



### SIA "POLIURS"

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## TERMS OF PRODUCTION, PURCHASE, SALE AND DELIVERY OF GOODS AI5.1

Latvia, Jelgava, 19.05.2023.

### 1. GENERAL PROVISIONS

**1.1.** These Terms of Manufacture, Purchase and Sale of Goods, and Delivery, hereinafter referred to as the "Terms", shall be binding upon the Parties and shall determine the rights and obligations, terms of manufacture, purchase and sale of Goods, warranty and delivery of Goods, liability of the Parties and other provisions of the Purchaser and the Seller (Ltd "POLIURS", registered in the Commercial Register of the Republic of Latvia under registration number: 40003242370, legal address: Saules Street 8, Ozolnieki, Ozolnieku parish, Jelgavas district, LV-3018, Latvia), hereinafter referred to as the "Parties".

**1.2.** The Purchaser undertakes to read and comply with these Terms, as evidenced by its signature of the Technical Specification of the Offer, hereinafter referred to as the "Offer". These Terms shall be sent to the Purchaser by e-mail (and shall also be available on the Seller's website: link to website address) with the Offer for the goods to be manufactured.

### 2. ORDERING AND PRODUCTION OF THE GOODS

**2.1.** The Purchaser shall place order and the Seller shall manufacture for the Purchaser, with its own materials, tools, instruments and appliances, industrially insulated pipes, fittings and assemblies, hereinafter referred to as the "Goods".

**2.2.** The components, number and technical specification of the Goods shall be set out in the Offer or in the Purchase Contract Specification, signed by the Parties. The Parties shall sign the new Offer or Purchase Contract Specification each time the Purchaser places an order.

**2.3.** The Seller shall mark the Goods (all their components) with special moisture-resistant marking.

**2.4.** The Goods shall comply with the following standards:

- EN 253 "District heating pipes - Bonded single pipe systems for directly buried hot water networks - Factory made pipe assembly of steel service pipe, polyurethane thermal insulation and a casing of polyethylene";
- EN 448 "District heating pipes - Bonded single pipe systems for directly buried hot water networks - Factory made fitting assemblies of steel service pipes, polyurethane thermal insulation and a casing of polyethylene";
- EN 15698-1 "District heating pipes - Bonded twin pipe systems for directly buried hot water networks - Part 1: Factory made twin pipe assembly of steel service pipes, polyurethane thermal insulation and one casing of polyethylene";
- EN 15698-2 "District heating pipes - Bonded twin pipe systems for directly buried hot water networks - Part 2: Factory made fitting and valve assemblies of steel service pipes, polyurethane thermal insulation and one casing of polyethylene";

**2.5.** The Seller shall commence the execution of the order (production of the Goods) after agreeing on the technical specification, the work to be performed and the payment terms. The Parties shall simultaneously agree on the terms of delivery of the Goods and payment of delivery costs. All the delivery costs shall be paid by the Purchaser.

**2.6.** The Seller shall manufacture the Goods in accordance with the standards set out in clause 2.4. within the period agreed electronically with the Purchaser.

2.7. The Purchaser is obligated to provide the Seller with the information and documentation requested by the Seller and necessary for the Seller to properly execute the Order and manufacture the Goods. The documentation shall be provided in electronic format.

2.8. The time limit for the manufacture of the Goods shall be extended by a period equivalent to the time by which the Purchaser has delayed in providing the Seller with the information, documentation. In this case, the Parties may agree on a new deadline for the manufacture of the Goods.

### **3. DELIVERY, HANDOVER AND ACCEPTANCE OF THE GOODS**

3.1. As agreed by the Parties, delivery of the Goods shall be arranged by the Purchaser and/or the Seller. If the Seller arranges delivery of the Goods, it shall inform the Purchaser of the time of delivery of the Goods (cargo) to the carrier and the estimated time of delivery to the Purchaser.

3.2. The Goods shall be delivered to the Purchaser in conformity with these Terms, laws, regulations and standards.

3.3. The Purchaser shall be entitled to inspect the Goods upon receipt of the Goods from the Seller. The inspection must be carried out within 10 (ten) days from the date of receipt of the Goods. The Purchaser shall notify the Seller of its acceptance or non-acceptance of the Goods. If the Purchaser fails to inspect the Goods and notify the Seller of acceptance/non-acceptance of the Goods within the period referred to in this clause, the Purchaser shall lose the right to demand rectification of any apparent defect, shortcoming and/or damage.

