

GENERAL TERMS AND CONDITIONS OF PURCHASE IN JAPAN TOBACCO INTERNATIONAL BULGARIA

1. DEFINITIONS

In these conditions:

"Delivery Address" means the address for delivery stated on the Order;

"Delivery Date" means the delivery date or period specified on the Order;

"General Conditions" mean the standard terms and conditions of purchase set out in this document;

"Goods" means the goods and materials described in the Order.

"Intellectual Property Rights" means patents, trade marks, service marks, trade names, design rights (whether registrable or otherwise), copyright, knowhow and other similar rights or obligations whether registrable or not in any country;

"JTI" means Japan Tobacco International Bulgaria EOOD, having its seat and Sofia, 3 Nikola Tesla, floor 4, office 402, registered under Unified Identity Code (UIC)131459294;

"JTI Standards" means JTI's values, guidelines and positions, including, but not limited, to the International Global Marketing Principles and Code of Conduct, which are publicly accessible at the JTI webpage: www.jti.com;

„Supplier standards“ are the standards for suppliers which are applicable and mandatory for all JTI suppliers.

"Order" means JTI's accepted Purchase Order for the supply of the Goods and/or supply of Services. Purchase Order represents an agreement between JTI and the Supplier under the present GTC pursuant to art.298 of the (Bulgarian) Commercial Act;

"Price" means the total price of the Goods and/or Services, described in the Order;

"Services" means the services (if any) described in the Order.

"Specification" means the plans, drawings, data and other technical information relating to the Goods and/or Services; "Standards" means the safety and technical standards of the Goods and/or Services referred to in the Specification or, if there are no such Standards, the standards applicable in Republic of Bulgaria;

"Supplier" means the person, firm or company to whom the Order is addressed;

2. APPLICATION OF TERMS AND CONDITIONS

2.1 These General Conditions are the only conditions which apply to the provision of the Goods or Services and they shall govern the Order to the entire exclusion of all other terms or conditions.

2.2 No terms or conditions endorsed upon, delivered with or contained in the Supplier's quotation, acknowledgement or acceptance of order, specification or similar document will form part of Order and the Supplier waives any right it otherwise might have to rely on such terms and conditions.

3. BASIS OF PURCHASE

The Order constitutes an offer by JTI to purchase the Goods and/or acquire the Services subject to these General Conditions. The Order may only be amended by mutual consent of both parties. The General Terms and Conditions may be amended unilaterally by JTI at any time and at the discretion of the company, subject to the requirements of Art. 298 of the Commercial Code.

4. INSPECTION AND TESTING OF GOODS

4.1. JTI shall be entitled to:

- (i) inspect and test the Goods during their manufacture, processing or storage at any reasonable time at the Supplier's works or at the premises of subcontractors and the Supplier shall afford to JTI all such facilities as may be reasonably required by JTI; and
- (ii) require one or more samples to be submitted for inspection and testing prior to dispatch of the Goods.

4.2. Such inspection and testing shall not constitute acceptance by JTI and does not relieve the Supplier or any subcontractor of any responsibility under the Order, whether implied or expressed.

4.3. The Supplier shall comply with all applicable regulations or other legal requirements concerning the manufacture, packaging, packing and delivery of the Goods and the performance of the Services, including but not limited, to tobacco trade and advertising regulations, as well as the JTI Standards and requirements.

4.4. If as a result of any inspection or testing carried out in accordance with paragraph 4.1. JTI is not satisfied that the Goods comply in all respects with the relevant Order, or with any other Specification notified to the Supplier by JTI, and JTI so informs the Supplier within 7 (seven) working days of such inspection or testing, the Supplier shall take such steps as are necessary to ensure compliance.

4.5. In the event that any of the Goods fail inspection and/or testing under Clause 4.1., Supplier shall pay any costs related with the reinsertion and/or testing and related transport.

