

# AS Parmet

## General Terms of Supply Agreements

Valid as of 14 September 2016

### 1 Area of Applicability

- 1.1 These General Terms of Supply Agreements of AS Parmet apply to all contracts concluded between Aktsiaselts Parmet, a public limited liability company with registry code 10084564 of the Republic of Estonia (hereinafter **Parmet**), and any natural or legal person as a client (hereinafter the **Client**) under which Parmet undertakes to supply to the Client products offered by Parmet (hereinafter the **Goods**). These General Terms are applicable regardless whether the contract is of a sales contract or of a contract for services nature.
- 1.2 These General Terms shall not apply in case Parmet and the Client have concluded a separate contract in written form concerning the order of the Goods and/or installation of the Goods and the parties have agreed on the non-applicability of the General Terms.
- 1.3 Any price quote provided by Parmet does not create any obligation on Parmet and is to be considered as an offer to enter into a contract. The contract is deemed concluded as from the acceptance by the Client of the price quote provided by Parmet and submission of an order by the Client and confirmation of such order by Parmet in a format at least reproducible in writing.
- 1.4 The parties may agree on deviations from these General Terms or on the non-applicability of the whole or part of the General Terms. The General Terms are applicable to the extent not otherwise agreed between the parties.

### 2 Goods to be supplied, terms of delivery

- 2.1 The exact Goods to be supplied by Parmet to the Client and the terms of supply, including prices and deadlines, will be agreed upon separately.
- 2.2 In case not otherwise agreed, the delivery of the Goods shall take place according to the clause EXW Parmet factory, Parmet land unit, Otepää village, Otepää rural municipality, Republic of Estonia Incoterms® 2010.
- 2.3 The Client undertakes to offer any and all assistance to Parmet required for the

performance of the contract, including to present any required drawings and provide any required instructions. The Client shall be responsible to ensure that all drawings, instructions, materials and other documentation presented to Parmet are in accordance with all requirements and include no mistakes, shortcomings or omissions.

### 3 Installation

- 3.1 This chapter 3 will be applicable only if the parties have agreed that Parmet will be obligated to install the Goods at the construction indicated by the Client in the order.
- 3.2 Parmet is entitled to use sub-contractors for the installation works.
- 3.3 The start and end dates of the installation works will be agreed upon separately. The Client undertakes to ensure that the section of the building onto which the Goods shall be installed will be handed over to Parmet or a third person indicated by Parmet in a state that allows the installation of the Goods without delay and obstructions. The Client undertakes to ensure that installation works can be carried out on the entirety of the section of the building, onto which the Goods shall be installed, not just a certain part of it.
- 3.4 The Client is obligated to ensure that Parmet can carry out the installation works unobstructed.
- 3.5 In case it is necessary to carry out preliminary works at the construction site prior to the installation works, including measurements etc., the Client undertakes to ensure that it is possible for Parmet to carry out such preliminary works on dates indicated by Parmet.
- 3.6 The Client shall, prior to the commencement of the installation works, hand over to Parmet the necessary project documentation. Parmet shall not be obligated to verify the integrity of the project documentation, its conformity with requirements nor the existence of any omissions in it. Parmet may propose changes to be made in the project documentation that pertain to the works carried out by Parmet, if in the reasonable opinion of Parmet the works can be carried out more efficiently of such change is made.

The Client shall approve such change in a format at least reproducible in writing, whereas the Client may not unreasonably deny or delay its approval. Parmet may deviate from the project documentation to an extent that is non-material, in case this aids the efficient performance of the works, whereas the Client's prior approval is not necessary for such deviation.

- 3.7 In case the Client does not hand over the entirety of the section of the building necessary for the installation of the Goods as per clause 3.3, Parmet may refuse to commence the installation works until the relevant section of the building is handed over to Parmet in its entirety. In case the Client does not ensure that Parmet has the possibility to conduct preliminary works in due time as per clause 3.5, Parmet may postpone the commencement of the installation works by a reasonable period of time. The deadlines for installation works shall be extended accordingly. In addition, the Client shall compensate to Parmet any additional costs and damages incurred by Parmet due to the delay in handing over the section of the building or due to hindrances in performing preliminary works.

## 4 Quality of the Goods

- 4.1 Parmet shall ensure that the quality of the Goods corresponds to at least the average quality of similar Goods and the compulsory requirements applicable to the Goods in the European Union, unless the parties have agreed upon a specific quality standard.
- 4.2 Parmet shall ensure the packaging of the Goods in a manner that adequately corresponds to the means of transportation. Parmet will not be responsible for any damage arising to the Goods in the course of transportation if Parmet has adequately packaged the Goods taking into account the means of transportation.

