

SIA Depozīta Iepakojuma Operators
Miks Stūrītis
Chairman of the Board

15.02.2021.

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Answers to the tenderers' questions submitted by 15.02.2021. about the tender for supply of reverse vending machines (RVM) and related services for automated collection of packaging waste collected in the deposit-refund system in Latvia (ID No. RVM2021)



1) Q. Please explain whether it is allowed that the tender is made by parent company, i.e. the qualification documents to be submitted regarding the parent company, but the client references and earlier experience include also the best practices of different group companies?

A. It is allowed.

2) Q. It seems reasonable that in case of successful offer, then for the agreement conclusion the local subsidiary is established in Latvia and the agreement with the Contractor to be concluded with the local Latvian subsidiary.

As there is a need for local team, office, warehouses, etc. and considering also the tax, accounting, legal and other such aspects, it seems reasonable also for the Contractor that its ultimate contract partner to be a Latvian entity.

Considering the above-said, please confirm whether it is allowed that offer is made by parent company, but in case of successful offer the agreement will be concluded with a local subsidiary? Or is it needed already in the tender process to establish the local entity and to submit the Offer as a consortium of different entities (which would be unconventional).

A. It is allowed. In that case offer should provide explanation about intention to establish local subsidiary, also in what manner parent company shall back up obligations of such subsidiary.

3) Q. In the Tender Documentation it has been provided on Page 3 that there is need for *“Separate Price Proposal for each Service Option”*. And at the same page *“The Tenderer is obliged to submit separate Offers for both Service Options.”* Please clarify how is it meant - whether the Supplier should submit two different Offers (with all documentation, incl. Price Offer) or only different Price Proposals (i.e. all other documents are not needed to be duplicated)?

A. Intention is to get separate and independent from each other Offers. Wherever it is possible Tenderer is free to refer and indicate to the same data sources and documentation rather than duplicating those.

4) Q. Please explain the tender deadlines:

On Page 3 under *“Contract”* definition, there is the following regulation: *„The Contract for the Services will be negotiated and signed by the Contractor with the Supplier after the announcement of the Tender winner. The Tender winner is obliged to submit to the Contractor a detailed Contract Execution Plan (Offer-based RVM supply and installation timelines, service specifications etc.) within 30 days after its announcement as the Tender winner. The Contract draft will be provided by the Contractor and submitted to the Tender winner within 10 business days’ time after receipt of the aforementioned Contract Execution Plan, unless otherwise agreed with the Tender winner.”*

At the same time on Page 14: *„Together with its Offer the Tenderer shall provide to the Customer a RVM supply and Service solution implementation plan indicating /.../. Also, on Page 26, “Detailed Contract Execution Plan” is enacted as a part of Offer.*

Please explain which date the Supplier should follow?

A. There is contradiction in Tender regulations, specifically in *“Contract”* definition. Supplier must submit detailed RVM solution implementation plan together with the Offer and it must comply within Tender deadlines. Implementation plan can be amended after Contractor has been provided Supplier with detailed location list and specified collection volume forecast as defined in Clause 2.2.1 in Tender Regulation section, however plan must still comply with tender deadlines.

5) Q. Please explain the Contract Term and the validity term of the accreditation of the Contractor: On Page 3 under “Contract term” definition, there is the following regulation: *“The Contract will be concluded and valid for the full accreditation period of the Contractor as the deposit system operator in Latvia, which is 7 years starting from 1 February, 2022.”*

At the same time, in the beginning of Page 5, it has been said: *“The Contractor, SIA Depozīta Iepakojuma Operators (deposit packaging operator) is the accredited deposit system operator by State Environmental Service of the Republic of Latvia for the 7 years period starting from 14 January, 2021 when a respective agreement in between the Contractor and the State Environmental Service of the Republic of Latvia was signed. /.../ The Contract with the Supplier shall be concluded and be effective for the full term of validity of the Contractor as the deposit system operator in Latvia.”*

Please explain how long is the accreditation of the Contractor and how long is the contract term (i.e., from which date this 7-year period is calculated)?

A. DIO is accredited till January 31, 2029. Intention is to sign agreement with the winner till January 31, 2029.

6) Q. On Page 5, there is a regulation: *“Supplier agrees to provide Services determined in these Tender Regulations to the Contractor, Retailers and Contractor’s indicated third party partners, however in any case the Contractor shall remain as responsible party for paying for these Services”*. Questions:

1. (a) Who are the referred “Contractor’s indicated third party partners”?
2. (b) Do we understand correctly that the final agreement is intended to be concluded only between the Contractor and the Supplier? Therefore, the Contractor shall remain as responsible party towards the Supplier in regard to all aspects in the said contact (not only for paying for the Service, as you have indicated in the above-referred clause)?

