

Terms of purchase

1. General terms.

1.1. The present terms of purchase (hereinafter - the Terms) are applicable to all transactions between SIA "Hansa Food Commodities" (hereinafter - the Buyer) and the Seller, performed following approval of the present Terms and posting them on the Buyer's website (www.hansafc.lv). The terms used in the Terms and not defined by the Terms have the following meaning:

1.1.1. The term Confirmation means the confirmation of purchase;

1.1.2. The term Parties means the Seller and the Buyer;

1.1.3. The term Products means the products specified in the Confirmation.

1.2. For the purpose of implementing cooperation, the Seller and the Buyer sign Purchase Contracts on Products (hereinafter - the Purchase Contract).

1.3. The Seller sells, delivers and transfers the Products to the Buyer and the Buyer buys and accepts the Products from the Seller according to the Purchase Contract.

1.4. The Purchase Contract consists of the Confirmation and the Terms. The Confirmation and the Terms are mutually indispensable parts of the Purchase Contract.

1.5. The following information and obligations are specified by the Confirmation and the Terms:

1.5.1. The following special terms of a transaction: the contract subject, information about the order of products, including the ordered Products, the quality of the Products, the quantity, the delivery lots, Incoterms 2020 delivery terms and the time of delivery of the Products, the type of transport, the labelling, the price, the purchase amount, the payment term and procedure, as well as the date and reference number of approval of the Terms;

1.5.2. The Terms define the general terms of a transaction.

1.6. The Parties may amend and exclude application of the provisions contained by the Terms in the legal relationship arising under the Purchase Contract in the Confirmation. In this case the provisions contained in the Confirmation prevail in the legal relations of the Parties.

1.7. For the purpose of performing the Purchase Contract the Parties use electronic communications by sending e-mails with attached scanned documents exclusively to the Buyer's e-mail addresses specified in the Confirmation and the Seller's e-mail addresses specified in the Confirmation.

2. Signing of the Confirmation and entry into force of the Purchase Contract

2.1. Following agreement on the order of the Products, the Parties sign the Confirmation and notify each other thereof according to the following procedure:

2.1.1. The Buyer signs the Confirmation and sends it electronically to the Seller;

2.1.2. Latest on the next business day following receipt of the Confirmation, the Seller signs the Confirmation and immediately sends it electronically to the Buyer.

2.2. The Parties' legal or authorised representatives sign the Confirmation on the Parties' behalf.

2.3. The Purchase Contract enters into force following mutual signing of the Confirmation upon the condition that the Buyer has electronically received the Confirmation signed by the Seller.

2.4. Upon a Party's request the other Party is obliged to send a signed Confirmation as a hard copy to the Party. The above request does not affect the entry into force of the Purchase

Contract in compliance with Clauses 2.1 and 2.3 of the Terms. The Confirmation signed by the Parties and scanned is a sufficient evidence for signing the Purchase Contract.

3. *Quality, packaging and labelling of Products*

- 3.1. Considering the guarantees provided by the producer of the Products (hereinafter - the Producer), the Products:
 - 3.1.1. should comply with the applicable hygiene and veterinary requirements, should be of the quality suitable for sale and human consumption;
 - 3.1.2. should comply with the requirements valid in the territory of sale of the Products (hereinafter - the Territory);
 - 3.1.3. should be prepared, processed and packaged for transportation and delivery to the Buyer in such a way that the Products would reach the delivery destination in the Territory in a quality conforming to the trade requirements and suitable for human consumption.
- 3.2. The requirements and specifications set for the Products regarding the quality, packaging and labelling of the Products are defined in the Confirmation. The Product labelling is prepared according to the Buyer's sample agreed by the Parties electronically.