If, during the inspection, the Goods are found not to comply with the requirements of these Terms (inadequate quality) and/or the laws, regulations and/or standards, the Purchaser shall immediately contact the Seller with photos and/or documentary evidence of the said fact. The Parties shall jointly determine whether the defects in question were caused during manufacture or during carriage of the Goods.

3.4. If the Parties have agreed that the defects have been arisen during manufacture, then the Seller shall perform its obligations properly by remedying the defects by its own efforts and means (by supplying the Purchaser with new Goods and/or components thereof and/or making corrections to the existing Goods and/or components thereof).

3.5. If the Parties are unable to agree, i.e. the Seller does not agree to make the relevant corrections requested by the Purchaser, then the Parties shall be entitled to call in an independent certified expert who shall assess the identified defects and provide each Party with a written opinion.

3.6. Upon receipt of the opinion, the Party at fault shall bear the costs of the Expert or reimburse the other Party which has already paid them.

3.7. The expertise shall be carried out by a competent person holding a relevant certificate or having at least five (5) years' experience in the relevant field. If the Party disagrees with the expert's opinion, the dispute shall be subject to judicial review.

3.8. The owner rights of the Goods shall remain with the Seller until the Purchaser has paid in full for the Goods received. The Purchaser shall not be entitled to pledge, lease, use as a guarantee, assign to the third parties or otherwise encumber the Goods received in default of its obligations.

3.9. The risk of damage to or loss of the Goods, including the risk of accidental loss, shall pass to the Purchaser in full at the time of transfer of the Goods to the Purchaser.

### **4. PROCEDURES FOR SETTLEMENT**

4.1. The Purchaser shall pay to the Seller the price specified in the Offer or in the specification of the Purchase Contract for the performance of order - the Goods produced.

4.2. The representatives of the Parties shall agree electronically on the terms of payment for the Goods. The Purchaser shall pay to the Seller by transferring to the Seller the invoiced amount (as specified in the Offer or specification of the Purchase Contract) within the period specified in the invoice.

4.3. All the above-mentioned amounts include all taxes and duties as applicable in the Republic of Latvia.

4.4. The Purchaser shall pay to the Seller in accordance with the agreed payment terms.

### **5. OBLIGATIONS AND RESPONSIBILITY OF THE PARTIES**

5.1. If the Purchaser's customer for whom it has installed the Goods has made a complaint to the Purchaser about the Goods, the Purchaser shall promptly notify the Seller by sending to the Seller all the case materials and information relating to the complaint.

5.2. The Party shall notify the other Party if it is in financial difficulties, and/or insolvency proceedings have been initiated, and/or business activities have been suspended.

5.3. If, during and/or after the installation of the Goods, the Goods are torn, deformed or the like, and as a result the Purchaser and/or a third party has suffered or may suffer damage, the Purchaser shall immediately notify the Seller. The Parties shall proceed as follows:

- The Purchaser shall visually (from the crash site) demonstrate the site of the crash and the damage to the Goods, also providing the Seller with a recording;
- The Parties shall jointly agree whether the Seller's presence is necessary to remedy the breakdown (if it is concluded that the defect in the Goods is not the fault of the Seller, the Purchaser shall bear all travel and subsistence expenses of the Seller). However, in any event, the Seller reserves the right to visit the site of the crash to verify the information provided by the Purchaser. The Purchaser shall ensure that the Seller's representative has safe access to the site of the crash and to the Goods;
- The Purchaser shall provide the Seller with all the information, documentation (photographs, including those with the marking of the Goods, proof of assembly, if necessary, the design and other documents, any information requested by the Seller. The marking of the Goods must not be defective in order to identify whether the Goods were manufactured by the Seller).

