

# GENERAL TERMS AND CONDITIONS OF PURCHASE CONTRACT (effective as on 01/07/2011)

## 1. OBJECT OF THE CONTRACT

- 1.1. These general terms and conditions (hereinafter the **Contract**) shall regulate the production and/or sale and delivery by the Seller of the goods (hereinafter the **Goods**) specified in the purchase order(s) (hereinafter the **Purchase Order**) and the confirmation thereof to the Buyer and the terms and arrangements for payment for the Goods.
- 1.2. The Contract shall be based on the Purchase Order which shall be the agreement on the quantity, delivery and price of the Goods as well as the procedure for payments of the delivery.
- 1.3. The Seller shall confirm the Purchase Order immediately upon receiving it. The Seller shall notify the Buyer that it is impossible to fulfil the Purchase Order within the period specified in the Purchase Order; otherwise the Purchase Order shall be regarded as accepted by the Seller.
- 1.4. The Seller shall identify the intended purpose of the Goods and ensure that the Goods conform to the quality requirements necessary for the above purpose, whereas the Seller shall use the best technology and structural solutions for the production of the Goods and ensure the reliability and quality of the Goods for the purpose intended by the Buyer.

## 2. PRICE AND SETTLEMENTS

- 2.1. The price of the contract shall comprise the total amount of the price of the Goods specified in the Purchase Order as well as the delivery (hereinafter the **Purchase Price**), and VAT shall be added to the above amount. The Seller shall forward a net invoice to the Buyer at least 30 (thirty) days at the delivery of the Goods.
- 2.2. In case the Buyer buys the Goods from the Seller regularly and the Seller has submitted the price list to the Buyer, the Seller shall not be entitled to increase the prices indicated in the price list within 1 (one) calendar year after submitting the price list.
- 2.3. In case the Seller provides the Buyer with the opportunity to buy the Goods in the amount stated in the last Purchase Order specifying the above without making an advance payment (hereinafter the **Credit Limit**), the Seller shall not be entitled to change the Credit Limit unilaterally except for the cases where the Buyer has been in arrears with invoice payments for more than 3 (three) consecutive times.
- 2.4. In case the Buyer has a complaint concerning the invoice, the Buyer shall file the justified complaint within the payment due period and pay the part of the invoice amount which the Buyer does not dispute.

- 2.5. When payments are made to the Seller, the Purchase Price shall be regarded as paid first, and then the fine for delay and contractual penalty.

## 3. TRANSFER AND RIGHT OF OWNERSHIP

- 3.1. The Seller shall deliver the Goods to the Buyer at the time and location specified in the Purchase Order. At the delivery of the Goods, the parties shall sign a document of delivery and receipt.
- 3.2. The right of ownership of the Goods and the risk of accidental loss thereof or damage thereto, shall be transferred from the Seller to the Buyer at the moment of the delivery of the Goods to the Buyer.
- 3.3. After the delivery of the Goods, the Buyer shall inspect the conformity of the Goods to the Contract and inform the Seller in case of the non-conformity of the Goods within 14 (fourteen) business days unless another time frame has been agreed upon in the Purchase Order. The Buyer shall be entitled to make claims concerning the defects of the Goods within the warranty period provided by the Seller after the delivery into the possession of the former as well.
- 3.4. The Buyer shall describe the non-conformity in sufficient detail when reporting a complaint. Reporting the non-conformity shall relieve the Buyer from the obligation to pay for the delivered Goods on a pro rata basis unless the parties have agreed otherwise.

## 4. RIGHTS AND OBLIGATIONS OF THE PARTIES

- 4.1. In case the Goods are delivered to a location other than the Buyer's location, the Seller shall make the necessary preparations for the smooth delivery of the Goods to the Buyer on the date pursuant to the Contract.
- 4.2. The Buyer and the Seller shall notify each other about the bankruptcy proceedings concerning either party or the insolvency, liquidation or transformation thereof within 3 (three) days after such threat has emerged.
- 4.3. In case the Seller fails to fulfil any obligation in a timely manner, including the delivery of the Goods, the Buyer shall be entitled to refuse to perform any of the obligations thereof, including those related to another Purchase Order, until the Seller has performed the obligations or provided a sufficient guarantee.

