

LITGRID AB GENERAL CONDITIONS OF SALE AND PURCHASE CONTRACT

PPS:2017

1. MAIN PROVISIONS**1.1. Terms and Definitions**

1.1.1. Unless stated otherwise, capitalised terms in the Contract, these General Terms and Conditions and any correspondence between the Parties shall have the meanings set forth below:

- a) **Works** - the works that are specified in the Contract and which the Seller shall perform for the Purchaser;
- b) **Seller** - the party to the Contract that sells the Goods, Services or Works to the Purchaser;
- c) **Services** - the services that are specified in the Contract and which the Seller undertakes to provide for the Purchaser;
- d) **Purchaser** - the party to the Contract that buys the Goods, Services and Works from the Seller under the Contract;
- e) **Procurement** - the procurement resulting in the conclusion of the Contract;
- f) **Goods** - equipment, parts, materials, software and any other goods and/or outputs of provision of the Services which the Seller undertakes to deliver to the Purchaser under the Contract;
- g) **Terms and Conditions** - these General Terms and Conditions of Sale and Purchase Contract;
- h) **Contract Price** - the price of the Contract specified therein as a sum of prices of all the Goods, Services or Works including VAT. Where the Goods, Services or Works are purchased based on agreed rates, the Contract Price shall be the maximum price payable to the Seller for the Goods, Services and Works under the Contract including VAT;
- i) **Contract** - the contract concluded by and between the Purchaser and the Seller (including any amendments, additions and annexes thereto) whereby the Parties undertake to comply with the Terms and Conditions and/or which refers to the Terms and Conditions as an integral part thereof;
- j) **Parties** - the Purchaser and the Seller collectively;
Party - any one of them.

1.2. Subject of Contract

1.2.1. The Seller shall sell the Goods, Services or Works referred to in the Contract to the Purchaser, and the Purchaser shall pay for them under the terms and conditions of the Contract.

1.2.2. In executing the Contract the Parties shall comply with all the terms and conditions set out therein, legal acts of the Republic of Lithuania, the European Union legislation in force in the Republic of Lithuania, and other legal acts applicable to the execution thereof.

1.2.3. Quality of the Goods, Services and Works (i. e. their conformity to the provisions of the Contract) and the time limits for delivery/provision/execution thereof shall constitute material terms and conditions of the Contract.

1.3. Responsible Persons

1.3.1. The Parties shall resolve any matters related to the execution of the Contract through responsible persons appointed by them and specified in the Contract. The responsible persons shall communicate using their contact details provided in the Contract.

1.3.2. The Parties shall ensure that the responsible persons appointed by them shall be properly authorised to execute the Contract except for the right to amend and/or terminate the Contract. Unless a specific authorisation is given, any decision taken by the responsible persons that contradicts the Contract shall be invalid and shall not create new rights or liabilities for the Parties.

1.3.3. The Party may replace its responsible person specified in the Contract by giving a written notice to the other Party.

1.4. Implementation Schedule

1.4.1. Should the Contract stipulate that the Contract shall be executed according to a schedule or a programme agreed by the Parties (the 'Schedule') but no schedule is appended to the Contract as an annex thereto, the Seller shall draw up the Schedule and submit it to the Purchaser for agreement within 10 days from the date of conclusion of the Contract.

1.4.2. The Schedule shall specify the estimated milestones in the execution of the Contract as well as their sequence and interrelation. The Schedule shall also specify actions to be taken by the Purchaser in order to complete the Contract duly and in due time, and the time limits for such actions. The Purchaser shall approve the Schedule or provide well-founded comments within 5 days from the date of receipt of the Schedule. In case if the Schedule is returned for corrections, the Seller shall re-submit the Schedule for agreement within 5 days from the date of receipt of the comments.

1.4.3. The agreed Schedule shall be approved by the responsible persons of the Parties, specifying the date of approval, in duplicate - a copy for each Party.

1.4.4. In case of delay of execution of the Contract against the approved Schedule, the Seller shall, at the Purchaser's request, specify the reasons for the delay in writing within 5 days and shall submit an updated Schedule for agreement.