A. Final agreement is intended to be concluded only between the Contractor and the Supplier, the Contractor shall remain as responsible party towards the Supplier in regard to all aspects in the said agreement. DIO reserves a right to have some RVM installations at 3rd parties other than retailers, however, number of such locations are not expected to be significant and currently there are no actual locations or plans.

7) Q. On Page 6, under Clause 2.1.2, there is the reference to RVM and Kiosks’ “accessories” as included in the procurement? Could you please specify what kind of accessories are meant?

A. It is meant additional items needed for normal operation of the RVM and/or Kiosks, f.e. bag holders, standardized stairs for Kiosks ect.

8) Q. On Page 7, under Clause 2.1.13, please explain, what is meant by the regulation *“In an event of choosing Service Option 2 as the Service Model, RVM and Kiosk warranty shall be included in the RVM Service fee”*?

As in Option 2 together with the sale of RVMs also the full service is provided, such requirement remains unclear for us. The Supplier is expected to provide even wider services than the warranties usually are. Please explain the point behind.

A. In case Option 2 shall be chosen DIO shall buy RVM and Kiosks, such purchase is normally a subject of warranty. Clause 2.1.13 describes DIO expectations that RVM service fee is independent of warranty period duration and expiration and warranty is already included in RVM service fee.

9) Q. On Page 8, under Clause 2.4, there is a regulation: *“The Supplier shall not sub-contract the RVM supply, but may sub-contract the installation works and operation and maintenance of the RVM’s, with the approval of the Contractor.”* As on Page 3 the *“kiosk”* definition includes also the RVM, please confirm that the kiosks as cabins/buildings still could be sub-contracted. This question is also related to Questions No. 1 and 2 above – is it allowed to use the local subsidiary as a contract partner (Supplier) for the Contractor (in that case the Supplier needs the right to subcontract from other companies, is it allowed?).

A. Supplier is allowed to subcontract all Kiosk supply related activities.

10) Q. On Page 12, you have referred to *“18 waste sorting areas”* – what are these?

A. DIO intends to provide deposit package collection service also in 18 municipal waste collection locations (where consumers can bring f.e. their furniture, electronics and other bigger dimension waste).

11) Q. On Page 15, there is a regulation for *“Performance guarantee”*. On one hand it is provided as a mandatory non-negotiable term, on the other hand it is marked as *“optional”*. Please clarify. If it is optional, does it bring along any advantages to the tenderer?

A. It is optional for DIO to ask for such a guarantee. DIO reserves the right to ask Tenderer to submit a Performance guarantee, if the chosen Tenderer has not provided sufficient evidence of its financial stability and financial resources. In such a case it must be treated as compulsory.

12) Q. Please specify whether Clause 2 of Appendix 1 *“Technical requirements”* are mandatory or only to get advantage? The question has arisen as sub-section 1 of the same appendix provides the requirement that *“RVM must recognize EAN code of the deposit Packaging Waste”* as a mandatory term.

A. Clause 2 of Appendix 1 list additional requirements which are not mandatory, but Tenderer gain advantage if can meet such requirements. The following requirement is not correctly stated there - *“RVM must recognize EAN code of the deposit Packaging Waste”*. Corrected requirement is following - *“RVM must recognize Two-dimensional (2D) barcodes (QR code) of the deposit Packaging Waste”*

13) Q. Do we understand correctly that EAN code specification is under GS1 standard?

A. Yes

14) Q. Do we understand correctly that the requirement in Clause 1.5 of Appendix 1 *“Technical requirements”* that *“watermarked coupon printing should be possible”* means that the printer should be able to print the watermarked paper?

A. DIO expects that Supplier will be able to supply exclusive receipt paper with watermarks, intention is to provide additional security measure for retailers against potential fraud of copying receipts.

15) Q. Do the RVM-s included in the offer need to be brand new? It is described in the tender, that they need to be in working order.

A. DIO expects that only new RVM shall be included in the Offer. However, if some RVM shall be removed during the contract period, it shall be allowed to install those RVM to other location where DIO shall have demand.

16) Q. If the tender organizer will buy the RVM-s and kiosks, will utilizing them later be a responsibility of the tender organizer?

A. Yes.

17) Q. Who will ensure that the base ground for kiosks is prepared correctly?

A. It shall be DIO (Retailers) responsibility

18) Q. Please describe more exactly, in what case will the RVM Supplier be accountable for loss due to fraudulent actions. It can't be unlimited.

A. Tender documentation describes technical requirements, including antifraud security requirements. Supplier liabilities are described on page 15, Clause 8.1

19) Q. Who covers the cost of the receipt paper?