## 5. WARRANTY AGAINST DEFECTS

- 5.1. The Seller shall provide a warranty for the Goods for the period stated in the Purchase Order. The warranty shall cover the production and material defects of the Goods as well as the damage caused by the changes of the environment (humidity, heat, overloading, vibration) and substandard packaging and the deformations resulting from normal delivery and storage.

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- 5.2. The Seller shall, at the discretion thereof, repair the defects or replace the Goods or decrease the price thereof during the warranty period pursuant to clause 5.1 of the Contract.
- 5.3. The Seller shall eliminate the defects covered by the warranty within 20 (twenty) business days after being informed about the defects. In case the Seller fails to perform the warranty obligations pursuant to the Contract, the Buyer shall be entitled to repair the defects that have emerged in the Goods at the expense of the Seller.

### 6. LIABILITY

- 6.1. The Seller shall be liable for any expenses or losses incurred by the Buyer due to a delay in the delivery of the Goods or a defect or defects of the Goods or the elimination thereof, including the claims that could be filed against the Buyer by third parties.
- 6.2. In case the Seller fails to deliver the Goods at the specified time/location, the Buyer shall be entitled to file a claim for a contractual penalty to the Seller within 4 (four) months. The Buyer shall be entitled to a one-time contractual penalty in the amount of 20% of the Purchase Price and in the amount of 0.15% of the Purchase Price for each day of delay.
- 6.3. In case the Buyer fails to pay the amount pursuant to the Contract by the due date, the Buyer shall pay a fine for the delay to the Seller in the amount of 0.15% of the amount due for each day the payment is delayed.
- 6.4. The parties shall not be held liable for the improper performance of the Contract resulting from *force majeure* circumstances. *Inter alia*, the parties shall not regard the following as *force majeure*: export and import restrictions, the delay of the delivery due to the delay caused by the Seller's supplier or any obstacles to performing the Contract that result from the relation management of the Seller or the partners thereof (incl. the lack of labour force, materials or financial assets or equipment failure).

### 7. TERM OF CONTRACT

- 7.1. The Contract shall be valid as of the moment it is published on the web page of the Seller as far as all Purchase Orders are concerned. The Contract shall remain valid until all the obligations pursuant to the Contract and the Purchase Orders are duly performed.
- 7.2. Either party may cancel the Purchase Order, informing the other party thereof at least 2 (two) calendar months in advance.
- 7.3. The Buyer may revoke the Purchase Order within the period stated in the Purchase Order without the consequence of the Seller's right of any claim against the Buyer.

- 7.4. The Buyer may withdraw from the Purchase Order and demand that the Goods are collected and the Purchase Price amount is returned in case there is a defect that cannot be repaired or repairing it would not be reasonable and the replacement of the Goods with new Goods would not yield results that would allow the Goods to be used in accordance with its intended purpose, incl. the reselling thereof in a timely manner.

### 8. OTHER TERMS AND CONDITIONS

- 8.1. A party to the Contract shall immediately inform the other party to the Contract about changes in the contact information thereof. The former party shall assume the risk resulting from the failure to inform the other party about such changes in contact information.
- 8.2. The notifications between the parties related to the Contract shall be forwarded in a format that can be reproduced in writing (at least e-mail, fax) to the authorised representative of a party except for cases when the Contract provides that the notification shall be submitted in writing. Any declarations of intentions shall be regarded as received in the following cases:
- 8.2.1. when sent by registered post or courier service: 5 days after delivery or sending;
- 8.2.2. when sent by fax: as of the moment of sending provided that the received fax is legible;
- 8.2.3. when sent by e-mail: as of the moment of sending the e-mail provided that there has been no message about e-mail delivery failure.
- 8.3. The disputes related to the Contract shall be resolved by the agreement of the parties. In case the parties fail to reach an agreement, the disputes shall be resolved by Harju County Court on the basis of the legal acts effective in the Republic of Estonia.