1.4.5. The Schedule shall be intended for organising and monitoring the execution of the Contract, and amendments to the Schedule shall not mean changing of the terms and conditions of the Contract and shall not exempt the Seller from responsibility for compliance therewith.

1.5. Execution of the Contract

1.5.1. The Seller shall execute the Contract at his own risk and cost, in a careful and efficient manner in the best interests of the Purchaser and according to the universally adopted professional and technical standards and best practices, using all the requisite skills and knowledge.

1.5.2. The Purchaser shall be entitled to check and evaluate the supply of the Goods, provision of the Services and performance of the Works. At the Purchaser's request, the Seller shall present any information and documents that may be required to demonstrate the progress and results of execution of the Contract and the compliance with the provisions thereof.

1.5.3. The Seller shall immediately eliminate any deficiencies found during the execution of the Contract and shall inform the Purchaser of any circumstances that affect or can potentially affect the due execution of the Contract.

1.5.4. Each Party shall respond to an enquiry received from the other Party immediately but not later than within 3

working days from receipt thereof unless the enquiry specifies a later date. The Parties may respond within a longer time limit provided that a longer term is objectively required and the Party notifies the other Party specifying the reason therefor.

1.6. Qualifications

1.6.1. The Seller shall ensure that the Seller himself and any persons performing the Seller's contractual obligations holds/hold all the requisite licences, permits, certificates including qualifications and safety at work certificates and shall possess the requisite qualifications and competences for the discharge of the obligations under this Contract.

1.6.2. Where the Contract (or the Tender Conditions) stipulates specific qualifications for persons executing the Contract, the Contract shall be executed only by such persons subject to the Purchaser's written approval. The Purchaser shall give his approval upon receipt of documents proving such persons' qualifications and experience. No separate approval of the Purchaser shall be required if the Contract is being executed by the persons specified by the Seller for the purposes of the procurement.

1.6.3. The terms and conditions set out in this Section shall constitute material terms and conditions of the Contract.

1.7. Subcontracting

1.7.1. Where the Seller hires subcontractors for the execution of the Contract, the Seller shall, prior to commencement of the execution of the Contract, submit to the Purchaser information on the names of the subcontractors and their contact details and representatives. The Seller shall notify any changes in such information to the Purchaser during the term of the Contract and inform the Purchaser about any new subcontractors hired.

1.7.2. The Seller may replace a subcontractor if the latter fails to discharge or is incapable of discharging its contractual obligations, or fails to comply with the provisions of the Contract, or fails to commence the supply of the Goods, provision of the Services or performance of the Works, or his work is too slow and the completion of the supply of the Goods, provision of the Services or performance of the Works in due time according to the Contract is impossible.

1.7.3. The Seller may replace, at his own discretion, any subcontractor on whose capacities he did not rely in order to prove his compliance with the requirements set forth in the Tender Conditions, by giving the Purchaser a written notice. The Purchaser may check whether grounds for the elimination of the subcontractor exist. If the subcontractor's position matches at least one of the grounds for elimination states in the Republic of Lithuania Law on Public Procurement, the Purchaser shall request the Seller to replace the subcontractor with a compliant subcontractor.

1.7.4. The Seller may replace a subcontractor on whose capacities he relied in order to prove his compliance with the requirements set forth in the Tender Conditions subject to obtaining a prior written consent from the Purchaser. The Purchaser shall, prior to giving such consent, check and satisfy himself that the subcontractor possesses the requisite qualifications and/or experience and that no grounds for the elimination of the subcontractor exist.

1.8. Quality Requirements for Goods

1.8.1. The Goods shall be new (where there is more than one version of the Goods - the latest version shall be delivered) and unused, complete, and fit for use according to their intended purpose.

1.8.2. In case if an expiry term (term of validity) has been set for the Goods, the remaining term before the expiry date (term of validity) of the Goods to be delivered shall account for at least 2/3 (two-thirds) of the entire term of validity of the Goods.