4. *Delivery of Products*

- 4.1. The Seller prepares the Products for delivery to the Buyer according to the Parties' agreement.
- 4.2. The Seller has the right to extend the term of delivery of the Products only with the Buyer's presented agreement by electronically coordinating the delivery term with the Buyer.
- 4.3. Due to reasons independent of the Buyer's action, inter alia, when the forwarder does not accept the Products for transportation, loading of the Products in a ship or other means of transport is not possible due to the acts of the competent authorities of the Republic of Latvia, the end consumer of the Products delays issue of instructions to the Buyer regarding necessary documents, packaging, labelling or other matters necessary for performance of the Purchase Contract, and also due to epidemics, the Buyer is entitled to unilaterally extend the term of acceptance of the Products by notifying the Seller thereof electronically.
- 4.4. The Products are delivered to the Buyer according to the terms of Incoterms 2020 specified in the Confirmation.
- 4.5. The Seller prepares the documents necessary for shipment, export, transit, delivery and import of the Products to the Territory (hereinafter - the Documents). The term "Documents" includes the documents necessary for performing all the above acts, inter alia, the documents of origin of the Products, veterinary (health) certificates, export declarations, documents necessary for the customs clearance, the Product labels, the list of packaging, consignment notes, as well as a delivery note, an invoice or another document specifying the assortment, quantity, price and total amount of Products (hereinafter - the Invoice). The Documents are prepared according to the Buyer's sample agreed by the Parties electronically.
- 4.6. Following receipt of the Products at the final delivery destination of the Products in the Territory (hereinafter – the Delivery Destination), the Buyer notifies the Seller thereof electronically.
- 4.7. The Seller is aware that, upon receipt of the Products at the Delivery Destination, the Buyer is obliged to inspect the assortment and the quantity of the Products latest within 2 (two) days. The Buyer may submit objections regarding compliance of the Products with the quality requirements during the whole validity term of the Products. Following receipt of

information, the Buyer notifies the results of the inspection to the Seller electronically with no delay.

5. *Submission and review of claims*

- 5.1. The Seller is liable for non-conformities of the assortment and the quantity of the Products with the assortment and quantity specified in the Confirmation as identified by the Buyer (hereinafter - non-conformities of the assortment and quantity of the Products) and non-conformity of the Products with the quality requirements (hereinafter - quality non-conformities of the Products).
- 5.2. If the Buyer finds non-conformities of the assortment and quantity of the Products and/ or quality non-conformities of the Products (hereinafter jointly - the Product non-conformities), the Buyer immediately notifies the Product non-conformities to the Seller electronically by attaching evidence attesting the Product non-conformities.
- 5.3. The Seller provides an electronic answer to the Buyer's claim regarding the Product non-conformities within 2 (two) business days following receipt of the claim.
- 5.4. The Parties cooperate in order to find out the reasons beyond the Product non-conformities and the Party liable for the Product non-conformities and implement necessary actions to enable the Seller to eliminate the consequences of the Product non-conformities.
- 5.5. In case of the Product non-conformities, the Seller, at the Buyer's discretion, within two days either reimburses the value of the Products where the Product Non-conformities were found to the Buyer, deducts the value of these Products from the purchase price, replaces these Products by compliant Products or sends missing Products to the Buyer. In addition, the Seller covers all the costs of replacement or delivery of the Products.
- 5.6. If the Seller does not agree to the Product Non-conformities specified by the Buyer, the Buyer involves an independent expert possessing relevant know-how and the authority to perform the expert's examination (hereinafter – the Expert), who inspects the Products and whose conclusion is binding for the Parties. Initially, the Buyer covers all the expenses of the Expert's examination.
- 5.7. If in the case referred to in Clause 5.6 of the Terms the Expert concludes that the Buyer's claims are substantiated and the Seller is liable for the Product non-conformities, the Seller performs the obligations defined by Clause 5.5 of the Terms and also covers the expenses of the Expert.
- 5.8. In cases provided for by Clauses 5.5 and 5.7 of the Terms the Buyer is obliged to return the Products regarding which the Product quality non-conformities were found to the Seller according to the Seller's instructions to the place defined by the Seller or to destroy these Products in compliance with the laws and regulations in force in the Republic of Latvia or the Territory. In this case the Seller covers all the necessary costs.

6. *Suspension and cancellation of purchase of the Products*

- 6.1. The Buyer has the right to unilaterally suspend purchase of the Products by temporary not accepting Products from the Seller or to cancel purchase of the Products from the Seller in full or partial scope in the following cases:
 - 6.1.1. if purchase of the Products cannot be done by the Buyer due to objective circumstances, including in relation to restrictions or prohibitions valid in the Republic of Latvia or the Territory, Force Majeure circumstances, including epidemics;
 - 6.1.2. if the Buyer has substantiated doubts regarding the Seller's solvency.
- 6.2. The Buyer notifies complete or partial suspension or cancellation of the purchase of the Products to the Seller electronically.

- 6.3. If the rights provided by Clause 6.1 of the Terms are used the Buyer is not liable for the losses caused to the Seller as the result of suspension or cancellation of purchase of the Products.
- 6.4. If the Buyer uses the rights provided by Clause 6.1 of the Terms to unilaterally cancel the purchase of the Products, the Purchase Contract regarding the undelivered Products is deemed to be terminated as from the moment when the Buyer has electronically notified the Seller regarding cancellation of the purchase of the Products.

