

## FRAMEWORK AGREEMENT

14.04.2026 nr 2-2/26/288

**Estonian Centre for Defence Investments** (registry code 70009764, address Järve 34a, 11314 Tallinn, Estonia),

**Estonian Defence Forces** (registry code 70008641, address Juhkentali 58, 15007 Tallinn, Estonia), represented by Elmar Vaher Director General pursuant to statute (hereinafter the **buyer**),

and

**Finnsvala Oy** (registry code 0764063-3, address Paanutie 4, 86710 Kärsämäki, Finland), represented by Aakko Eija Sanna Onerva, CEO (hereinafter the **seller**),

separately **party** and jointly **parties**, has concluded the following framework agreement (hereinafter the **agreement**):

### 1. Basis and object of concluding the agreement

- 1.1. The agreement has been concluded based on the procurement documents "**Production and Product Development of Soldier's Clothing Equipment**" (reference number 303288) (hereinafter the public procurement) and the tender submitted by the seller in this public procurement.
- 1.2. Under the agreement, the items are procured through both required and optional centralised public procurement, which means that the agreement concluded by the Estonian Centre for Defence Investments as a central purchasing body can also be used by other contracting authorities who are using the centralised public procurement service of the Estonian Centre for Defence Investments in accordance with § 30 clause 2 of the Public Procurement Act.
- 1.3. The buyer has entered into the agreement with the seller based on the seller's tender, the seller's statements and confirmations in the agreement, and assuming in good faith the seller's professionalism and ability to fulfill the agreement properly. If subcontractors are used, the seller remains responsible to the buyer for the proper performance of the agreement.
- 1.4. The seller declares and confirms that:
  - 1.4.1. They and their representative have all the rights and authorizations to enter into the agreement;
  - 1.4.2. They have read the agreement and the procurement documents and fully understands the nature and consequences of the obligations taken, and agree to the conditions;
  - 1.4.3. The performance of the agreement does not harm the rights of third parties and there are no circumstances that would exclude their right to conclude the agreement and perform it properly;
  - 1.4.4. They have all the valid permits, registrations, representation rights and certificates required for the performance of the agreement and upon their expiration during the validity period of the agreement, undertakes to extend/renew them. If renewal of the permits, registrations, representation rights and certificates is not possible due to circumstances not depending on the seller, they shall immediately notify the buyer thereof;
  - 1.4.5. In relation to the goods transferred to the buyer or the service provided, third parties do not have any claims or other rights that third parties have the right to enforce in relation to the goods or services;
  - 1.4.6. The goods are not the subject of an international sanction and do not originate in a sanctioned territory within the meaning of the International Sanctions Act.

- 1.5. The subject of the agreement is the manufacturing of various items of soldier clothing used by the Defence Forces (including individual tailoring) (hereinafter the **goods**) as well as product improvement and product development services (hereinafter the **service**).
- 1.6. Under the agreement and the conditions set out therein the seller undertakes to sell goods and provide services to the buyer, and the buyer undertakes to accept the goods and pay the seller the purchase price of the goods/services in money. If the goods are purchased together with a service, the terms of the service contract as stipulated in the Law of Obligations Act shall apply to the service to the extent that they are not regulated, are inconsistent or incompatible with the nature of the service.
- 1.7. The conditions of service provision, type of goods, name, specification, quantity, cost, delivery places, delivery times, buyer's contact person are stipulated in the procurement contracts, if possible. If all the necessary conditions are not known at that moment, the necessary information will be sent by e-mail during the execution of the procurement contract.
- 1.8. The goods and services must correspond primarily to the procurement documents and then to the tender submitted by the seller. The delivered goods and services shall meet the terms of the agreement, including quality, type, description and quantity. The documents and packaging accompanying the goods and services shall also meet the terms of the agreement.
- 1.9. The hierarchy of documents is as follows: the technical specifications of the public procurement with the specifications provided in the reopening of competition or the tender proposal, the agreement with the specifications provided in the procurement contract, and then the tender submitted by the seller. The standard conditions governing the sale of the seller's goods or the provision of services can be applied only to the extent that does not conflict with the conditions set forth in this agreement.

## 2. Parts of the agreement

Integral parts of the agreement are the procurement documents, the seller's public procurement tender and its annexes, explanations given during the public procurement procedure, letters of confirmation, tender proposals and tenders submitted on the basis of the agreement, procurement contracts concluded on the basis of the agreement, notifications sent between the parties and all amendments to the agreement and procurement contract to be concluded. If a procurement contract has not been concluded, orders, order letters, purchase orders or anything else with which a financial obligation is made are also considered as procurement contracts.

## 3. Conclusion of procurement contracts

- 3.1. Procurement contracts are awarded under the agreement on the basis of the buyer's needs either for a one-time order (hereinafter the **one-time purchase**) and/or for a fixed period (hereinafter the **duration contract**), during which orders are made. The agreement without a procurement contract does not oblige the buyer to purchase goods or order services from the seller.
  - 3.1.1. A procurement contract for a one-time purchase is concluded between the partners of the agreement as a result of a reopening of competition, which is not purchased under a duration contract. If the expected cost of a one-time purchase is more than 5000 euros without VAT and the buyer has concluded agreements with several tenderers in the public procurement, the buyer is obliged to organize a reopening of competition between all partners of the agreement. If the expected cost of the one-time purchase is less than the above-mentioned cost, the buyer may organize a reopening of competition or purchase the goods or order the service from any supplier whose price is, at the moment of placing the order, the most economically advantageous compared to the fixed price.