1.8.3. The Goods shall be transferred in a proper packaging (i. e. packaging that is not torn and is dry and otherwise intact), with all the inscriptions and labels on the Goods' packaging being easily legible. This provision shall not apply in cases where the Goods cannot be delivered packaged for objective reasons (e. g. the Seller has to assemble them).

1.8.4. The Goods delivered by the Seller shall be accompanied by complete documentation necessary for the evaluation of the Goods' compliance with the Contract and their fitness for use and maintenance.

1.9. Quality Requirements for Services

1.9.1. The Services shall comply with all the provisions on product safety, hygiene, safety at work and other provisions applicable to the execution of the Contract that are set forth in the Lithuanian legislation and the European Union legislation in force in the Republic of Lithuania.

1.10. Quality Requirements for Works

1.10.1. Quality of the Works performed by the Seller as well as of equipment and materials used for the Works shall comply with the requirements set forth in the construction technical regulations, building safety regulations and environmental regulations and standards of the Republic of Lithuania and the European Union that are in force in the Republic of Lithuania; all equipment and materials that are subject to certification shall be accompanied by certificates valid in the Republic of Lithuania. Equipment and materials shall be new, of good quality, and manufactured not earlier than 12 months prior to the date of the Contract.

1.11. Suspension

1.11.1. The Purchaser shall have the right to suspend the supply of the Goods, provision of the Services and performance of the Works if the Seller fails to comply with the safety at work and health regulations or other provisions of the Contract and/or legal acts during the execution of the Contract; the right of suspension may be exercised for other valid reasons as well.

1.12. Completion of Contract

1.12.1. The Seller shall be deemed to have duly executed and completed the Contract upon transferring to the Purchaser all the Goods to be transferred, upon providing all the Services to be provided, or upon performing all the Works to be performed thereunder.

1.12.2. The Goods shall be deemed to be duly transferred, the Services duly provided, and Works duly performed upon the Purchaser's confirmation of the transfer of the Goods or provision of the Services or performance of the Works. In case if the Contract specifies that such confirmation must be in writing, the Seller shall draw up the document required for signature. A copy of the signed document shall be handed to the Purchaser.

1.12.3. In cases where the Seller is obliged, under the Contract, to assemble or install the Goods or perform other works related to the Goods' sale, the Goods shall be transferred to the Purchaser upon completion of such works.

1.12.4. The Purchaser shall specify any apparent defects in the quality of the Goods, Services or Works that are detected at acceptance to the Seller in writing and shall not accept such Goods/Services/Works or any defective part thereof until the defects are corrected.

1.12.5. Transfer of the Goods, provision of the Services or performance of the Works shall not be deemed to be an unconditional confirmation of the Purchaser that the Goods, Services or Works are compliant with the provisions of the Contract and shall not prevent the Purchaser from subsequently requesting the Seller to correct the defects if it was objectively impossible to notice the defects at acceptance.

1.12.6. Title to the Goods and outputs of the Services or Works as well as the risk of accidental loss thereof shall pass to the Purchaser from the moment of transfer of the Goods and outputs of the Services or Works to the Purchaser.

1.13. Warranty

1.13.1. Where the Goods and the outputs of the Services or Works are covered by a quality warranty under the Contract, the warranty period shall start from the moment when all the Goods and the outputs of the Services/Works have been transferred to the Purchaser.

1.13.2. The Seller shall correct, at his cost, any defects of the Goods and the outputs of the Services or Works arising during the warranty period within 10 days from the date of receipt of the Purchaser's written request or within another reasonable time limit agreed by the Parties in writing. The Seller shall accept the Goods and the outputs of the Services/Works for warranty service at the location where they were transferred or had to be transferred to the Purchaser, unless the Parties agree otherwise.

1.13.3. In cases where software is delivered to the Purchaser, the Seller shall furnish the Purchaser with the patches for the purposes of software security and critical errors, issued prior to and during the warranty period (critical errors are those errors which affect the software functionality).

