the relevance of the involvement of the person, the availability of the resource and the approval of the PC members by the CPO and the MB to the extent stipulated by the RRR;
 - 71.3. in the selection of PC members, RBR may need to achieve a balance between the best competence and resource availability for the PC, considering its organisational and strategic duties and abilities overall.
72. For the avoidance of doubt, unless the applicable procurement legislation requires otherwise, there is no obligation to form a PC for Small Procurement or framework mini-tenders or purchases undertaken from any CPS or for procurement procedures below 42 000 EUR.

3.4.2.4 Procurement Documents

73. The structure and principles to be followed when compiling Procurement Documents package for Regular procurement are indicated in Appendix 3 to CPSG.
74. In the preparation of Procurement Documents and the management of the procurement procedure, the PC must provide due consideration for procurement related risks, noting the information available from the RBR risk management, and shall implement any risk treatment, avoidance and/or mitigation mechanisms in the Procurement Documents and procurement procedure management, as far as reasonably possible and practicable.
75. Procurement Regulations for each procurement exercise shall be drafted by the PC based on the input received from the Contract/Project Manager and considering information and documents included and attached to the AOP. The Contract/Project Manager's input for the Procurement Documents (additionally to the Technical Specification and other documents, indicated in Clause 55) include at least description of subject-matters, financing source, estimated contract value, contracting timeline, Contract/Project Manager contacts, required deliverables, place of delivery and contract special conditions (detailed scope to be provided is indicated by approved AOP form).
76. Where approved templates / standard forms are available for use, the PC shall use such approved templates / standard forms. The Procurement Regulations should be as open and generic as possible, yet sufficiently clear to allow for Suppliers to understand the procurement needs, assess the provision of goods/services/works and price them (if pricing is required). The performance and or functional characteristics of the works, goods/products or services should be set out in a language that is clear, concise, logical and unambiguous.
77. For the approval of the final Procurement Documents package, the responsibility of ensuring the final Technical Specification required for a procurement procedure shall remain with the Contract/Project Manager, taking into account the comments/feedback provided by the PC.
78. Before approving the final package of the Procurement Documents the PC must include the drafted contract into the Procurement Documents package. The contract draft is prepared by the Legal Department.
79. The Contract/Project Manager shall provide advance notification of the need for a contract document to the Legal Department. Such notification must be made not later than 14 calendar days before the date contract has to be prepared, if standard contract conditions apply. In case non-standard conditions should be prepared, such notification should be given at the moment Technical Specification is started to be drafted.

3.4.2.5 Beneficiary Engagement in Regular Procurement

80. If according to the Contracting Scheme Agreement the procurement exercise is organised for the benefit of any Beneficiary, the PC shall develop the main technical and contractual requirements (CTO Division and Legal Department shall be involved). The requirements are prepared in consultation and alignment with that Beneficiary (the Interested Beneficiary). The alignment process is coordinated by PC chairperson.
81. RBR has the right to establish a separate working group for procurement exercises mentioned in Clause 80, if such is deemed necessary.
82. RBR, according to Contracting Scheme Agreement shall ask the Interested Beneficiary to nominate expert(s) for participation in the consultation as referred to above in Clause 80 (the Nominee). The Nominee(s):
 - 82.1. shall be qualified in the subject-matter of procurement or an alternative qualification that could benefit the consultation;
 - 82.2. shall support the work of the relevant working group and/or the PC;

82.3. shall be available for the PC as a technical expert, during the procurement exercise, on an ad-hoc basis, should the relevant expertise and involvement be required by the PC.

83. In case the Nominee has participated in drafting any of the procurement procedure documents or is related to any of the Suppliers, or is interested in the selection of any Supplier, and RBR as the contracting authority cannot prevent/resolve this situation by measures that cause less restrictions on Suppliers, the Nominee shall be excluded from the procurement procedure. It should also be noted that such a situation, if not resolved, may result in a Supplier being excluded from the procurement procedure.
84. The Nominee(s) shall not have the requirement to register as a State Official under the Latvian law, unless the Nominee becomes a member of the PC and shall not automatically have any access or right of access to specific procurement related documentation.
85. RBR has the right to establish a digital document sharing platform which is secured and with limited and trackable access in order to enable relevant working group members to work on the documents.