- 5.4.** Upon receipt of the Goods, the Purchaser shall be obliged to sign the Invoice, stating the date, name and surname.
- 5.5.** The Seller shall deliver to the Purchaser a duly completed order - Goods that comply with the provisions of laws and regulations, these Terms and standards. If the Seller fails to perform its obligations properly, with the result that the Goods cannot be operated or otherwise used in accordance with their intended purpose, the Purchaser shall require and the Seller shall remedy any defects or compensate for any damage caused to it. The Parties shall separately agree in writing the time limits for remedying any defects in the Goods. The Seller shall indemnify the Purchaser for direct damages.
- 5.6.** If the Seller, after handing over the Goods to the Purchaser, has detected a defect in the production process of the Goods which may result in defects in the Goods, the Seller shall immediately notify the Purchaser and the Parties shall mutually agree on the further course of action. If the Seller considers that a replacement of a component of the Goods is immediately necessary, he shall notify the Purchaser accordingly. If the Purchaser fails to respond and/or, fails to react to the above, the Purchaser shall be solely liable for all damages caused and/or to be caused by the above.
- 5.7.** The Party shall not to perform actions, that may cause direct or indirect losses, limit the rights, or otherwise harm the other Party.
- 5.8.** The Seller shall not be liable for any delay in the production of the Goods caused by the Seller's suppliers and/or public authorities, provided that the Seller has notified the Purchaser thereof in advance.
- 5.9.** The Seller shall not be liable for any loss caused by incorrect information and/or documents provided by the Purchaser.
- 5.10.** The Seller has the right to refuse the manufacture and sale of new Goods to the Buyer, if the Buyer is in debt to the Seller at the time of placing a new order.
- 5.11.** If the Purchaser fails to provide the Seller with the requested documents and/or information within 30 (thirty) working days from the moment of sending the request, and in the absence of other written agreements between the Parties, the Seller shall be entitled not to commence and/or terminate the execution of an order already commenced, as well as not to return and retain the advance payments, if any, made by the Purchaser.
- 5.12.** In the event of force majeure, the parties are not mutually obliged.
- 5.13.** For any non-compliance or improper execution of the obligations of these Terms, the responsible Party is obliged to reimburse for the direct damage caused to the other Party.

## **6. WARRANTY PERIOD OF THE GOODS**

- 6.1.** The warranty period of the Goods is 5 (five) years.
- 6.2.** The warranty period shall commence from the moment the Purchaser has received the Goods.
- 6.3.** During the warranty period, the Seller shall remedy all flaws (defects) in the Goods free of charge, in accordance with the provisions of these Terms and laws and regulations provided if the Purchaser has complied with the provisions of these Terms, standards and laws and regulations.
- 6.4.** The Purchaser shall be obligated to submit a warranty claim within 5 (five) working days from the date of discovery of the defects.
- 6.5.** Warranty shall not be provided if the damage or defect in the Goods is due to:
- the Goods have not been used for their intended purpose;
  - the storage, assembly and/or welding of the Goods and the fitting of the couplings have not been in accordance with EN standards;
  - the final inspection of the Goods has not been carried out in accordance with EN standards;
  - after the expiry of the guarantee period;
  - the natural deterioration of the product due to the nature of the liquids and/or their impurities, which have caused accelerated corrosion and/or damage;
  - the defect or damage is caused by improper preparation or use of the Goods (including mechanical damage);
  - any repair of the Goods has been carried out or attempted (e.g. opening, disassembly, separation of insulating materials, etc.);

- the marking and/or serial number of the Goods is found to be defective;
- routine maintenance has not been carried out in accordance with EN standards;
- failure to replace in a timely manner worn, defective elements in which the Goods are incorporated, resulting in damage to the Goods;
- the Goods have been exposed to unforeseen environmental influences (inadequate temperature, humidity, natural disasters such as lightning, fire, flood, etc., and foreign objects such as liquids, etc.);
- The Goods have been used after a defect or damage detected and such use has caused further defects or damage to the Goods;
- The Goods have been modified in any way (e.g. insulation material, etc. modifications of any kind).

The Purchaser is obliged to provide the Seller, upon request, with any information and/or documentation of any kind to enable the Seller to verify that the Purchaser has complied with the terms of the warranty. If the Purchaser fails to provide the Seller with the said information and/or documentation within 10 (ten) working days of the Seller's request, the Purchaser shall lose any right and shall not be entitled to claim any form of warranty in respect of the Goods and any damages, compensation.