1.13.4. The warranty shall not apply to the defects which arose after the transfer of the Goods and the outputs of the Services or Works to the Purchaser due to the Purchaser's failure to comply with the use, maintenance and operating instructions.

1.13.5. The warranty term shall be suspended for the period during which the Goods and the outputs of the Services or Works could not be used due to the detected defects for which the Seller is responsible.

1.13.6. Should the Seller fail to start correction of the defects, to correct the defects and/or to repair direct damage done by the defect during the warranty term within the time limits stipulated in the Contract, the Purchaser may correct such defects himself or by hiring third parties at the Seller's cost. In such a case the Seller's warranty obligations shall remain in force and the Seller shall indemnify the Purchaser for related losses.

2. PRICE AND PAYMENT

2.1. Contract Price

2.1.1. The price of the Goods and the Services specified in the Contract shall be fixed and shall include all direct and indirect costs related to the execution of the Contract including: acquisition of equipment, materials, products, tools and other items (except when the Purchaser is obliged to provide them under the Contract), transportation, installation, drawing up of documentation, and all taxes and dues payable, which is required for the delivery of the Goods, provision of the Services or performance of the Works under this Contract unless the Contract explicitly states that such costs shall be paid separately.

2.1.2. The Contract Price may only be changed in the cases specified in the Contract. No additional payments that

have not been agreed in advance in writing by the Parties shall be made.

2.1.3. In case of change in the VAT rate, the amounts payable to the Seller under the Contract shall be changed accordingly. Such change in the VAT shall only affect payments for those Goods, Services and Works which have not been transferred to the Purchaser and for which no tax invoice has been issued. In case of change in the statutory VAT rate, the tax shall be paid at the new statutory rate without making amendments to the Contract.

2.2. Terms of Payment

2.2.1. Tax invoices (or other invoices to be submitted under the law) shall be submitted through the *E. saskaita* (E-invoice) information system. The Purchaser shall not accept invoices issued by any other method.

2.2.2. Should the Purchaser fail to pay in due time, the Seller shall be entitled to claim penalty at the rate of 0.04% of the outstanding amount for each delayed day.

2.2.3. The Purchaser shall have the right to retain amounts payable to the Seller under the Contract if defects of the Goods, Services or Works are found. The Purchaser shall be entitled to exercise such right of retention only to the extent necessary to ensure settlement of justified claims.

2.2.4. The Purchaser may make a set-off of his monetary claims against any amounts payable to the Seller on a unilateral basis by giving a written notice to the Seller. In cases where liabilities are denominated in different currencies, the Purchaser may, for the purposes of the set-off, convert the amount of any liability at the market exchange rate used in usual business activities.

3. LIABILITY

3.1. Losses and Penalties

3.1.1. Penalties stipulated in the Contract (fines and interest on late payments) shall be deemed to be liquidated damages resulting from the violation of the relevant provision of the Contract by the Party, the amount of which needs not to be proved by the injured Party. Payment of penalty shall not prevent the injured Party from requesting indemnification for losses not covered by the penalty.

3.2. Limitation of Liability

3.2.1. The Party shall be liable, under this Contract, for direct losses incurred by the other Party and shall not be liable for any indirect losses including lost profit, lost savings or lost business opportunities.

3.2.2. Direct losses shall be limited by the amount of the Contract Price, however, at least EUR 3,000 (provided that the Contract Price does not exceed EUR 3,000).

3.2.3. The total amount of penalties imposed under the Contract shall be limited to the amount accounting for 20% of the Contract Price, however, at least EUR 1,500 (provided that the Contract Price does not exceed EUR 3,000).

3.2.4. The liability limitation provisions of this Contract shall not apply to intentional damage, damage done due to gross negligence, and damage done to third parties.

3.3. Exemption from Liability

3.3.1. The Party shall not be held liable for failure to discharge its obligations under the Contract if the Party proves that the failure arose from circumstances [1] which were beyond control of the Party; [2] which the Party could not reasonably foresee at the time of entering into the Contract, [3] which or consequences of which could not be prevented by the Party; and [4] with respect to which the Party has not assumed any risks (hereinafter referred to as 'force majeure').