- 3.1.2. The duration contract is concluded between the partners of the agreement as a result of a reopening of competition for the purchase of goods or the ordering of a service within a certain period (the length of the period is specified in the terms of the reopening of competition) on the basis of the list and descriptions of the goods or services specified in the public procurement and described in the technical specifications or specified in the reopening of competition. Under a duration contract, the buyer has the right to order the goods or services specified in the technical specifications from the successful tenderer during the duration contract period. The duration contract is performed on the basis of purchase orders submitted by the buyer, in which, if necessary, e.g. quantity, time and place of delivery or time and place of service provision, contact person, etc. are specified.
- 3.2. A reopening of competition is generally organized in the Public Procurement Register for a one-time purchase and/or for the conclusion of a duration contract based on the following procedure:
    - 3.2.1. The buyer sets a reasonable deadline for submitting tenders, taking into account the complexity of the subject of the procurement contract and the time required for submitting tenders.
    - 3.2.2. The buyer shall specify in the reopening of competition the conditions of that reopening of competition, the list and specifications of the goods or services to be ordered, the time-limits for the delivery/transport of the goods or the provision of the service and any other information necessary for the preparation of the tender. In the proposal for a tender, the buyer shall specify whether it intends to make a one-time purchase or to conclude a duration contract.
    - 3.2.3. The tender submitted by the seller shall be valid for at least 60 calendar days from the deadline for submitting the tender, unless otherwise stated in the tender proposal.
    - 3.2.4. The buyer has no obligation to purchase all the goods listed in the technical specifications of the reopening of competition or to order services after receiving the tenders submitted in the reopening of competition if the buyer's capabilities and needs have changed by the time of procurement contract conclusion.
    - 3.2.5. In the event that the service requires follow-up or additional activities that the buyer was unable to foresee in the reopening of competition, the buyer continues with the seller who initially provided the service without organizing a new reopening of competition.
    - 3.2.6. The buyer evaluates and compares the tenders according to the percentages of the tender evaluation criteria specified in the conditions of the reopening of competition and recognizes as successful the tender that is the most economically advantageous of the tenders recognized as compliant based on the evaluation criteria of the tenders.
    - 3.2.7. The buyer shall use for awarding the procurement contract the weighting criteria of cost (total cost, unit price) (weighting of 100 points) or a combination of cost (total cost, unit price, % discount for products not covered by the contract) (weighting of 40-90 points) and the quality criterion (weighting of 10-60 points) to determine the most economically advantageous tender in a reopening of competition. The buyer will use price as the sole criteria in a case where the quality criteria listed in 3.2.7.2 would be deemed unfit to evaluate any given object of the procurement.
      - 3.2.7.1. The award criteria and their weighting shall be specified in the conditions of the reopening of the competition.
      - 3.2.7.2. For the quality criteria, the buyer can use the following criteria:

- Delivery time/speed (the less the better) – will be used in case the timeframe between placing the order and fulfilling the order is short due to the buyer’s needs.
- Warranty duration (the more the better) – will be used if the buyer wishes to award additional points for extended warranty periods.
- Environmental criteria (evaluated by the buyer, evaluation method will be specified in the reopening of the competition in case the criteria will be used) – will be used in case the buyer wishes to award points for the goods’ effect on the environment.
- Product samples; their quality and usability (evaluated by the buyer, evaluation method will be specified in the reopening of the competition in case the criteria will be used). Will be used if the end-user has deemed the quality or the usability more important than usually.
- Necessary experience, certificates, skillset of the workforce, practice in terms of carrying out the contract (evaluated by the buyer, evaluation method will be specified in the reopening of the competition in case the criteria will be used). Will be used if the object of the procurement is specific enough for the buyer to require previous experience.
- Location of production and/or the logistically closest location of the goods (evaluated by the buyer, the evaluation method will be specified in the reopening of the competition) – this criterion is used if the buyer wishes to award additional points for the place/region of production of the goods and/or for the location of the goods that is logistically closest to the buyer and ensures higher delivery reliability.

3.2.8. The buyer can, in reopening of the competition, ask for product samples to evaluate compliance to the requirements set in the procurement documents as well as for visual assessment, to evaluate the quality, usability or functionality. In doing so, the buyer can involve independent third-party experts.

3.2.9. The buyer shall inform all agreement partners of the results of the reopening of the competition, including those who did not submit a tender, and shall purchase the goods or order the service from the tenderer whose tender has been declared successful.

3.2.10. In the event that the tenderer who submitted a successful tender at the reopening of competition withdraws the tender before concluding the procurement contract or does not begin to fulfill the procurement contract on time, the buyer has the right to approach the seller(s) whose tender was next in the ranking as the most economically successful and conclude the procurement contract without conducting a new reopening of competition and demand from the tenderer who submitted the successful tender (in the ranking from the first) to pay the price difference compared to the cost of the next successful tender and any additional costs in accordance with § 119 of the Public Procurement Act.

3.2.11. In the event that more than one tender should be successful in the reopening of competition due to the submission of equal tenders, a raffle will be used to determine the successful tender. The buyer communicates the raffle procedure to the sellers before the raffle.