5. DELIVERY OF GOODS AND SERVICES

5.1. The Supplier shall deliver the Goods to and the Services shall be performed at the Delivery Address during normal working hours unless specified otherwise in the Order. In the event that the Supplier delivers the Goods to the wrong address, JTI reserves the right to refuse to accept delivery at that address and/or to charge the Supplier for the costs of subsequent transfer.

5.2. The Supplier shall deliver the Goods on the Delivery Date. The Supplier shall perform the Services for the period specified in the Order. Time stipulated for delivery of the Goods or performance of the Services shall be of the essence.

5.3. In the event of delivery being delayed by a Force Majeure Event, as set out in paragraph 16, provided that the Supplier shall give JTI notice in writing immediately of such delay, JTI may upon its discretion grant the Supplier such extension of time as may be reasonable.

5.4. The Supplier shall properly pack and secure the Goods, and all dispatches must prominently bear the JTI Order number and JTI part codes (if any). JTI shall not be obliged to accept delivery in installments unless otherwise agreed.

5.5. If for any reason JTI is unable to accept delivery of the Goods at the time when the Goods are due and ready for delivery in accordance with paragraph 5.2. above the Supplier shall store the Goods, insure and safeguard them and take all steps to prevent their deterioration until their actual delivery and JTI shall be liable to the Supplier for the reasonable costs (including insurance) of his so doing.

5.6. JTI shall be entitled to reject any of the Goods delivered which are not in accordance with the Order, or in accordance with any other Specification notified to the Supplier, and shall not be deemed to have accepted any Goods until JTI has had a reasonable time to inspect them following delivery or, if later,

within a reasonable time after any latent defect in the Goods has become apparent.

- 5.7. The Supplier shall provide JTI in good time with any instructions or other information required to enable JTI to accept delivery of the Goods or performance of the Services.
- 5.8. Delivery of the Goods or performance of the Services shall be made or completed not later than the Delivery Date and the Supplier shall be liable to JTI for any loss or damage, whether direct, indirect or consequential, if it is delayed or prevented, in whole or in part, from delivering the Goods or performing the Services or otherwise performing its obligations under the Order for any reason whatsoever except where the Supplier is so delayed or prevented due to a Force Majeure Event, as set out in paragraph 16.
- 5.9. If delivery of the Goods or performance of the Services is not made by the Delivery Date, the Supplier shall pay to JTI penalty amounting to 0.01 % of the value of the Goods or Services per each day in delay, where the penalty does not exceed 20% of the value of the delayed Goods or Services.

6. TITLE AND RISK

- 6.1. Title and risk of damage to or loss of the Goods shall pass to JTI only upon actual delivery of the Goods to the Delivery Address or such other address as JTI shall have specified in writing in accordance with Condition 5 above, without prejudice to any right of rejection which may accrue to JTI under these General Conditions. Any loss or damage to the Goods prior to that time shall be borne by the Supplier.
- 6.2. If the Supplier postpones delivery at the request of JTI pursuant to paragraph 5.5. above, title in the Goods shall pass to JTI 7 (seven) days after the date of receipt of notification from the Supplier that the Goods are due and ready for delivery or on such other date as may be agreed in writing between the parties but the Goods shall remain at the Supplier's risk until delivery.
- 6.3. Where JTI pays for all or part of the Goods prior to delivery, title in those Goods paid for (but not risk) shall pass to JTI on the date of payment.

7. PRICE AND PAYMENT

- 7.1. Subject to the subclauses below, JTI shall pay the Supplier the Price in accordance with the payment terms set out in the Order.
- 7.2. The Price shall be exclusive of any applicable Value Added Tax (which shall be payable by JTI subject to receipt of a VAT invoice) and inclusive of all charges for packaging, packing, loading, shipping, carriage, insurance and delivery of the Goods to the Delivery Address.
- 7.3. JTI reserves the right to set off against the Price any sums owed by the Supplier to JTI in respect of Goods and/or Services or other materials and Services under the Order, or other agreement between the parties or otherwise.
- 7.4. In the event that no payment terms have been pre-agreed between the Supplier and JTI, JTI shall pay for the Goods and/or Services 30 days following the day in which the Goods and/or Services are received (or accepted, if formal acceptance procedure is specified in the Order or otherwise agreed by the Parties) or in which the invoice for the Goods and/or Services is received, whichever is the later.
- 7.5. The Supplier must quote the Order reference on all invoices and other documents accompanying the delivery and send them to the address indicated on the Order. JTI reserves the right to return invoices which have no Order reference. Incorrectly addressed invoices may be subject to delay in payment.
- 7.6. Payment by JTI shall be without prejudice to any claims or rights

which it may have against the Supplier and shall not constitute any admission by JTI as to the proper performance by the Supplier of its obligations hereunder.

