

GENERAL TERMS OF PROCUREMENT AND DELIVERY



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LSEZ "Jensen Metal" SIA

Version: 1/2022

1. PREAMBLE

1.1. These terms of procurement and delivery apply to any procurement, whether it is a subcontractor service, service or product (the "Product"), made by LSEZ "Jensen Metal" SIA ("Buyer") at the supplier ("Seller") and form an integral part of any delivery agreement made between the parties. The terms of procurement and delivery take precedence over any term or condition, unless a signed cooperation agreement or other written and approved agreement exists between the parties.

2. QUOTATIONS

2.1. All written offers from the Seller are binding.

3. DRAWINGS AND OTHER DOCUMENTS

3.1. All documentation regarding the Product or its manufacture submitted by one party to the other, prior or subsequent to the formation of the contract, shall remain the property of the submitting party.

3.2. Documentation received by one party shall not, without the consent of the other party, be used for any other purpose than that for which it was submitted. Except for documentation referred to in Clause 4, it may not without the consent of the other party be copied, reproduced, transmitted or otherwise communicated to a third party.

3.3. Clause 3.1 and 3.2 also apply to raw materials, semi-finished products or manufacturing tools delivered from the Buyer to the Seller for use of the Product. The Seller is obliged that such material must always be clearly marked and kept separate from the Seller's own materials, however, taking into account the process for processing the Product. If such material - under the Seller's custody - is damaged, lost, or otherwise exposed to influences that cause it to be inapplicable to the Product, the Seller is liable for damages.

4. DELIVERY

4.1. Where a term of delivery has been agreed, it will be interpreted in accordance with the Incoterms in force at the formation of the contract. If no term of delivery has been agreed, "DDP" (delivered duty paid) will be considered to have been agreed.

5. DELAYS

5.1. If the Seller finds that he will be unable to deliver the Product on the agreed date, or if delay on his part is deemed likely, he must notify the Buyer thereof in writing without undue delay, stating the reason for the delay and, if possible, the time when he expects to be able to effect delivery. If the Seller fails to notify the Buyer as stipulated above, he will be required, notwithstanding the provisions in Clauses 5.2 and 5.3, to compensate the Buyer for any additional expenses incurred by the Buyer as a result of the failure of notification.

5.2. If delay in delivery is caused by a circumstance which pursuant to Clause 9.1 is considered a case of relief or by an act or omission on the part of the Buyer, the time for delivery will be extended by a period which is deemed reasonable in the circumstances. The time for delivery will be extended even if the reason for delay occurs after the time originally agreed for delivery.

5.3. If the Seller fails to deliver the Product on time, the Buyer is entitled to liquidated damages from the date on which delivery should have taken place. The liquidated damages shall be payable at a rate of one per cent of the agreed price for each commenced week of delay. If the delay concerns only a part of the Product, the liquidated damages shall be calculated on the part of the price which is properly attributable to the part of the Product which cannot be taken in use due to the delay. The liquidated damages shall not exceed ten per cent of the agreed total price of the Product. The liquidated damages become due at the Buyer's written demand but not before the complete Product has been delivered or the contract is terminated under Clause 5.4.

5.4. If the delay is such that the Buyer has become entitled to maximum liquidated damages under Clause 5.3, and the Product is still not delivered, the Buyer may in writing demand delivery within a final reasonable period which shall not be less than four calendar days. If the Seller fails to deliver within such final period and this is not due to any circumstance for which the Buyer is responsible, the Buyer may, by written notice to the Seller, terminate the contract in respect of that part of the Product which cannot be taken in use due to the delay. In case of such termination the Buyer shall also be entitled to compensation for the loss he suffers due to the Seller's delay to the extent that the loss exceeds the maximum of liquidated damages which the Buyer may claim under Clause 5.3. This compensation shall not exceed ten per cent of that part of the price which is properly attributable to the part of the Product in respect of which the contract is terminated. The Buyer shall also have the right to terminate the contract by written notice to the Seller if

it is clear that there will be a delay, which under Clause 5.3 would entitle the Buyer to maximum liquidated damages. In case of termination on this ground, the Buyer shall be entitled to both maximum liquidated damages and compensation under the third paragraph of this Clause.

6. PAYMENT

6.1. Unless otherwise agreed, the payment term is "current month plus 30 days from delivery".

7. LIABILITY FOR DEFECTS

7.1. The Seller is required, pursuant to the provisions of Clauses 7.2-7.4 below, by repair or replacement of the Product to remedy any defects in the Product resulting from defects in design, materials or workmanship.

7.2. The Seller's liability is limited to defects which appear within a period of two years from the date of delivery of the Product. The Seller is liable for defects in any parts of the Product which have been repaired or replaced pursuant to Clause 7.1 under the terms and conditions applicable to the original Product.

7.3. The Buyer must notify the Seller in writing of any defects without undue delay upon identification of the defects. The Seller must pay the costs incurred in that connection pursuant to the provisions of Clauses 7.1-7.4. Unless otherwise agreed, repairs are carried out at the Buyer's premises. Any shipping required in connection with repair or replacement will be for the account and risk of the Seller.

7.4. If the Seller fails to fulfil his obligations under Clause 7.3 within a reasonable time, the Buyer may by written notice determine a final deadline for fulfilment. If the Seller fails to fulfil his obligations within such deadline, the Buyer may choose (a) to have the necessary remedial work carried out and/or have new parts manufactured for the account and risk of the Seller, provided that the Buyer proceeds in a reasonable and fair manner, or (b) to demand a proportionate reduction of the agreed purchase price, or (c) if the defect is significant, the Buyer may instead choose to terminate the contract by written notice to the Seller. The Buyer is equally entitled to terminate the agreement if the defect remains significant after measures referred to in (a) above. In case of termination, the Buyer will be entitled to demand compensation for the loss he has suffered.

8. LIABILITY FOR DAMAGE TO PROPERTY CAUSED BY THE PRODUCT (PRODUCT LIABILITY)

8.1. The Seller undertakes to have a valid product and liability insurance with a sum insured of at least EUR 1 million, which must be documented on request.

9. GROUNDS FOR RELIEF (FORCE MAJEURE)

9.1. The following circumstances will be considered as grounds for relief if they impede the performance of the contract or makes performance unreasonably onerous: industrial disputes and any other circumstances beyond the control of the parties, including fire, war, terror, epidemics/pandemics, mobilisation or military drafting of a comparable scope, requisition, seizure, currency restrictions, insurrection and civil commotion, shortage of transport, general shortage of goods, restrictions in the use of power and defects or delays in deliveries by sub-suppliers caused by any such circumstances as referred to in this Clause. The circumstances described above constitute grounds for relief only if their effect on the performance of the contract could not be foreseen at the time of formation of the contract.

9.2. The party intending to claim relief as mentioned in Clause 9.1 must notify the other party in writing without delay on the occurrence of the grounds for and cessation of such circumstances. If grounds for relief prevent the Buyer from fulfilling his obligations, he must compensate the Seller for expenses incurred in securing and protecting the goods.

9.3. Notwithstanding other provisions in these general terms and conditions of delivery, either party will be entitled to terminate the contract by notice in writing to the other party if performance of the contract is delayed by more than six months by reason of any of the grounds for relief described in Clause 9.1.

10. DISPUTES AND GOVERNING LAW

10.1. Disputes arising out of or in connection with the contract cannot be brought before the courts of law, but are to be finally settled by arbitration in accordance with the statutory rules on arbitration applicable in Latvia.

10.2. All disputes arising out of the contract are to be considered in accordance with the legislation of Latvia.