3.2.12. The buyer may reject all tenders submitted in the reopening of competition if at least one or more of the following circumstances occur:

3.2.12.1. tenders are unreasonably expensive for the buyer;

3.2.12.2. during the reopening of competition, the buyer has become aware of information that excludes or makes it impractical for the buyer to conduct the reopening of competition under the conditions stated in the procurement documents of the reopening of competition, or the

- conclusion of the procurement contract on the predetermined conditions determined during the reopening of competition would not meet the buyer's previous needs or expectations due to changed circumstances;
- 3.2.12.3. the subject of the procurement contract is no longer required, which does not depend on the buyer, or for reasons which are due to or arise from changes in legislation, administrative acts and actions of higher authorities or other similar arrangements;
  - 3.2.12.4. the buyer rejects the tender submitted to the reopening of competition, on the basis of which the procurement contract concluded would be null and void on the basis of § 7 clause 1 of the International Sanctions Act.
- 3.3. By submitting a tender in the reopening of competition, the seller confirms acceptance of all the conditions set out in the proposal for the submission of a tender. The submission of a conditional tender in a reopening of competition is not allowed, and the buyer rejects a conditional or non-compliant tender (§ 114 clauses 1 and 2 of the Public Procurement Act).
  - 3.4. If, as a result of public procurement, agreement is concluded with only one partner, or if the number of agreement partners is reduced to one, the buyer may reject the submitted tenders on the above grounds.
  - 3.5. If, as a result of the public procurement, less than two partners of the agreement are reached, or during the period of validity of the agreement, the number of sellers of the agreement decreases to one, the purchase of goods and the ordering of services are carried out based on the following procedure:
    - 3.5.1. The buyer shall submit to the seller a proposal for the submission of a tender.
    - 3.5.2. The seller submits the tender together with the cost of the goods or services no later than 5 days after receiving the tender proposal from the buyer. If the seller is unable to meet this deadline, he will notify the buyer immediately.
    - 3.5.3. The buyer agrees to the tender by signing the procurement contract or refuses the tender within 14 days at the latest.
  - 3.6. The procurement contracts shall be concluded at least in a form that can be reproduced in writing. If the value of the procurement contract without VAT is 50 000 euros or more, the parties conclude the procurement contract as a document signed by both parties.
  - 3.7. The buyer may order goods or services with an estimated cost of up to 5 000 euros without VAT from a freely chosen tenderer who is a party to the agreement, provided that the total cost of these purchases does not exceed 20% of the estimated cost of the entire agreement. The basis of § 30 clause 8 of the Public Procurement Act is primarily used for quick and small-scale purchases (e.g. the need to urgently purchase individual goods). In addition, the buyer uses the mentioned basis if the partner of the duration contract informs during the period of the duration contract that he is unable to fulfill the contract at least partially. The buyer makes a choice between the partners of the agreement in a sequence based on buyers own needs, which takes into account speed (how quickly the desired goods can be obtained), the availability of the necessary goods (whether it is immediately available in the assortment), as well as whether individual quantities are purchased in addition to the previously purchased goods. The details of the delivery shall be agreed in the procurement contract.
  - 3.8. The buyer has the right to order from the seller also other goods or services that meet the requirements of the technical specifications (goods and services, the purpose of which is the same). Ordering of the named goods or services is carried out during reopening of competition between the partners of the agreement or by submitting proposals for the submission of tenders if there is one seller, in which the buyer provides the sellers with exact technical descriptions and the conditions for pricing the goods or services.

#### **4. Rights and obligations of the buyer**

- 4.1. The buyer shall have the right to continuously check the fulfillment of obligations arising from the agreement and the documents related to the purchase of goods or the ordering of services, and to request information about the fulfillment of the agreement at any time.
- 4.2. The buyer shall have the right to verify the accuracy and correspondence of the invoices, calculations and other costs presented by the seller. If necessary, the buyer has the right to demand invoices from subcontractors.
- 4.3. The buyer has the right to consult with the seller on questions related to the goods or services, for example, questions related to the delivery and use of the goods or the provision of services.
- 4.4. The buyer has the right to demand the immediate elimination of defects in the goods or services.
- 4.5. The buyer has the right to demand compensation for damages caused by the fault of the seller.
- 4.6. The buyer reserves the right to purchase goods and/or order services in addition to the agreement if: no seller submits a tender; the tenders submitted by the sellers do not meet the requirements; no seller is able to perform the procurement contract or has withdrawn from the agreement or procurement contract; the price of the tendered goods and/or services is unreasonably high compared to the average market price and economically unreasonable for the buyer.
- 4.7. The buyer undertakes to pay the seller in accordance with the agreement for the goods delivered or the service provided under the conditions stipulated in the agreement.
- 4.8. The buyer undertakes to respond within a reasonable time to all requests submitted by the seller for clarification of instructions.
- 4.9. The buyer undertakes to inform the seller as soon as possible about problems related to the execution of the procurement contract.

#### **5. Rights and obligations of the seller**

- 5.1. The seller undertakes to provide the buyer, upon request, with a summary statement of the goods purchased from the seller or the service ordered, for the specified period (including the date of the conclusion of the procurement contract or purchase order, name of the goods, quantity and cost without VAT, the total cost of procurement contracts/purchase orders without VAT, etc.) in MS Excel or in another format as agreed with the buyer within 10 days from receiving the corresponding claim, unless the parties have agreed otherwise.
- 5.2. The seller undertakes to provide information (volume and purpose) about the subcontractors at the request of the buyer. In the event that the seller has provided relevant information before concluding the agreement, the seller must coordinate with the buyer in advance the change of previously mentioned persons.
- 5.3. The seller undertakes to immediately inform the buyer of the circumstances preventing the performance of the agreement.
- 5.4. The seller undertakes to immediately inform the buyer about a cyber attack and a cyber incident related to the buyer directed against the seller, and to submit a cyber incident report to the buyer at the request of the buyer.
- 5.5. The seller undertakes to comply with the terms of fair trade when fulfilling the agreement, to be based on environmentally sustainable principles, and not to use slave and child labor.
- 5.6. The seller undertakes to inform the buyer immediately if he cannot deliver the goods or provide the service by the agreed deadline.
- 5.7. The seller undertakes to deliver the goods and/or provide the service on time and in a duly agreed upon volume and frequency in accordance with the conditions stipulated in the agreement and during the order submission, the requirements, norms and standards applied in best practice.