## 5 Handover of the Goods

- 5.1 The Goods shall be handed over at the agreed place of delivery. Unless otherwise agreed, the delivery shall take place according to clause 2.2.
- 5.2 The Client shall accept the Goods in due time and sign the corresponding transport documents. In case the Client is in delay with the taking of delivery of the Goods, the Client shall compensate to Parmet all additional costs incurred by the latter, including waiting fees, etc. In case the Client without good reason fails to take delivery of the Goods, the risk of accidental loss of and damage to the Goods shall pass to the Client as from the

moment the Client should have accepted the Goods.

- 5.3 The Client shall, promptly following the acceptance of the Goods or the moment the Client should have accepted the Goods, inspect the Goods. In case the Goods have any omissions or defects concerning their quality or quantity, the Client shall inform Parmet of such omissions or defects within five working days from the moment of acceptance of the Goods or the moment the Client should have accepted the Goods in a format at least reproducible in writing. Otherwise the Client will lose the right to rely on such omissions or defects.

- 5.4 In case Parmet undertakes to install the Goods according to chapter 3, the Goods shall be handed over on the basis of a bilateral act of delivery and acceptance. The act shall set out at least the installed Goods, the completed works and their volume. If the duration of the installation works exceeds one month, a separate act shall be drawn up for the performed works for each month. Parmet shall present the act for the Client's review and the Client shall, within five working day, either accept the act or provide its reasoned objections thereto. In case the Client does not issue a response during such period, the act shall be deemed accepted.

- 5.5 The Client may not refuse the acceptance of defective Goods if such defects are non-material or caused by circumstances independent of Parmet.

- 5.6 Parmet shall, at its own discretion, either exchange the defective Goods or compensate to the Client their contractual price.

## 6 Fee and terms of payment

- 6.1 The parties shall agree on the price of the Goods separately. If Parmet undertakes to organise the installation of the Goods according to chapter 3, such installation works will be priced additionally.

- 6.2 Fees are subject to value added tax according to applicable legislation.

- 6.3 Parmet may require a pre-payment to be made for the Goods. In such case Parmet will have no obligation to start manufacture or delivery of the Goods prior to the receipt of the requested pre-payment amount.

- 6.4 The Client shall pay for the Goods and installation works (if applicable) according to invoices presented by Parmet. Invoices are due payable after the expiry of 14 days as from their issuance, unless a longer term of

- payment is provided on the invoice.
- 6.5** If the Client is in delay with any payment to be made under the contract, Parmet will be entitled to immediately cease the manufacture and delivery of the Goods and/or the performance of other work, informing the Client thereof.
- 6.6** In case of delay in payment of the pre-payment amount indicated in clause 6.3 or in case Parmet has ceased delivery of the Goods and/or performance of other work as per clause 6.5, Parmet will be entitled to unilaterally extend the dates for delivery of the Goods and/or installation of the Goods by a reasonable period of time dependent on the circumstances. In such case the Client shall also compensate to Parmet any additional costs and damages incurred by Parmet due to the postponement of the terms or cession of the works.
- 6.7** If Parmet undertakes to install the Goods according to chapter 3, Parmet will issue invoices for Goods delivered and works performed in accordance with acts drawn up according to clause 5.4.
- 6.8** If the Client wishes to order additional Goods and/or additional work, the parties will agree on the delivery of such Goods and/or performance of such work separately in a format at least reproducible in writing, whereas Parmet will be under no obligation to follow the initial unit prices when establishing its fee.
- 6.9** If, during the manufacture of the Goods or performance of the works, it becomes apparent that the price of the Goods or the budget of the works will significantly exceed the initially agreed price or budget, Parmet may require payment of additional fees in excess of the initial price or budget, provided that such excess could not have been reasonably anticipated. Parmet will have to notify the Client of such excess without delay.
- 6.10** The Client will not be entitled to set-off any claims it may have against Parmet against payments to be made to Parmet, unless Parmet has explicitly acknowledged such claims of the Client.
- 7 Warranty**
- 7.1** A warranty is granted by Parmet to the Goods only if this has been explicitly agreed between the parties. Parmet grants a warranty to the Goods of 12 months as from the date of delivery of the Goods or from the moment the Goods are deemed delivered, unless the parties agree upon a different warranty period.
- 7.2** The warranty only applies to defects or omissions that have arisen due to a manufacturing error or use of sub-standard quality materials in the manufacturing process and which could not have been noticed upon thorough inspection of the Goods. Parmet will not be responsible for any damages incurred due to the use of Goods of sub-standard quality.
- 7.3** The warranty does not apply to:
- 7.3.1** defects that have occurred in the course of the usual exploitation of the goods and their normal wear and tear;
  - 7.3.2** defects that have occurred due to errors or omissions in the Client's input data and materials;
  - 7.3.3** defects that have occurred due to the continuing use of the Goods after a warranty event becomes evident;
  - 7.3.4** defects on which the Client or a third person has started repairs, modifications or adjustments without the prior consent of Parmet;
  - 7.3.5** defects of which Parmet has not been notified in writing within the term provided in the General Terms;
  - 7.3.6** defects that have occurred due to the maintenance of the Goods not in accordance with requirements;
  - 7.3.7** defects that have occurred due to a natural disaster or other emergency event or due to other *force majeure* circumstances.
- 7.4** The Client shall notify Parmet of the occurrence of a warranty event within two weeks of discovery of the defect or omission, but in any case no later than the date of expiry of the warranty period. Defects or omissions that obstruct the purposeful use of the Goods will be repaired or the relevant Goods exchanged at the cost of Parmet within a reasonable period of time. Defects or omissions which do not obstruct the purposeful use of the Goods will be remedied or the relevant Goods exchanged by Parmet within 30 days as from the expiry of the warranty period.
- 8 Title and risk**
- 8.1** Title to the Goods lies with Parmet until the Goods have been duly paid for in their