**6.6.** The Seller undertakes to remedy any defects in the Goods or provide another solution as soon as possible.

**6.7.** If, during the warranty period, the Seller discovers manufacturing defects in the Goods, these shall be rectified (the Goods shall be repaired or new Goods shall be issued) without additional compensation. The warranty period shall be extended by a number of days equal to the number of days during which the Goods were with the Seller.

**6.8.** From the time the Seller has notified the Purchaser of the completion of the warranty repair or the issue of new Goods, the Parties shall act in accordance with the terms of this Contract in arranging delivery of the Goods.

## **7. TRADE SECRET, CONFIDENTIALITY**

**7.1.** The Parties undertakes to keep the following information confidential, which is the Parties trade secret:

- Plans for the development of goods, services and future projects of the Party company;
- Conditions of the Parties existing Contracts (prices, terms, discounts, etc.);
- the Sellers specific commercial offers;
- customers and counterparty data;
- the content of the existing, received and sent documents;
- income from the sale of goods and services;
- expenses and their components;
- calculations of the profit and losses;
- financial amount and financial activities in the accounts;
- issued loans;
- Cost calculations of the goods;
- financial relations with other employees;
- creditors and debtors;
- owned *know-how*;
- technologies used by the Seller to organize the production process;
- access passwords to the databases used by the employees;
- remote access features, open ports on computers;
- the volume of the purchased goods and services;
- private data of the customers, business partners and other persons.

**7.2.** The Party has no right to use the trade secret in his private interests, to transfer it to third parties or to disclose it in any other way without a written permission from the other Party.

**7.3.** The Party is responsible for ensuring that the trade secret is not directly or indirectly accessible to third parties.

**7.4.** If the Party breaks the non-disclosure agreement, the Contractor undertakes to reimburse the losses incurred to the other Party in full.

**7.5.** The Party and its employees is aware that in case of a breach of the non-disclosure provisions he/she may be held liable under civil or criminal law, according to the current legal regulations of Republic of Latvia.

**7.6.** The content of these Terms, as well as all Annexes and their contents, as well as any information disclosed by the Parties to each other, shall be considered confidential and shall not be disclosed to the third parties without the prior written consent of the other Party.

**7.7.** The Parties shall keep strictly confidential all the documents and information processed and prepared in connection with the order and its provision, and undertake not to disclose them to the third parties without a written consent of the other Party.

**7.8.** Unless otherwise agreed between the Parties, a Party shall not have the right to communicate with business partners, customers or otherwise related parties of the other Party.

## **8. ADDITIONAL CONDITIONS**

- 8.1.** Any duties and rights not included in these Terms have to be regulated according to the legal regulations of the Republic of Latvia.
- 8.2.** In these Terms, all terms in singular shall have the same meaning as in the plural, and if the context so requires, a singular term shall be construed as being used in the plural, and a plural term shall be construed as being used in the singular. The headings of these Terms have been used only for convenience and shall not be used in the translation of essential provisions of these Terms.
- 8.3.** The Party which commits personal data to the other Party within the framework of these Terms' conditions is responsible for obtaining consent from the relevant data subjects. The Parties undertake to process the personal data received within the framework of these Terms only with the aim of ensuring the fulfilment of the Terms' obligations in accordance with the rights and obligations set forth in legal regulations for data processing, use and protection. The Parties may mutually require to supplement or correct the transferred data, stop processing the transferred data or destroy them, if the transferred data is incomplete, outdated, false, unlawfully processed or its processing is no longer necessary for the purposes of these Terms, by sending a request in writing to the e-mail address.
- 8.4.** The Parties may sign any documents related to the Order electronically by e-mail (by sending a signed document in a scanned form) and the Parties acknowledge that documents so signed shall be binding on themselves and that a document so signed shall have the same effect as the original signature.
- 8.5.** All disagreements between the Parties developed in the execution period of the Order shall be resolved through negotiations; if it is not possible, they shall be resolved in the courts of the Republic of Latvia.
- 8.6.** These Terms has been drawn up in Latvian and English languages. In the case of any discrepancy between the Latvian and English versions, the Latvian version prevails.