- 5.8. In case the seller relies on another company to conform to the qualification criteria, the seller is obliged to use the same company during the fulfilment of the agreement. In a case where the seller wishes to replace the company, doing so is only allowed with the permission of the buyer.
- 5.9. The seller has the right to receive the agreed payment for the goods delivered or the service provided under the conditions stipulated in the agreement.
- 5.10. The seller has the right to receive instructions, explanations or other information from the buyer that affects the execution of the agreement.
- 5.11. The seller has the right to make suggestions regarding the better organization of activities related to the delivery of goods or the provision of services.

## **6. Packaging and marking of goods**

- 6.1. The seller shall provide the goods with packaging, which ensures the unchanged condition of the goods during transport and storage.
- 6.2. The packaging and marking of the goods shall comply with the requirements provided by the buyer.

## **7. Delivery and receipt of goods and services**

- 7.1. To the delivery and receipt of the goods Incoterms® 2020 DAP delivery terms apply, unless otherwise agreed in the procurement contract. Places of delivery and more detailed delivery conditions are specified in procurement contracts. The seller has the right to use a third-party warehouse for the delivery of the goods, where the conditions set by the third party may apply, which are presented in the procurement documents of the reopening of competition or in the tender proposal.
- 7.2. In the event that the goods are subject to the export control obligation of the seller's country of residence, the seller shall provide the buyer with an up-to-date form of the end-user certificate and secure the necessary export license.
- 7.3. The actual delivery shall usually take place in working days from Monday to Thursday 08:30-15:00, except for national and public holidays and the working days preceding them and the last three working days of each month, unless otherwise agreed in the procurement contract.
- 7.4. The seller sends the delivery notice to the buyer for the delivery of the goods at least 5 working days before the planned delivery to the e-mail address specified in the procurement contract (a copy should be sent to the e-mail address [sodur@rkik.ee](mailto:sodur@rkik.ee)), unless otherwise agreed in the procurement contract. In the delivery notice, state:
  - 7.4.1. The name of the goods;
  - 7.4.2. Procurement contract and/or purchase order number;
  - 7.4.3. Public procurement reference number 303288;
  - 7.4.4. Quantity to be delivered, including the number of pallets, containers, etc.;
  - 7.4.5. Dimensions of the logistic unit;
  - 7.4.6. Way of packaging (film packaging, mesh packaging, on a euro pallet, etc.);
  - 7.4.7. The type of transport used to deliver the shipment (van, truck, etc.) and quantity;
  - 7.4.8. Specific requirements or needs for unloading the shipment;
  - 7.4.9. The planned delivery date and time of the shipment;
  - 7.4.10. The delivery address of the destination.
- 7.5. The seller gives the goods to the buyer, and the buyer accepts the goods under the conditions agreed in the procurement contract. If the seller informs about the delivery less than 10 working days before it takes place, or if all the specified documents are not included with the delivery notification, the buyer has the right not to accept the goods. In this case, all costs incurred shall be borne by the seller until the goods have been correctly delivered.
- 7.6. The seller submits the delivery note together with the delivery notice or at the latest at the moment of handing over the goods or after the provision of the service, unless otherwise agreed in the procurement contract. The delivery note shall state:

- 7.6.1. Seller details;
  - 7.6.2. Buyer details;
  - 7.6.3. The name of the recipient of goods and/or services;
  - 7.6.4. Procurement contract and/or purchase order number;
  - 7.6.5. Public procurement reference number 303288;
  - 7.6.6. Product name, product code and quantity or type of service and time of provision.
- 7.7. In addition to the delivery note, the seller undertakes to hand over to the buyer all the documents necessary for receiving, possessing, using and disposing of the goods.
  - 7.8. The buyer has the right to check the compliance of the quality of goods or services with the terms of the agreement and procurement contract within two weeks. In this case, the buyer will draw up a quality control act, if necessary, which he will forward to the seller.
  - 7.9. The buyer shall draw up handover-acceptance act regarding the purchase of goods or the provision of services, which shall be signed by both parties and forwarded to the seller, if necessary together with the quality control act. A handover-acceptance act signed by both parties is also considered as a delivery note.
  - 7.10. In the absence of a delivery note, the buyer has the right to take possession of the corresponding goods, but handover-acceptance is deemed to have taken place upon receipt of a correct delivery note. The buyer has the right to refuse to sign the handover-acceptance act if the goods have visually visible defects.
  - 7.11. In the event that a party encounters unforeseen circumstances during the export and/or import of goods (e.g. delay due to inactivity of authorities, lack of necessary documentation, etc.), the party shall be obliged to inform the other party of such circumstances at the earliest opportunity.
  - 7.12. The seller shall bear the costs arising from the delivery of the goods and the transport until the delivery of the goods. The costs and expenses related to the goods will also be borne by the seller until the goods are handed over, except for costs caused by circumstances arising from the buyer.
  - 7.13. In the event that during the performance of the agreement it turns out that it is not possible to receive the goods, the buyer has the right to exchange the goods for equivalent or better goods with the consent of the buyer. The seller proves the equivalence of the goods. The price specified in clause 8.2 of the agreement applies to equivalent goods and services.
  - 7.14. The seller forms a handover-acceptance act regarding the provision of the service, which is signed by both parties. The buyer has the right to refuse to sign the handover-acceptance act if the provided service does not meet the conditions stipulated in the agreement. In the event of refusal to accept the service, the parties contact persons of the procurement contract shall draw up a relevant act in written form, and the seller is obliged to eliminate the deficiencies stated in the act by the deadline agreed by the buyer's and seller's contact persons, which may not be longer than 14 calendar days, unless the parties have agreed otherwise. The buyer may specify in the procurement contract the procedure for preparing and submitting the handover-acceptance report.