3.4.2.6 Evaluation of applications and proposals

86. Applications and proposals are evaluated in accordance with criteria set in the respective Procurement Regulations and in accordance with the PPL requirements.
87. The pre-published award criteria may not be altered.
88. During the evaluation of the applications and proposals, the PC shall be entitled to request that information contained in the application or proposal be explained or if it establishes that the information or a document contained in the application or the proposal or submitted by the Supplier is unclear or incomplete, it shall request that the Supplier, or the competent authority clarify or supplement the relevant information or document or submits the missing document, ensuring equal treatment of all candidates and tenderers.
89. If the PC has requested to clarify or supplement the information contained in the application or proposal or submitted by the Supplier, but the Supplier has failed to do it in accordance with the requirements determined by the PC, the PC shall evaluate the application or procurement based on information at its disposal.
90. During the period of evaluation of applications and proposals until the notification of results, the PC shall not provide information regarding the evaluation process.
91. In its decisions, the PC shall follow the requirements, stated in the AOP and Procurement Documents and any other requirements that the MB and/or the CPO may have set in the AOP process and/or in the approval of the PO. Should it emerge during the Procurement Documents preparation or otherwise during the procurement procedure, that it is not possible to successfully complete the procurement procedure without amendments to the information in the AOP or there are significant risks without amending the AOP and that should be resolved, then the PC shall refer such issues back to the Contract/Project Manager for resolution and, if required, amendment of the AOP or MB decision shall be obtained by the Contract/Project Manager accordingly.

3.4.2.7 Decision to award a contract

92. The PC shall take a decision to award a contract or to terminate/suspend a procurement exercise. If according to the RRR it is required to obtain a prior approval from the MB to enter into the contract, (i) the respective approval is obtained at this stage and (ii) the PC shall submit their decision together with a Memorandum to the MB (no need to submit decision of the PC to the MB in cases where such approval of the MB is not required). If according to the Articles of Association or the RRR it is necessary to obtain a prior approval from the SB to enter into contract, the MB shall seek such approval respectively. If neither the MB, nor the SB approval is required, the PC is not required to submit their decision together with a Memorandum to the MB, but the

Procurement Department shall on monthly basis send to the MB a summary of the decisions of PCs made during the preceding month.

93. For Procurement Procedures below 140 000 EUR for Goods and/or Services, which are not Procurement Procedures for design and/or construction, Procurement Managers and/or Procurement Policy and Process Manager and/or CPO submit procurement results Memorandums to the MB directly. For such cases, the CPO may, at the discretion of the MB, be invited to the MB meeting when the respective results are presented. For all other procurement Memorandums, CPO prior approval is required. The MB and the CPO have the right to request additional information from the PC respecting confidentiality of the Procurement Documents.
94. If the successful proposal exceeds the estimated contract amount stipulated in the AOP, the PC shall refer this issue back to the Contract/Project Manager who shall seek (in full alignment with PC chairperson) any additional approvals, additional funding or otherwise ensure clarity in relation with funding. The Contract/Project Manager shall provide clear feedback to the PC and the PC shall record this information, in order to proceed with decision making regarding the results of the procurement exercise.
95. For the avoidance of doubt:
 - 95.1. The PC does not have the right to award contract signing rights, without clear evidence/feedback from the Contract/Project Manager of additional funding or clear additional funding plan, approved by the MB decision, if the successful proposal(s) exceeds the estimated contract value stipulated in the AOP;
 - 95.2. The PC does not have the obligation to seek for additional funding or resolve financing issues and such a responsibility (including obtaining additional MB approval for funding), in the eyes of the PC, lies with the Contract/Project Manager;
 - 95.3. Considering the Contract/Project Manager feedback, the PC shall conclude its decision regarding the results of the procurement procedure and propose it for the approval of the CPO and the MB.
96. The cases when PC shall reject the tenders due to the exceeded estimated contract price are indicated in PPL.