entirety. The Client and Parmet acknowledge that the Goods will not become an essential part of the building (in Estonian: *ehitise oluline osa*) upon their installation.

- 8.2 The risk of accidental loss of and damage to the Goods will pass to the Client upon handing over the Goods to the carrier, if the parties have not agreed on the installation of the Goods by Parmet. If the parties have agreed that Parmet undertakes to organise the installation of the Goods, the risk of accidental loss of and damage to the Goods shall pass to the Client upon acceptance by the Client of the act indicated in clause 5.4 or from the moment such act is deemed accepted.

## 9 Liability

- 9.1 Parmet will be liable for a breach of contract only if such breach is caused by intentional or grossly negligent conduct on part of Parmet.
- 9.2 Parmet will be responsible for direct proprietary damage sustained by the Client due to breach of contract by Parmet. In no case whatsoever, except in case of intentional breach of contract, will Parmet be liable for any indirect loss sustained by the Client, including loss of profits or purely economic loss.
- 9.3 Parmet will not be liable for a breach of contract if such breach is caused by circumstances not dependent on Parmet, including delay on part of the Client in fulfilling its obligations or other breach of obligations by the Client; delay in delivery of raw material by the manufacturer, delay in performance or other breach of obligations by a sub-contractor, etc.
- 9.4 The liability of Parmet in performing the contract will be limited to the price of the contract.
- 9.5 In case a party is in default with a payment to be made under the contract, the defaulting party shall pay to the non-defaulting party a penalty interest of 0.05% of the delayed sum per each day of delay.

## 10 Withdrawal and cancellation of contract

- 10.1 Parmet may immediately withdraw from or cancel the contract concluded with the Client if the Client does not pay any amount under the contract that has fallen due and does not pay such amount also within seven days from the receipt of a respective notice by Parmet, as well as in case the Client otherwise materially breaches the contract and does

not remedy such breach within an additional reasonable period of time granted by Parmet, which shall not be less than 14 days.

- 10.2 The Client may immediately withdraw from or cancel the contract concluded with Parmet in case the Parmet materially breaches the contract and does not remedy such breach within an additional reasonable period of time granted by the Client, which shall not be less than 14 days.

- 10.3 In case the contract is prematurely terminated, the Client shall pay to Parmet for Goods delivered up to such date, as well as for Goods that have been produced by Parmet but not yet delivered to the Client, on the condition that such Goods will be delivered to the Client. In case the contract is terminated on a ground specified in clause 10.1, the Client shall furthermore pay to Parmet the price of the Goods to be delivered under the contract but not yet delivered, as well as compensate to Parmet damage incurred by the latter due to a breach of contract by the Client and/or the termination of the contract. In case the contract is terminated on a ground specified in clause 10.2, Parmet shall compensate to the Client direct proprietary damage incurred by the latter due to the termination of the contract, taking into account the limitations of liability provided in these General Terms.

## 11 Miscellaneous

- 11.1 Any communication under the contract addressed to Parmet shall be delivered either in English or Estonian to [parmet@parmet.ee](mailto:parmet@parmet.ee).
- 11.2 The contract is subject to the laws of the Republic of Estonia, not taking into account its conflict of laws principles. Any disputes arising out of or in connection with the contract shall be settled by negotiations between the parties. Should the negotiations fail, the dispute shall be settled at the Harju County Court, in Tallinn, Estonia as the court of first instance.
- 11.3 These General Terms will be valid and applicable regardless whether they have been signed by the parties or not.