## **8. Agreement value and payment terms**

- 8.1. The estimated maximum total value of the agreement in the public procurement is 25 000 000 euros, plus VAT in the cases provided for by law.
- 8.2. In the case of one-time purchases, the fixed prices are formed on the basis of reopening of competition organized by the buyer or proposals for submitting a tender. The prices offered for the conclusion of a duration contract are fixed for the duration of the duration contract.
- 8.3. The unit prices of the service include all costs necessary to fulfill the agreement, including the activities listed in the technical description. The service is paid for according to the ordered and actually provided service, based on the handover-acceptance act signed by both parties.
- 8.4. One e-invoice is submitted for one delivery or service provided, unless otherwise agreed.

- 8.5. The seller issues the invoice as an e-invoice (in machine-readable XML format). If a seller, registered outside the Republic of Estonia, is not able to issue an e-invoice for technical reasons, it shall issue the invoice in PDF format to the buyer's contact person's email address specified in the agreement, unless otherwise agreed in the procurement contract.
- 8.6. The seller issues an invoice containing the following information:
- 8.6.1. Details of the payer (payer of the invoice):  
**Estonian Centre for Defence Investments** (registry code 70009764, address Järve 34a, 11314 Tallinn);  
**Estonian Defence Forces** (registry code 70008641, address Juhkentali 58, 15007 Tallinn).
- 8.6.2. Other information to be included in the invoice:  
Name of the contact person (to be specified in the procurement contract);  
Agreement number \_\_\_\_\_;  
Procurement contract (purchase order) number;  
Public procurement reference number 303288;  
Quantity and name of goods/type of service and time of provision;  
15-digit reference number of the contract part in the public procurement register (if available), which can be found in the data of the agreement concluded with the seller in the public procurement register.
- 8.6.3. Bank Details:  
Bank: Suomenselän Osuuspankki  
Account number (IBAN): FI96 5205 0320 0028 03  
SWIFT: OKOYFIHH
- 8.7. The buyer shall pay for the goods and/or services received in accordance with the terms of the agreement to the billing account presented on the invoice within 28 days after receiving the invoice in accordance with the terms of the agreement. The invoice submission is based on the quality control act and/or the delivery note and/or the handover-acceptance act signed by the parties.
- 8.8. The buyer shall not accept an invoice which does not comply with the terms of the agreement. In such case, the seller will submit a new invoice within seven days. The payment is considered to be finalized when the bank of the buyer accepts the payment order.
- 8.9. Before paying an invoice with a value of 10 000 EUR or more including VAT, the buyer checks the absence of the seller's tax debt via the Tax and Customs Board's website. If a tax debt of at least 10 000 EUR exists, the buyer shall inform the Tax and Customs Board of the amount payable.
- 8.10. The seller is obligated to issue a separate invoice for costs relevant to NATO Armed Forces.
- 8.10.1. For goods ordered for NATO Armed Forces, a 0% VAT rate applies, in accordance with § 15 of the Value-Added Tax Act.
- 8.10.2. Conditions for goods ordered for NATO Armed Forces shall be agreed upon within the corresponding procurement contract or purchase order.
- 8.10.3. The basis for tax relief is proof of exemption from VAT, issued by the buyer to the seller.

## 9. Force majeure

- 9.1. Breach of contractual obligations is excusable if the party has breached the obligation due to force majeure. The parties consider force majeure to be a circumstance that the breaching party could not influence and, based on the principle of reasonableness, could not be expected to take this circumstance into account or to avoid it at the time of concluding the agreement, or to overcome the impeding circumstance or its consequence, e.g. natural

- disasters, general power outages, military operations, blockade. The parties do not consider the inability of the seller's third-party contractor to perform the agreement as force majeure.
- 9.2. If any circumstances corresponding to the force majeure led to a failure to perform the agreement within the period specified in the agreement or any annexes thereto, and their effect is temporary, the behavior of the party who breached the contractual obligation is only excused for the period during which the force majeure impeded the performance of the obligation.
  - 9.3. In the event of force majeure, the time limit for the performance of a contractual obligation shall be postponed in accordance with the duration of the force majeure event, but for no more than 90 days, unless otherwise agreed by the parties. In case of force majeure, the procurement contract will be amended, if necessary, regarding the delivery time.
  - 9.4. A party that is not able to perform its obligations due to force majeure shall immediately notify the other party of the occurrence and ending of such a situation. Failure to notify or untimely notification deprives the party of the right to rely on the excused non-performance, i.e., the occurrence of force majeure, and the party that has breached the notification obligation is liable for the breach of a contractual obligation pursuant to as provided in the agreement.
  - 9.5. If the effect of force majeure is permanent and does not allow the parties to perform their contractual obligations in full or in part, the parties have the right to cancel or withdraw from the agreement by giving notice of cancellation or withdrawal to the other party.
  - 9.6. The parties shall not consider the impact of import restrictions related to the Russian Federation and Belarus on the fulfillment of the obligation to deliver goods or provide services as force majeure if these circumstances occurred at the time of the conclusion of the agreement.