3.4.2.8 De-briefing unsuccessful Suppliers

97. According to the PPL, unsuccessful Suppliers should be given an objective assessment of the comparative strengths and weaknesses of their tenders having due regard of the need to avoid compromising the competitive situation of Suppliers and for commercial sensitivity.
98. Unsuccessful Suppliers should be offered an opportunity of a debriefing meeting, noting the significance, size and value of the procurement exercise in question. While many requests may be satisfied by written/email or telephone feedback, where a more formal or personal debriefing is required it would be normal practice to have at least two PC members (and/or the Contract/Project Manager) in attendance and a note of the proceedings be kept for the records. The discussions should address the Suppliers proposal against the evaluation criteria focusing on the relevant strengths and weaknesses of the proposal. It is imperative that information such as the identity or the prices of other Suppliers, confidential information, or information that could compromise the competitive situation and/or commercial sensitivity of the information should not be disclosed.

3.4.3 Contract

99. Once the MB (and, if required, the SB as referred to in Clause 92) has passed decision to enter into the respective contract based on the PC decision to award the respective contract (or, if no approval of the MB or the SB is

required, once the PC has passed its decision), the PC together with the Contract/Project Manager finalises the draft contract and submits it to the DL for final processing before signing. The Legal Department and the Eligibility Manager shall review and approve the final draft contract. For the avoidance of doubt, this procedure shall be in accordance with the RRR and in case of any conflicts due to RRR amendments, the RRR stipulations in terms of RBR internal approvals, shall take precedence.

100. Once a contract has been approved in DL (as required under RRR), the PC Chairperson ensures signing of the contract in accordance with RRR and coordinates alignment of the contract with Supplier.
101. Signed contract shall be hand-over to the Contract/Project Manager. Contract Administration / Performance Measurement is a separate responsibility, which shall fall upon Contract/Project Manager, and not the Procurement Department usually, or the PC.

4 PPL requirements to Contract Management

102. Once a contract has been signed, it is the responsibility of the Contract/Project Manager to manage the contract in order the supplies, works or services to be delivered in accordance with the terms and conditions of the proposal, the contract and the prices quoted.
103. In case of any need for amendment to the contract, the Contract/Project Manager has to initiate and lead this process and it should be implemented according to Change Management Plan and approved in DL.
104. No changes to the contracts, including procurement of additional services, works or goods at no circumstances can be made without prior written alignment, as foreseen by the Clauses 107.-110. below.
105. Before starting the initiation of the contract amendment process Procurement Department shall be consulted whether the planned amendment is allowed by PPL.
106. If the contract is of the design or design supervision services, the General Claims, Variations and Delays procedure for implementation of FIDIC White Book based Design Services and Design Supervision Services Agreements must be followed in case the need for contract amendment or claims emerge.
107. In case of other types of contracts (other types of services, supplies, construction) if the need for contract amendments emerge, the Contract/Project Manager shall act according to the conditions included in the contract, to Change Management Plan and, in advance to the variation:
 - 107.1. contact the Supplier immediately, to request a corrective action and a management process of improvement to be put in place (if it is a case of failure to meet the contractual obligations). A full written record of all such non-performance related correspondence with/from the Supplier shall be maintained;
 - 107.2. informs all departments, who shall approve the contract amendment according to RRR.
108. It should be noted that amendments to the procurement contract or the Framework Agreement are permissible only to the extent allowed by PPL Section 61.
109. All contract amendments shall be approved as foreseen by RRR.
110. The Contract/Project Manager shall in all cases inform the Procurement Department on the completion of contract amendment(s) as soon as the amendments are signed from both parties, so the Procurement Department can publish the required information regarding Contract amendment made, according to the PPL.