3.3.2. The Party shall not be exempted from liability if the failure to discharge the obligations has resulted from decisions, actions or omissions of the Party, its subcontractors, entities controlling the Party directly or indirectly, or entities under direct or indirect control of the Party, or employees (including strikes) or management bodies (or their members) thereof.

3.3.3. The Party shall inform the other Party about force majeure and its impact on the execution and time limits of execution of the Contract immediately but not later than within 5 working days from the date when force majeure occurred or came to light and shall provide evidence of existence of force majeure. In case of breach of the above provision, it shall be deemed that the force majeure had not affected the execution of the Contract until the moment of sending of the notice.

3.3.4. In case of occurrence of force majeure, the Party shall take all reasonable measures to minimise potential damage and the effect on the time limits of execution of the Contract.

3.3.5. The Party shall be exempted from liability only during the existence of force majeure and shall immediately renew the fulfilment of the obligations as soon as force majeure cease to exist.

3.4. Insurance

3.4.1. The provisions set out below in this Section shall apply in cases when the Contract stipulates the Seller's obligation to take out insurance or be covered by insurance.

3.4.2. The Seller shall conclude, at his own cost, insurance contracts and renew them if they expire prior to the date specified in the Contract, and shall furnish the Purchaser with the documents evidencing this.

3.4.3. The Seller may not make any amendments to the insurance contracts unless the Purchaser gives its prior consent. The Seller shall immediately inform the Purchaser if the insurer initiates amendments to the insurance contracts or goes bankrupt or becomes insolvent.

3.4.4. Should the Seller fail to conclude/renew the insurance contract in due time or fail to submit evidence of its conclusion, renewal or validity, the Purchaser shall be entitled to conclude insurance contracts himself on the terms and conditions stipulated in the Contract or suspend payment of any amounts due to the Seller until the Seller fulfils his obligations set out in this Section. Upon payment of the insurance premiums by the Purchaser, the Purchaser shall have the right to deduct them from the amounts payable to the Seller.

3.5. Security

3.5.1. If the Contract stipulates that a bank guarantee must be provided as a security of performance of the Contract, the guarantee shall be issued by a bank acceptable to the Purchaser, meet the requirements set out in the Contract, and remain in force throughout the term of the Contract plus 30 days thereafter. If the execution of the Contract has not been completed 30 days prior to the end of the term of validity of the performance security, the Seller shall renew, not later than 10 days prior to the end of the term of validity of the performance security, the bank guarantee or submit a new bank guarantee which shall remain valid during the remaining term of the Contract plus 30 days thereafter.

3.5.2. The bank guarantee shall be a first-demand, unconditional and irrevocable guarantee. The amount of the bank guarantee shall be denominated in the same currency in which payments are made under the Contract.

3.5.3. The bank guarantee shall state that:

a) The bank undertakes to pay to the Purchaser, within 10 days from the date of receipt of the Purchaser's written demand, an amount up to the amount specified in the bank guarantee;

b) The Purchaser is not obliged to justify his claims in the written demand and shall just state that the Seller has failed to discharge his contractual obligations or discharged them improperly;

c) The bank guarantee shall be subject to the *Uniform Rules for Demand Guarantees. ICC Publication No. 758*, with the exceptions set in the bank guarantee and imperative provisions of Lithuanian legal acts;

d) Any disputes between the Parties shall be settled in the courts of the Republic of Lithuania/Vilnius Commercial Arbitration (the bank guarantee shall specify one of such venues; if the Vilnius Commercial Arbitration is selected, the arbitration conditions (number of arbitrators, language of arbitration etc.) shall be specified);

e) The term of validity and the amount of the bank guarantee.

3.5.4. Prior to submitting the bank guarantee, the Seller may request the Purchaser to confirm that the bank guarantee offered by the Seller is acceptable. The Purchaser shall reply not later than within 3 working days after receipt of the request.