## **10. Warranty obligation**

- 10.1. If the goods and/or services are covered by a warranty, the seller provides a minimum 12-month warranty for all goods and/or services. If necessary, the warranty period and other warranty conditions are specified in each procurement contract.
- 10.2. The warranty shall commence from the day of transfer of the goods with no deficiencies to the buyer or from the signing of the handover-acceptance act by both parties conforming of the performance of services with no deficiencies to the buyer.
- 10.3. If the manufacturer's warranty is in any way more favourable to the buyer (e.g., in terms of warranty period) than the contractual warranty obligation, the seller undertakes to arrange for the realisation of the buyer's warranty claim upon the occurrence of such an event on terms that are more favourable to the buyer, arising from the terms and conditions of the manufacturer's warranty.
- 10.4. The warranty covers all defects in the goods during the warranty period, taking into account natural wear and manufacturer's instructions.
- 10.5. The buyer undertakes to notify the seller of any defects in the goods or in service provision at the seller's email address, unless otherwise agreed in the procurement contract.
- 10.6. The seller undertakes to remove the defects free of charge no later than 90 days as of the receipt of the buyer's respective reasoned warranty claim. A longer period may be established, subject to the written consent of the buyer. In the event of a systemic error (more than 20% of the delivered goods or provided services are defective), the buyer has the right to demand the replacement of all delivered goods or provided services.
- 10.7. The seller shall bear all expenses for replacing the defective goods (including transport).
- 10.8. After elimination of defects during the warranty period, a new warranty of the same duration as the original warranty is given to the goods or services.

## **11. Confidentiality and security conditions**

- 11.1. Confidential information is understood by the parties to include information disclosed in the course of the performance of the agreement, personal data, security data, documents clearly marked for internal use and other information, the disclosure of which could harm the

interests of the parties. Confidential information does not include information, the disclosure of which is required by legislation, provided that such disclosure is effected in the most restrictive manner from among the available options.

- 11.2. Under the confidentiality clause, a party undertakes not to disclose confidential information of the other party during or after the term of the agreement without the other party's written consent. A party shall protect the confidentiality of the information disclosed to it in the course of the performance of the agreement.
- 11.3. The seller shall not use any document or information related to the agreement without the written consent of the buyer, except for in the cases necessary for the performance of the agreement. All documents other than the agreement and its annexes are the property of the buyer and, if the buyer so requires, the seller is obliged to return these documents to it after the end of the agreement.
- 11.4. Disclosure to third parties of any information marked for internal use shall be prohibited.
- 11.5. If the seller needs to enter the territory of the area of government of the Ministry of Defence in order to perform the agreement, the seller undertakes to comply with the applicable security requirements. In the event that the seller uses subcontractors in the said territory, they shall be approved in writing in advance by the buyer and are also subject to all the security requirements set out in the agreement. The seller is responsible for ensuring that the subcontractors comply with the security requirements. The seller must take into account that, in the event of non-compliance with security requirements, the buyer has the right to refuse the seller and its subcontractors access to the premises.
- 11.6. Communication to the public relating to the subject-matter of the agreement or the performance thereof, including press releases, references to the buyer in advertising or online publications, shall only be permitted with the express consent of the buyer in a format that can be reproduced in writing.
- 11.7. The confidentiality requirement is indefinite.

## **12. Intellectual Property Rights**

- 12.1. In case the goods and/or service or their parts (including relevant documentation and service-related documentation) are protected by intellectual property rights, the seller shall grant the buyer a worldwide irrevocable non-exclusive license within the meaning of the Copyright Act, valid until the expiry of the copyrights. The license shall be deemed to have been transferred at the moment of transfer of the goods and/or services or their parts (including the relevant documentation), for which no separate fee is paid (the copyright fee is included in the agreement price).
- 12.2. In case the goods or its part (including corresponding documentation) is protected by another intellectual property right, the seller grants the buyer the necessary right to use the goods in every way.
- 12.3. In the cases specified in this clause, the agreement is also considered an author's contract. The terms of transfer and use of intellectual property rights may be agreed differently in the procurement contract.

## **13. Liability**

- 13.1. The parties bear responsibility towards each other in case of improper fulfillment or non-fulfillment of contractual obligations in accordance with the provisions of the agreement and applicable legislation.
- 13.2. Ownership of the goods and the risk of accidental loss and damage are usually transferred from the seller to the buyer upon the proper handover, unless the parties have agreed otherwise.
- 13.3. The seller is liable for non-conformity (defects) of the goods with the terms of the agreement if the non-conformity exists at the time of the transfer of the risk of accidental destruction and deterioration to the buyer and if the non-conformity of the goods with the terms of the agreement is discovered (i.e., that the defects could not have been discovered during their normal inspection, so-called latent defects) after the transfer of this risk to the buyer.