7. *Purchase price and the procedure of payment*

- 7.1. The price of the Products and the total purchase price of the Products (hereinafter – the Purchase Price) is specified in the Confirmation.
- 7.2. In compliance with the information about the Products stated in the Confirmation, the Seller prepares and submits an Invoice to the Buyer. The Seller sends a signed Invoice to the Buyer electronically.
- 7.3. The Purchase Price is paid to the Seller according to the procedure and the term defined by the Confirmation by transferring the Purchase Price to the Seller's bank account defined in the Confirmation (hereinafter – the Account).
- 7.4. The date when the Purchase Price is credited to the Account is deemed the date of payment of the Purchase Price.
- 7.5. If claims regarding the Product non-conformities are submitted:
 - 7.5.1. if the Purchase price has not been paid at the moment of submitting the claims, the Buyer has the right to withhold the Purchase Price by not paying it to the Seller according to the term defined by the Confirmation for the Products regarding which claims of the Product non-conformities were submitted;
 - 7.5.2. if the Purchase price has been paid at the moment of submitting the claims, the Seller repays the value of the Products in which the Product non-conformities were found according to Clause 5.5 and 5.7 of the Terms.
- 7.6. If in cases referred to in Clause 6.1 - 6.2 the Buyer cancels purchase of the Products, the Seller repays the value of the Products not yet delivered for which the Buyer has paid the Purchase Price.

8. *Liability*

- 8.1. Each Party is fully liable for all the losses caused by it to the other Party by breaching the provisions of the Purchase Contract or the requirements of the laws and regulations in force in the Republic of Latvia.
- 8.2. The Party reimburses the losses to the other Party in the amount which could be reasonably estimated as the expected consequences of a failure to comply as the moment of signing the Confirmation unless the failure to conform has been the result of an ill intention or gross negligence. The Parties are mutually liable for direct losses only.
- 8.3. If the Buyer delays the term of payment of the Purchase price, the Buyer pays a contractual penalty of 8% (eight per cent) per year of the amount of the delayed payment to the Seller. Payment of the contractual penalty does not release the Buyer from the obligation to pay the outstanding Purchase price.
- 8.4. If the Seller delays the term of delivery of the Products, the Seller pays a contractual penalty in the amount of 8% (eight per cent) per year of the amount of the undelivered Products to the Buyer. Payment of the contractual penalty does not release the Seller from the obligation to deliver the Products.
- 8.5. The Parties are released from liability for a full or partial failure to perform the obligations under the Sales Contract if performance of the obligations is prevented in the result of Force Majeure circumstances, including the circumstances which the Parties could not predict in

advance and prevent by reasonable means. The Party who refers to Force Majeure circumstances as the reason for non-performance of its obligations or partial performance has to submit a relevant reference issued by a competent authority regarding the start and the duration of effect of the Force Majeure circumstances to which the Party refers to the other Party latest within 10 (ten) business days. If either Party is prevented in performance of contracted obligations by Force Majeure circumstances this shall be notified to the other Party. The term of performance of the relevant obligation is extended by a term during which the relevant Party was prevented from performance of this obligation.

9. *Other provisions*

- 9.1. Disputes and disagreements arising in relation to the Purchase Contract, including a breach, termination or validity of the Purchase Contract, are resolved by negotiation, and if a written agreement is not attained by the Parties on the relevant matters, in compliance with the substantive law of the Republic of Latvia by excluding the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (hereinafter – the Convention), according to the claimant's choice, at the competent court of the Republic of Latvia according to the respondent's registered address or the Arbitration of the Chamber of Trade and Commerce of the Republic of Latvia (hereinafter - the Arbitration) according to the Rules of the Arbitration by providing that the case will be heard by 1 (one) arbitrator appointed according to the Rules of Procedure of the Arbitration, in Riga, Republic of Latvia, in Latvian.
- 9.2. The Purchase Contract is in force following mutual signing of the Confirmation in compliance with Clause 2.3 of the Terms and the Purchase Contract is in force until full performance of the Parties' obligations.
- 9.3. The laws and regulations of the Republic of Latvia are binding for the Parties in legal relationship arising under the Purchase Contract regarding matters which are important for performance of the Purchase Contract and not defined by the Confirmation and the Terms.
- 9.4. The Seller hereby agrees that during the validity term of the Purchase Contract the Buyer is entitled to collect and process the Seller's data and the data about the private individuals representing the Seller (hereinafter – the Data), as well as that during the validity term of the Purchase Contract the Buyer is entitled to request and to receive the Data form the Seller or the third parties.
- 9.5. The Seller does not have the right to assign the claims vs the Buyer arising under the Purchase Contract to third parties without the Buyer's prior written or electronic consent.