- 7.7. The Supplier shall have the right to charge daily interest of 0,01 % of the outstanding amounts from the due date till the full payment, but not more than 10 % of the total amount of the Order.

8. WARRANTY AND GUARANTEE

- 8.1. The Supplier warrants and represents to JTI that the Goods:
 - (i) shall be of good and satisfactory quality and fit for the purpose which they are designed to fulfil and for any purpose made known expressly or impliedly by JTI to the Supplier and will conform in all respects with the terms of the Order;
 - (ii) shall be free from defects in design, materials and workmanship;
 - (iii) shall conform to the Standards and the Specification;
 - (iv) shall comply with all statutory requirements and regulations relating to the sale of the Goods;
 - (v) JTI shall be provided with adequate instructions to enable JTI to make full use of the Goods; and
 - (vi) JTI shall acquire the Goods free from all encumbrances.
- 8.2. In respect of the Services, the Supplier warrants and represents to JTI that it shall:
 - (i) perform the Services with reasonable care and skill;
 - (ii) provide suitable qualified and experienced personnel to carry out the Services or related tasks;
 - (iii) provide the Services in a timely and efficient manner; and
 - (iv) in accordance with any reasonable instruction notified by JTI.
- 8.3. The Supplier warrants and represents to JTI that the sale or use of the Goods and the use of the Services does not infringe any Intellectual Property Right of any third party.
- 8.4. If any Goods or Services are not supplied or performed in accordance with the Order then JTI, without prejudice to any of its other rights or remedies, may require the Supplier forthwith either to:
 - (i) repair the Goods or to supply replacement Goods or Services in accordance with the Order and within such reasonable time period as JTI may stipulate;
 - (ii) remove the defects for the Suppliers account and to reduce the Price; or
 - (iii) treat the Order as discharged by the Supplier's breach and require the refund to JTI of the Price (or part thereof) paid by JTI; or
 - (iv) ask for relevant Price reduction.
- 8.5. Notwithstanding that JTI has inspected and accepted the Goods, the Supplier shall guarantee the Goods for a period of 12 (twelve) months from the date of delivery (the acceptance, if applicable) to JTI and shall investigate the cause of faults and promptly repair to JTI's satisfaction or replace without charge to JTI all or any part of the Goods found to be faulty by reason of defective material, design or workmanship within the guarantee period. JTI shall dispatch the Goods for return carriage paid to the Supplier and the Supplier shall deliver the repaired Goods or replacements free of charge to the destination specified by JTI.

9. LIABILITY AND INDEMNITY

- 9.1. In addition to and without prejudice to the generality of these General Conditions, in case of partial or full non-performance of the Order, the Supplier shall due a compensation for any

damages caused to JTI. The Supplier undertakes to keep JTI fully indemnified against all liability, loss, damage, costs and expenses (including but not limited to legal expenses) directly or indirectly arising from or incurred or paid by JTI in relation to:

- (i) any damage to JTI's property and any claims for loss, injury or death to any third party or the property of any third party by reason of the Supplier's negligence or any act or omission on the part of employees, subcontractors or agents of the Supplier arising out of the execution of the Order or the failure to adequately insure against this liability;
- (ii) failure of the Goods to be of good and satisfactory quality and fit for the purpose for which they were designed to fulfil or other purpose made known expressly or impliedly by JTI to the Supplier;
- (iii) any defect or fault discovered in the Goods including, without limitation, defects in design, materials and workmanship;
- (iv) failure of the Goods to conform to the Standards, the Specification and/or the JTI Standards;
- (v) failure of the Goods to comply with all statutory requirements and regulations relating to the sale of the Goods;
- (vi) any encumbrance over the Goods;
- (vii) failure to provide the Services with reasonable care and skill;
- (viii) failure of the Supplier to provide suitable qualified and experienced personnel to carry out the Services or related tasks;
- (ix) failure to provide the Services in a timely and efficient manner;
- (x) any claim for infringement of any Intellectual Property Rights which arises as a result of the sale or use of the Goods or Services; and
- (vi) delivery of the Goods or performance of the Services after the Delivery Date;

9.2. Neither party shall be liable to the other in agreement, tort, misrepresentation or otherwise including any liability for negligence or for breach of statutory duty for:

- (i) any loss of revenue, business, agreements, or profits; or
- (ii) any indirect or consequential loss, howsoever arising.

9.3. JTI's liability, including negligence, howsoever arising out of or in connection with the Order shall be limited to the Price under the Order.

9.4. Nothing in the Order shall limit the liability of either party for death or personal injury resulting from negligence, fraud or deceit of either party or any other liability to the extent that it cannot be limited by law.

10. REGULATIONS AND LABELLING

The Supplier shall be responsible for compliance with all relevant laws and regulations, including those of any country where the Goods are to be delivered or the Services supplied or, to the knowledge of the Supplier, ultimately resold or used, and the Supplier shall ensure that the Goods when delivered to JTI are labelled in such a way as to ensure the safety which a person is entitled to expect from the Goods.

11. CONFIDENTIALITY

11.1. The parties shall treat each Order as confidential and, in particular, the Supplier shall not make use of the name JTI or the name of JTI's customers or suppliers for any advertisement, announcement or publicity without the prior written consent of JTI.

11.2. The Specification and all information supplied therewith, both of

which contain Intellectual Property Rights, shall remain the property of JTI and are confidential. The Supplier shall not without the prior written consent of JTI use the Specification except for the purpose of the Order and shall not communicate such information to third parties except insofar as may be necessary for the purpose of the Order. The Supplier will ensure that third parties who are given confidential information keep that information confidential.

11.3. On completion of the Order or the termination of the same, at the request of JTI, the Supplier must return to JTI the Specification and any other documentation supplied.

11.4. Any personal data of JTI employees are confidential information and the Supplier is obliged to manage them in accordance with the (Bulgarian) Personal Data Protection Act and the General Data Protection Regulation, the supplier is also provided with information under Art. 13 of the General Data Protection Regulation.

12. TERMINATION

12.1. Without prejudice to any claim or right it might otherwise make or exercise JTI shall have the right rescind the Order by prior written notice to the Supplier, giving reasonable time for performance, if the Supplier commits any breach or non-observance of any of the agreed conditions, including a failure to deliver by the Delivery Date. In such case JTI shall be entitled to return to the Supplier at the Supplier's risk and expense any of the Goods and/or Services already delivered and to recover from the Supplier any money paid by JTI in respect of such Goods and/or Services.

12.2. JTI shall be entitled to terminate the Order without liability to the Supplier by giving notice to the Supplier if a liquidation or insolvency proceeding is opened against the Supplier.

12.3. JTI shall be entitled to cancel the Order in respect of all or part only of the Goods and/or the Services by giving 30 days written notice to the Supplier at any time in which event JTI's sole liability shall be to pay to the Supplier the Price for the Goods and/or Services supplied prior to such cancellation date. JTI shall have no further liability to the Supplier as a result of any such cancellation.

13. NOTICES

14. All notices, demands, or other communications under the Order shall be given or made in writing (including e-mail correspondence) and shall be delivered personally or sent by first class post or facsimile transmission, addressed to the other party at the address set out in the Order or at such other address as may be designated by notice from such other party. Any notice, demand or other communication sent by first class post shall be deemed to have been delivered (in the absence of evidence of earlier receipt) three days after the date of mailing. **SPARES SUPPORT**

The Supplier shall keep spare parts for the Goods for a period of at least five (5) years from the date of the Order and where the Goods or spare parts thereof are to be made obsolete, the Supplier will give JTI at least six (6) months' notice in writing.