- 13.4. The seller is liable for non-conformity with the terms of the service contract (defects), if the non-conformity with the terms of the service contract is discovered (i.e., the defects could not have been discovered during their normal inspection, so-called latent defects) after the service provided.
- 13.5. In the event that the seller fulfills the agreement improperly, the buyer has the right to refuse to accept the goods or the provided service and to fulfill the obligation to pay the purchase price, and to submit a demand for the fulfillment of the obligation to the seller in the manner stipulated in the agreement after learning of the breach of the obligation, giving the seller a reasonable term to fulfill the agreement. The seller shall be deemed to have delayed the delivery of the goods or the provision of the service until the proper delivery of the goods or provision of the service to the buyer.
- 13.6. The goods do not correspond to the terms of the agreement, inter alia, when the goods do not possess the agreed upon attributes, the goods are not in the agreed quantity, the goods cannot be used for their agreed purpose, a third party has claims or other claimable rights towards the goods, the goods are not packaged in accordance with the terms of the agreement or there is no delivery note.
- 13.7. The service do not correspond to the terms of the agreement, inter alia, if the service has not been provided in accordance with the expected quality, the service does not have the agreed characteristics, the service has not been provided for the agreed time term, in the agreed volume, with the prescribed frequency, the seller does not provide proper documentation on the provision of the service, fails to provide the buyer with information about the performance of the agreement, etc.
- 13.8. The buyer is obliged to inform the seller at least by e-mail about the non-compliance with the terms of the goods or service contract within 30 days from when the buyer or the buyer's authorized person became aware of the non-compliance with the terms of the goods or service contract. In the notification, the buyer undertakes to demand the fulfillment of the obligation from the seller, also giving the seller a reasonable deadline, which cannot generally be longer than 60 days, for the fulfillment of the agreement.
- 13.9. In the event that the buyer does not notify the seller of a defect in the goods or service within the term specified in the agreement after becoming aware of the defect, the seller is released from responsibility for the defects of the goods or service, except in cases where the failure to notify the defects was reasonably excusable.
- 13.10. In the event that the goods or the provided service do not meet the terms of the agreement, the buyer has the right to demand from the seller the replacement of non-conforming goods with goods that meet the terms of the agreement or the secondary provision of a non-compliant service by a service which complies with the terms of the agreement.
- 13.11. If the goods or services do not meet the agreement conditions and the buyer agrees to accept the goods or services with defects, the buyer has the right to reduce the price of the goods or services by the part corresponding to the defects, by submitting an application to the seller.
- 13.12. In case of non-delivery on time of the goods or non-performance of the service on time, the buyer has the right to demand from the seller a contractual penalty of up to 0.25% of the cost of the goods or services not delivered on time per day for each day of delay in delivery or service, but not more than 50% of the cost of the procurement contract, unless otherwise stipulated in the procurement contract.
- 13.13. In the event of a quantity shortage of the goods, the buyer has the right to accept the corresponding goods and demand from the seller to deliver the missing goods quantity to the destination specified by the buyer within the Republic of Estonia at the seller's expense.
- 13.14. In addition to terminating the agreement or withdrawing from the agreement, the parties have the right to demand liquidated damages, compensation for damage and use other legal remedies for a significant breach of the agreement.
- 13.15. In the event that the seller breaches a contractual obligation other than timely delivery or service provision, the buyer has the right to demand from the seller a contractual penalty of up to 10% of the total cost of the goods or services that are the subject of the procurement contract.

- 13.16. In the event of a breach of the confidentiality obligation, a party is entitled to claim contractual penalty from the breaching party of up to 10 000.00 EUR for each such breach.
- 13.17. In the event that the buyer delays the payment of the invoice, the seller has the right to demand from the buyer up to 0.25% per day of the amount unpaid by the due date stipulated in § 113 clause 1 of the Law of Obligations Act for each day of delay in payment, provided that the buyer has been notified of the delay within 30 days of its occurrence. The total amount of the penalty shall not exceed 10% of the amount in delay.
- 13.18. The contractual penalty is to secure the agreed performance of the obligation, not to replace the performance of the obligation. The imposition of a penalty does not deprive the buyer of the right to demand compensation from the seller for damages caused by breach of contract.
- 13.19. The period for claiming contractual penalties is 180 days from the discovery of the corresponding breach.
- 13.20. The contractual penalties and arrears are paid within 28 days of receiving the corresponding claim, unless the parties have agreed otherwise. The buyer has the right to deduct sums of contractual penalty claims and the sums of compensation for damage submitted by the buyer from the amount payable to the seller.
- 13.21. The parties have the right, by agreement, to replace the contractual penalties (also partially) with the object of the agreement or goods and/or services related to the object of the agreement. The implementation of this clause does not involve the imposition of a contractual penalty, but a separate legal remedy arising from the agreement.

#### **14. Grounds for termination of the agreement**

- 14.1. Upon termination/withdrawal from the agreement, the buyer gives the seller a reasonable time limit to fulfill the agreement, which cannot generally be longer than 30 days. The deadline given for the performance of the agreement does not release the party from responsibility for breach of obligation.
- 14.2. The buyer is not obliged to give a deadline for the performance of the agreement in the event of a significant breach of agreement when canceling/withdrawing from the agreement. In this case, the buyer submits a written agreement cancellation-/withdrawal application to the seller within a reasonable time after becoming aware of a significant breach of agreement. Termination/withdrawal of the agreement(s) is deemed to have taken place when the seller has received the termination-/withdrawal application.
- 14.3. Upon expiry of the additional deadline given for the execution of the agreement, the buyer may submit a written application of termination or withdrawal from the agreement(s) to the seller. Termination or withdrawal from the agreement(s) is deemed to have taken place from the date of receipt of the termination-withdrawal application by the seller. The buyer shall not submit a written application, if by giving the additional deadline for fulfilling the agreement the buyer has explained to the seller in writing that if the seller shall not fulfill the obligations in additional deadline, the buyer shall terminate the agreement. In this case the agreement shall terminate by the expiry of the additional deadline and on term that the seller has not offered a suitable fulfilment to the buyer.
- 14.4. The party shall have the right to terminate or withdrawal from the agreement if the party has significantly breached the contractual obligations arising from the agreement (significant breach of contractual obligations). A significant breaches of agreement are, among other things, if:
  - 14.4.1. Contractual obligations are violated intentionally or due to gross negligence;
  - 14.4.2. The seller has failed to fulfill his obligations within the additional deadline given by the buyer;
  - 14.4.3. the seller notifies the buyer of the refusal to perform;
  - 14.4.4. The seller has not started the execution of the agreement within the time that would allow the agreement to be executed on time;
  - 14.4.5. False information or falsified data is provided;
  - 14.4.6. The obligation of confidentiality is breached;