3.5.5. If the bank guarantee does not meet the requirements set forth in the Contract or if the Purchaser has information on the suspension or potential suspension of the operations of the issuing bank (including insolvency, liquidation or application of injunction), the Purchaser shall be entitled to reject the bank guarantee and/or consider it invalid and/or to request the Seller to submit a new bank guarantee, and the Seller shall submit such guarantee as soon as possible.

3.5.6. Should the Seller fail to submit the bank guarantee in due time, the Purchaser shall be entitled to demand full payment under the existing bank guarantee, or retain payments to the Seller in the amount of the guarantee. In such a case, the retained amounts shall be paid to the Seller, upon deduction of any lawful set-offs, upon submission of a new bank guarantee or after the obligation to submit it ceases to exist.

3.5.7. Upon due completion of execution of the Contract and due discharge of all contractual obligations by the Seller, the Purchaser shall release the bank guarantee at the Seller's request.

4. CONTRACT

4.1. Entry into Force

4.1.1. The Contract shall enter into force on the moment of its signature (unless the Contract stipulates otherwise) and shall remain in force until complete fulfilment of contractual obligations of the Parties or until termination of the Contract. Contractual provisions on warranty, liability, confidentiality, data security, intellectual property, notices, language, settlement of disputes and other provisions which should survive expiry of the Contract due to their substance shall survive expiry or termination thereof.

4.1.2. Amendments to the Contract shall be valid provided that they have been executed in writing and signed by both Parties.

4.1.3. Should any provision of the Contract become invalid in full or in part as a provision contradicting the applicable legal acts or for any other reason, the remaining provisions of the Contract shall remain in full force. In such a case the Parties shall negotiate in good faith in order to replace such invalid provision with another

legally valid provision which would have, to the largest extent possible, the same legal and economic effect as the replaced provision. The replacement shall be made by mutual written agreement of the Parties.

4.2. Termination and Amendments

4.2.1. The Party shall have the right to terminate the Contract unilaterally, on an out-of-court basis by giving the other Party a 10 days' written notice in the following cases:

- a) bankruptcy, restructuring or liquidation proceedings have been instituted against the other Party, or the Party has suspended its operations, or analogous situation exists under the law;
- b) Execution of the Contract has been suspended for more than 120 days due to force majeure.

4.2.2. The Purchaser shall have the right to terminate the Contract unilaterally by giving the Seller a 10 days' written notice if:

- a) the Seller is in breach of the material terms and conditions of the Contract and/or the Seller has failed to furnish the Purchaser, at the latter's request, with sufficient evidence that these terms and conditions will be duly complied with;
- b) the Seller has assigned his rights and liabilities under the Contract to third parties without the Purchaser's written consent;
- c) the Seller no longer meets the minimum qualifications requirements laid down in the Tender Conditions and/or has forfeited the right to engage in the activities referred to in the Contract;
- d) the Seller has failed to furnish the Purchaser, at the latter's request, with evidence denying the circumstances that can potentially lead to termination of the Contract;
- e) for other reasons referred to in the Contract and legal acts;
- f) for other valid reasons not referred to in the Contract and legal acts. In such a case the Purchaser shall indemnify the Seller for justified costs which the Seller incurred in the execution of the Contract prior to receipt of the Purchaser's notice and which have been agreed and approved by the Purchaser in advance.

4.2.3. The Seller shall have the right to terminate the Contract by giving the Purchaser a 10 days' notice if the Purchaser delays making a payment for more than 30 days.

4.2.4. In case of termination of the Contract due to the fault of the Seller, the Purchaser shall have the right to claim payment of a fine accounting for 5% of the Contract Price.

4.2.5. The Contract shall be subject to termination by mutual written agreement of the Parties or following the procedure set forth in Article 98 of the Republic of Lithuania Law on Procurement Conducted by Contracting Entities Operating in the Water, Energy, Transport or Postal Services Sectors (the 'Law on Procurement').

4.2.6. Amendments to the Contract may be made by written agreement of the Parties or following the procedure set forth in Article 97 of the Law on Procurement.