5 Framework Agreements administration

111. The planning of purchases under Framework Agreements for the next year is organized in parallel to procurement planning procedures. Procurement planning principles indicated in Clauses 7-11 of this Procedure shall apply also to planning of purchases under Framework Agreements.
112. Following the procurement procedure for obtaining and signing a Framework Agreement after regular procurement, the Framework Agreement is established in DL by the Procurement Department. The ownership of the Framework Agreement remains with the Contract/Project Manager (this duty can be delegated by Contract/Project Manager in its department).
113. The management of Framework Agreements shall follow the applicable procurement legislation, this Policy, CPSG, as well as other legislative and corporate governance requirements relevant to the process and principles of Framework Agreement management.
114. The administration/management of Framework Agreements (of the values more than 10 000 EUR for supplies and services and 20 000 EUR for works) and mini-tenders shall be with the Procurement Department. However, Contract/Project Manager is responsible for the content and technical requirements for the particular Framework Agreement, also for planning the AO for the calendar year and the Procurement Department may refer to him for any discussions on the content of the scope of a particular Framework Agreement and to assess the suitability of the requirement for the particular Framework Agreement from the technical point of view.
115. The administration of the signed AO / contracts shall remain with the Contract/Project Manager. In case of AO amendments have to be implemented, Contract/Project Manager shall consult the Procurement Department in advance.
116. Where a Framework Agreement is concluded with one Supplier, procurement contracts within the scope of this agreement shall be concluded in accordance with the provisions of the Framework Agreement.
117. Where a Framework Agreement is concluded with more than one Supplier, the particular procurement contracts within the scope and under the Framework Agreement can be concluded in one of the following ways, depending on which of them is foreseen in the Framework Agreement concluded:
 - 117.1. by direct award (without mini-tender), following the provisions of the Framework Agreement, where the provisions of the Framework Agreement set out all the necessary conditions for the provision of the works, services and supplies concerned and the objective conditions for determining which of the Suppliers shall perform them;
 - 117.2. with reopening competition (organizing mini-tender), following the provisions of the Framework Agreement, where the provisions of the Framework Agreement sets out all the necessary conditions for the provision of the works, services and supplies concerned and determines the provisions for organizing mini-tender.
118. If all the necessary conditions are not provided in the Framework Agreement and the competition has to be reopened, these provisions shall be supplemented on the basis of the same provisions (if necessary, regulated in more detail) or other provisions in accordance with the Technical Specifications of the Framework Agreement under the following procedure:

- 118.1. after receiving the request from Contract/Project Manager to conclude the specific contract, the responsible Procurement Department representative shall contact the contracted Suppliers in writing with a request to submit a tender;
 - 118.2. a time limit, which is sufficient for the submission of the relevant tender shall be determined taking into account such factors as the complexity of the subject-matter of the respective contract and the time required for the preparation of tenders;
 - 118.3. the Supplier shall submit a tender in writing and the responsible Procurement Department representative shall not open them until the expiry of the time limit set for the submission;
 - 118.4. responsible Procurement Department representative shall take a decision to conclude the particular contract with the Supplier that has submitted the most appropriate tender on the basis of the tender evaluation criteria set out in the Framework Agreement (specific evaluation criteria based on the particular procurement conditions are set in mini-tender requirements). A decision to award a contract has to be approved in the order as foreseen in RRR.
119. Mini-Tenders do not require establishment of a Procurement Commission, but it can be established if such a need arises.
 120. The following documents shall be included in the award process:
 - 120.1. AOP (simplified form);
 - 120.2. Request order (based on specific Framework Agreement) – sent to the Supplier(s) of the Framework Agreement;
 - 120.3. Result (award);
 - 120.4. Particular procurement contract (Assignment Order in DL) – signed with the Framework Agreement Supplier who won the mini-tender (if mini-competition applied). In case the Framework Agreement is concluded with one Supplier or Direct award applied, mini-tender request for proposal and Assignment Order can be combined into one document.
 121. Framework Agreement management detailed approach is specified and approved by the order of CPO (to be added to DL), subject to prior alignment with the Legal Department and the Eligibility Manager.

6 Filing and storage of Procurement Documents

122. Each PC must maintain complete records of each stage of the procurement process. The records must detail all decisions made in accordance with the applicable procurement law and must be kept for a period of at least ten (10) years.
123. The file should be clearly labelled and have a reference number.
124. An original of every contract entered into shall be forwarded to the Office administrator. The Office administrator shall store it according to the nomenclature of RBR.

125. Upon completion of a procurement exercise and contract signing, the PC shall make sure that all the respective records are stored with the Procurement Department and according to the archiving rules if such are established.