- 14.4.7. Breach of obligation gives a party a reasonable reason to expect that the other party will not fulfill the obligation in the future;
  - 14.4.8. During the validity of the agreement, the seller commits breach of the law in relation to the sale of goods or the provision of services that are the subject of the agreement;
  - 14.4.9. The seller's permits necessary for the performance of the agreement expire and the seller does not extend them or the extension of permits is not possible;
  - 14.4.10. the seller has breached the terms of the agreement more than three times, which are not mentioned in clauses 14.4.1-14.4.10.
- 14.5. The buyer shall have the right to terminate the agreement exceptionally if the seller has been declared bankrupt or has entered into liquidation proceedings.
  - 14.6. The buyer shall have the right to terminate the agreement at any time by giving at least 30 calendar days advance notice to the seller.
  - 14.7. The parties have the right to terminate the agreement at any time by agreement of the parties.
  - 14.8. Upon termination of the agreement, the parties are not obligated to perform the agreement. Upon cancellation or withdrawal of agreement, the parties are required to return that which has been delivered in advance with respect to the time of cancellation of the agreement in accordance with the procedure provided for in the Law of Obligations Act.

## **15. Contact persons**

- 15.1. The buyer's contact person is the category manager of the relevant field, who at the time of signing the agreement is Maia Prunt, the category manager of Soldier Equipment & Life Support (phone +372 5554 6781, email address maia.prunt@rkik.ee, sodur@rkik.ee, lepingud@rkik.ee).
- 15.2. The submitter of purchase orders is buyer's purchasing project manager or authorized persons of the buyer's contact person. The granting and withdrawal of authorization is done by e-mail or specified in the procurement contract.
- 15.3. The seller's contact person is Janne Aho (phone +358 40565 6792, e-mail address janne@svala.com).
- 15.4. The contact persons for acceptance of the goods or services shall be agreed in the procurement contract.
- 15.5. All notices that do not have legal consequences are submitted by e-mail and shall be addressed to the contact persons of the agreement, unless otherwise agreed in the procurement contract.
- 15.6. A party shall notify the other party of any change in the contact person or other details by e-mail without delay. This notification shall not be deemed to constitute an amendment to the agreement.

## **16. Final Provisions**

- 16.1. The agreement shall enter into force when the buyer has signed it.
- 16.2. The agreement is valid for 48 months from the date of entry into force or until the maximum value of the agreements specified in clause 8.1, whichever comes first. When calculating the total cost of agreements, all procurement contracts and/or submitted purchase orders based on agreements are taken into account, regardless of the fact that the parties may be different sellers.
- 16.3. The language of execution of the agreement is Estonian or English, unless the parties have agreed otherwise. In case of contradictions between Estonian and English documents, the Estonian version prevails.
- 16.4. The legislation of the Republic of Estonia shall be used in the performance of the agreement and in the event of disputes arising from the agreement, unless the parties have agreed otherwise.

- 16.5. The parties have agreed to use all measures to resolve their differences through negotiations. If no agreement is reached, the dispute will be resolved in accordance with the law of the Republic of Estonia in the Harju County Court, unless the parties have agreed otherwise.
- 16.6. The invalidity of a single provision of the agreement does not lead to the invalidity of the entire agreement or other provisions of the agreement.
- 16.7. Neither party has the right to transfer its contractual rights and obligations to third parties without the written consent of the other party.
- 16.8. Amendments to the agreement may be agreed under the conditions laid down in the Public Procurement Act.
- 16.9. Amendments to the agreement shall be valid if they are in writing. The amendments to the agreement shall be void if the written form is not complied with. Any amendment to the agreement shall enter into force after it has been signed by the parties or within a period to be determined by the parties.
- 16.10. The transmission of notices with legal significance between the parties must be done in writing or digitally signed by e-mail. The notice shall be deemed to have been received even if it has been delivered by the postal authority to the location specified in the return notice agreement and 5 days have passed since the notice was posted. If the notification is sent by e-mail, it shall be deemed to have been received on the following working day.
- 16.11. The agreement is drawn up in one copy and signed digitally.
- 16.12. If the agreement is signed by hand, the parties have the right to send the signed agreement to the other party for signature by e-mail in scanned PDF-format, which the other party signs and sends back in scanned PDF-format by e-mail. The parties are obliged to also deliver the original documents within 15 days after signing, but the agreement will enter into force from the date of the buyer's signature, delivered by e-mail.

## 17. Annexes

- 17.1. Annex 1. Technical specifications;
- 17.2. Annex 2. Tender (extract);
- 17.3. Annex 3. Security requirements;
- 17.4. Annex 4. Codification conditions.

**Buyer:**

(signed digitally)

Elmar Vaher  
Director General

**Seller:**

(signed digitally)

Aakko Eija Sanna Onerva  
CEO