4.3. Interpretation

4.3.1. The Contract including its interpretation shall be governed by the Lithuanian law.

4.3.2. Unless the context otherwise requires words in the Contract denoting the singular shall include the plural and vice versa.

4.3.3. Headings are provided in the Contract for convenience only and shall not be used directly for the interpretation of the Contract.

4.3.4. All the terms referred to in the Contract shall be counted in calendar days, months and years unless the Contract stipulates otherwise.

4.3.5 Working days as referred to in the Contract shall mean any day of the week from Monday until Friday except holidays established in the Labour Code of the Republic of Lithuania. Where a term specified in the Contract ends on a day which is a non-working day, the time limit shall be postponed until next working day. Working time shall mean the working hours from 07:30 to 16:30. EET/EEST time zone shall apply.

5. FINAL PROVISIONS

5.1. Representations and Warranties

5.1.1. The Parties hereby represent and warrant that:

- a) the Party has entered into the Contract with the aim to implement its provisions and being capable to fulfil its contractual obligations thereunder in the set scope and within the set time limits;
- b) the Party is solvent and financially capable to execute the Contract, its operations have not been restricted, no restructuring or liquidation proceedings have been instituted against it or are pending, it has not suspended or restricted its operations, and no bankruptcy proceedings have been instituted against it;
- c) the Party has obtained all the permits, decisions, consents and approvals required for the conclusion of the Contract and for the full and proper fulfilment of the obligations thereunder.

5.1.2. The Seller also represents and warrants that:

- a) the Seller is fully conversant with all the information and documents related to the subject and object of the Contract that are required for the fulfilment of contractual obligations thereunder, and this documentation and the information contained therein is fully sufficient for the Seller to duly fulfil all his obligations under the Contract in a quality manner. The Seller hereby confirms that he has examined the documents referred to in the Contract, which were submitted to him in advance, understands them, and has satisfied himself that, to the best of the Seller's knowledge, they contain no mistakes or other deficiencies which would prevent the Seller from the due and timely fulfilment of his obligations;
- b) the Seller possesses all the technical, intellectual, physical, organisational, financial and other capacities required and enabling the Seller to properly execute the Contract.

5.2. Intellectual Property

5.2.1. The Seller shall ensure that the Purchaser will be able to use, at his own discretion, unrestrictedly (in terms of both time and territory) and free of charge, all the Goods and the outputs of the Services and Works transferred to him according to their intended purpose. The Purchaser shall use any industrial and intellectual property objects transferred to him together with the Goods and outputs of the Services and Works in accordance with the terms and conditions of relevant licences to the extent to which such use is not contrary to the terms and conditions of the Contract.

5.2.2. The Parties agree that the Purchaser shall be the exclusive owner of any outputs of the Services developed or created by the Seller, his employees, subcontractors or other third parties during implementation of this Contract using any materials, documents, information etc. provided by the Purchaser (hereinafter referred to as 'the Works') from the moment of development/creation thereof. The Purchaser shall also be the exclusive owner

of any industrial and intellectual property rights to the Works transferred to the Purchaser together with the Works, including but not limited to the right to: [1] reproduce the Work in any form and by any method; [2] publish the Work; [3] translate the Work; [4] adapt, arrange, stage or otherwise remake the Work; [5] distribute the Work, as an original or a copy, by selling, leasing, providing on loan-for-use basis or otherwise transferring to possession or control, or by importing or exporting; [6] displaying the Work, as an original or a copy; [7] publicly perform the Work in any form and by any method; [8] broadcast, re-broadcast or otherwise disseminate the Work (including providing access to the Work on the Internet) and alter, adapt or modify the Work otherwise, in any form and by any method, without the consent of the Seller, his employees or any third parties hired for the execution of the Contract. The rights referred to in this paragraph shall be transferred to the Purchaser free of charge for the entire term of validity of such rights, without territorial restrictions, to the maximum extent permitted by the law.

5.2.3. In order to ensure proper implementation of the provisions set out in this Section, the Seller shall conclude the relevant agreements with his appointed employees, subcontractors and third parties. The Purchaser shall hold the Purchaser harmless against any third party claims concerning the use of intellectual property objects provided that the use by the Purchaser does not violate the terms and conditions of the Contract.