A. DIO (Retailers)

20) Q. Since all kiosks are generally higher than the ground, will it be necessary to have wheelchair ramps in all locations? Since it is a considerable expense, it will affect the final price.

A. Kiosks must be compatible with the wheelchairs – entry door size, customer area size. Suppliers should submit their financial proposals indicating two options: all kiosks equipped with wheelchair ramps and stairs and without any addition equipment for this purpose.

21) Q. What kind of collection equipment will be used to collect PET, CAN and glass? For a) under the machine b) transport to the counting centre;

A. DIO shall use specialized plastic bags for collection and transportation of one way packages, plastic crates for refillable glass bottles. Supplier can provide recommendations for other solution in case of having good argumentation or if there are some restriction on their equipment.

22) Q. What size are the collection containers/bags?

A. DIO intends to use 2 sizes of the bags:
- 910 x 1500 mm for PET and for CAN collection
- 750 x 750 mm for one way glass collection

Supplier can provide recommendations for other dimensions in case of having good argumentation or if there are some restriction on their equipment.

DIO also intends to use plastic crates for refillable glass bottles (300 x 400 x 300 mm)

23) Q. What is meant by 18 waste sorting areas (locations)?

A. DIO intends to provide deposit package collection service also in 18 municipal waste collection locations (where consumers can bring f.e. their furniture, electronics and other bigger dimension waste).

24) Q. Should we take 800 RVM-s and 175 kiosks as the correct amount when calculating base price?

A. Minimal number of RVMs and Kiosks should be determined by Supplier based on experience and respective RVM technology capacity to equip at least 800 RVM sites (collection points) and to provide sufficient collection throughput. For example, there can be arguments and need to install more than one RVM per some sites. Please refer to the page 13 of the Tender Regulations document.

25) Please explain the mandatory terms and conditions of the Tender Regulation:

On Page 3 under “Contract” definition, there is the following regulation: “*The main provisions of the Contract included in these Tender Regulations as Mandatory Provisions are not negotiable* “. Whereas no such definition as “Mandatory Provisions” has been included in the Tender Regulation.

At the same time in Section 8.2 there is a regulation: „*Supplier shall supplement its Technical Offer with a full list of its non-negotiable Contract provisions. Notwithstanding the above said, the Tenderer is not entitled to include in this list such provisions of the Tender Regulations or Contract that the Contractor has indicated as non-negotiable in Clause 9.1 hereof. The Tenderer’s non-negotiable Contract provisions may not change the overall subject and nature of this Tender and may be related only to adjustment of commercial provisions usual for such kind of Contract as procured by this Tender.*”

Considering the above-said, we have questions:

- (a) Q. We presume the reference to “Clause 9.1 hereof” is typo and intended to be the reference to Clause 8.1?

A. Yes, it is typo, reference is to Clause 8.1

- (b) Q. That the non-negotiable contract terms cannot be negotiated and amended, is clear. However, do we understand correctly that these (as listed in Clause 8.1) are not meant to be as entire regulation on the subject matter thereof, but during the Contract negotiations the parties may add the procedural and specifying regulations (which shall not amend the idea of the non- negotiable term of the Contractor)?

For example, the liability of the Supplier due to an error in the RVM technology is acceptable, but it needs later on the additional regulation/wording in the final contract what is considered as a technical error.

- A. Yes, DIO accept that final wording of terms mentioned under Clause 8.1 can be discussed and some procedural and specifying regulations might be added.

- (b) Q. Another example, in the Tender Regulation there are several provisions that the Price Offer for the Service Model should be all-inclusive and include all the Services as mentioned in the Tender Regulation. Do we understand correctly that such all-inclusive still does not preclude the possibility of the Supplier to apply sanctions / demand the compensation of costs, if the Contractor/retailers are breaching their contractual obligations under the contract and thereby extra costs and damages are caused to the Supplier?

A. Yes, DIO intend and expect that contract with the winner shall contain also financial sanctions and costs compensations to be applied to both sides in case of breaching their contractual obligations under the contract and thereby extra costs and damages are caused.

26) Q. Please explain the project deadlines: We have noticed on Page 8 the deadline 01.08.2021, when the Contractor will provide the Supplier with an initial list of all locations/sites. It is understandable that regarding such locations, the Contractor intends that the RVMs are supplied and ready for Services kick- off on 17.01.2022 and the commencement of provision of Services on 01.02.2022 (as

indicated on Page 4). But do we understand correctly that the deadline for installation and start of operation of such locations/sites as not listed by the Contractor by the said deadline 01.08.2022, shall be agreed during the contract negotiations (as there is no deadline provided to the Contractor for submitting the final list)?

A. Yes, DIO expects that for all additional DIO installation demand occurred after 01.08.2022 supplier shall propose it's regulation and lead timings in the Offer.