15. ASSIGNMENT/SUB-CONTRACTING

15.1. The Supplier shall not assign or sub-agreement the Order or any part of it without the prior written consent of JTI.

15.2. In any case where the Order is assigned or sub-contracted in accordance with Condition 15(a) above, the Supplier will ensure that the assignee or sub-agreement or, as the case may be, agrees to be bound by the Order and these General Conditions, and such assignment or sub-agreement shall in no way limit or

affect the obligations or liability of the Supplier hereunder.

15.3. JTI shall be entitled to assign or novate the rights and liabilities under the Order to any affiliate of JTI at any time.

16. FORCE MAJEURE

Neither party shall be liable to the other under the Order, for any loss or damage which may be suffered by the other party due to "Force Majeure Event" in the meaning of art.306 of the (Bulgarian) Commercial Act.

17. ENTIRE AGREEMENT

17.1. The Order represents the entire understanding between the Supplier and JTI in relation to its subject matter and supersedes all prior agreements, understandings or arrangements made by either party, whether oral or written.

17.2. Where special conditions specified by JTI are stated on the face of the Order, such special conditions shall apply equally with these General Conditions, except that where there is any inconsistency between the two, the special conditions stated on the face of the Order shall apply.

18. GOVERNING LAW

The Order and the relationships of the parties in connection with the Order shall be governed by and the laws of Bulgaria and are subject to the exclusive jurisdiction of the state courts in Bulgaria, Sofia, including non-contractual claims in relation to the Order.

19. REPRESENTATIONS AND WARRANTIES

Each party to the Order represents and warrants that it has the full legal right, power and authority to perform its obligations under the Order and these General Conditions and that the person executing the Order has been duly authorised to sign the Order on behalf of such party.

20. SEVERABILITY

In the event any one or more of the provisions contained in the Order or these General Conditions shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Order or these General Conditions.

21. TAXES

21.1. JTI will withhold from the price under the Order and will remit to the relevant authorities any due taxes and other levies, where Bulgarian law provides for such obligations of the Supplier and requires from JTI to withhold and pay the levies at the Supplier's expense.

21.2. JTI agrees:

- (i) upon the Supplier's request, to assist the Supplier for obtaining from the relevant Bulgarian authorities of certificates for taxes or similar levies paid in Bulgaria so that such payments may be credited against similar obligation in the Supplier's country of residence;
- (ii) where a Double Tax Treaty effective for Bulgaria provides for a more favourable tax treatment of the income under the Order, upon the Supplier's request, to assist the Supplier in obtaining from the relevant Bulgarian authorities an approval for application of the more favourable tax regime.

21.3. JTI's assistance as specified in the preceding paragraph shall be provided on a best-effort basis and subject to timely receipt from the Supplier of any documents and information in relation thereto that might be necessary or additionally requested by the relevant Bulgarian authorities.

22. PERSONAL DATA

21.1. JTI shall process and use personal data of the Supplier, respectively its representatives and employees, for the purposes of performance of this contract. The Supplier hereby agrees that JTI may provide such personal data to its affiliates and services providers within the European Economic Area and the European Union for the same purposes as specified above, as well as for the purposes of optimization of the information storage and management processes applied by JTI.

21.2. Within the term of these General Conditions and for a period of 2 years after their termination, regardless of the termination grounds, the Parties shall protect and not disclose confidential Information to third parties without the prior written consent of the other Party and shall not use confidential information for its own advantage or for the advantage of any third parties, or for any other purpose other than the fulfilment of its obligations under these General Conditions. The Parties undertake all necessary measures to protect the secrecy of the confidential information.

23. ANTI-BRIBERY AND CORRUPTION PROVISIONS

The Supplier agrees to comply with the JTI Compliance Clause applicable to contracts with Suppliers.