5.3. Confidentiality

5.3.1. The Seller shall not disclose, transmit or otherwise transfer to third parties any information received from the Purchaser for the execution of the Contract and any information developed by the Seller in the process of execution thereof as well as content of the Contract irrespective of the form of presentation of the information ('Confidential Information').

5.3.2. Confidential Information shall not include information which [a] is publicly available; [b] has been received from a third party to which the Purchaser applies no restriction in terms of disclosure; [c] may not be designated as confidential according to current legislation; and [d] has been designated in writing by the other Party as non-confidential information.

5.3.3. Should the Seller have any doubts over confidentiality of any information, the Seller shall treat it as the Confidential Information.

5.3.4. The Seller shall safeguard the Confidential Information in a reasonable manner in accordance with the applicable professional standards and shall use, copy and disclose it to the Seller's employees, members of management bodies and third parties (subcontractors and legal, financial, business and technical consultants), provided that they have signed the relevant confidentiality undertakings, only to the extent necessary for the fulfilment of obligations under the Contract.

5.3.5. Should the Seller disclose the Confidential Information, the Seller shall pay to the Purchaser a fine of EUR 3,000.

5.4. Conflict of Interests

5.4.1. The Seller shall avoid any conflict of interests which could have an adverse effect on an unbiased and objective execution of the Contract. Such conflict of interests may arise for economic, political, family, emotional or any other reasons.

5.4.2. The Seller shall immediately notify any existing or potential conflict of interests arising from the Contract to the Purchaser in writing and shall take necessary action in order to rectify the situation.

5.5. Language

5.5.1. Communication and correspondence between the Parties for the purposes of the Contract shall take place in the Lithuanian language unless the Parties agree otherwise. In case if the Seller's registered office / place of residence is in a country other than the Republic of Lithuania, correspondence may take place in English or in any other language agreed by the Parties.

5.5.2. Any documentation prepared by the Seller shall be in Lithuanian unless the Contract stipulates otherwise or the Parties agree otherwise in writing.

5.6. Notices

5.6.1. Any notices to be served under the Contract or the applicable law shall be served to the other Party under signature or sent by registered post, fax or electronic mail to the addresses/numbers indicated in the Contract. A notice shall be deemed to be duly served upon confirmation of the receiving Party or upon expiry of 5 working days from the posting of a registered letter to the address of the Party provided in the Contract (if the notice is sent within the Republic of Lithuania).

5.6.2. The Parties shall inform each other about a change in their details in writing in advance. Any notices (documents) sent by the Party to the other Party prior to receiving an address change notice shall be deemed to be duly served.

5.6.3. All the notices, requests, applications, invoices, statements and correspondence sent by the Party to the other Party shall contain a reference to the number and date of the Contract.

5.7. Settlement of Disputes

5.7.1. Any disputes, disagreements or claims arising from or related to the Contract or its violation, termination or validity shall be resolved by the Parties by negotiations.

5.7.2. In case of failure to reach an agreement by negotiations, the dispute, disagreement or claim shall be settled in the court of the Republic of Lithuania having jurisdiction over the registered office of the Purchaser.

5.8. Assignment of Rights

5.8.1. The Purchaser shall have the right to assign his rights and/or liabilities arising from the Contract to a third party without obtaining the Seller's consent. The assignment of the rights and/or liabilities shall be notified to the Seller by a written notice.

5.8.2. The Seller may not assign his rights and/or liabilities arising from the Contract to third parties unless the Purchaser gives his written consent. Should the Seller fail to comply with this provision, the Seller and the assignee shall be jointly and severally liable to the Purchaser.

5.9. Waiver

5.9.1. Failure to exercise any right arising from the Contract shall not mean that the Party has waived such right unless the Party executes a waiver document.

5.10. Contract Documents

5.10.1. The Contract may be made in a number of counterpart copies having the same legal force and constituting the same Contract.