

GENERAL CONDITIONS OF PURCHASE

ISKRA MEHANIZMI, d.o.o.
Lipnica 8, 4245 Kropa

I. VALIDITY OF PROVISIONS

- 1.1. The cooperation between ISKRA MEHANIZMI, d.o.o., LIPNICA (hereinafter: the Customer) and the Supplier is governed by these General Conditions of Purchase. All amendments and additions to these Conditions must be agreed in writing.

II. ORDERING AND SUPPLY OF PARTS, COMPONENTS, FINISHED DEVICES, GOODS AND SERVICES (HEREINAFTER REFERRED TO AS: PRODUCTION PARTS)

- 2.1. The Customer forwards the Supplier his order as:

- a.) A fixed order;
- b.) A supply plan with partial call-offs;
- c.) In other agreed manner.

Subject to prior written consent of the Customer, and providing the Supplier's information technology allows this, the Supplier may obtain order and partial call-off needs, and / or appropriate technical and technological documentation, via direct access to the Customer's information system database.

- 2.2. The Supplier shall confirm orders in accordance with the provisions of the Supply Contract agreed with the Customer. If he fails to do this, nor does he reject the order or call-off in writing within 2 days of receipt of the order, the order shall be deemed to be confirmed.
- 2.3. Agreed supply terms are binding upon the Supplier, while the date of order shall determine the beginning of the payment term.
- 2.4. The Customer reserves the right to withdraw from the contract without specifying the reason at any time, subject to payment of costs incurred until then.
- 2.5. The Supplier agrees to supply his Production Parts in accordance with order forms and / or supply plans and / or other agreed bases in accordance with the agreed supply terms. In case of larger quantities, the Customer and Supplier may agree on successive supplies.
- 2.6. The Supplier must display on all shipping documents and invoices for each supply the name of the Supplier, the number of the Customer's order or supply plan (Scheduling agreement-Frame contract) and / or data concerning the other agreed manner, the Customer's identification number of the product, precise product name, quantity and Production Part unit.
- 2.7. Supplies are made in accordance with the Customer's regulations concerning supplies to the address indicated in the order. The shipping documents for supplied Production parts must be accompanied by declaration of preferential origin of Production Parts. The Customer will not accept supplies without suitable shipping documentation.
- 2.8. The Supplier is obligated to immediately inform the Customer of any expected or incurred delay in supply. Such notice to the Customer does not preclude the implications of delay.
- 2.9. The Customer will not accept quantities that are higher or lower than those ordered.
- 2.10. The Supplier bears all costs of special measures in case of delay (e.g. air mail or courier delivery, etc.). The Supplier shall also reimburse all other costs, incurred due to:
- Deviation from the agreed supply terms and

- Inadequate statements concerning the preferential origin of Production Parts.

2.11. In case of premature supplies, the Production Parts may be returned to the Supplier at his expense, or payment may be postponed until the agreed supply term, which is used to determine the agreed payment term. In accordance with the agreed response time, the Customer may amend the quantities and deadlines of orders given.

2.12. Production Parts must be packed appropriately and safely for transport, and in the agreed units. Unless agreed otherwise, packaging is not returned and is included in the price. At the Customer's request, the Supplier shall forward specified details concerning the packaging material sent.

The Supplier shall be responsible for damage to Production Parts arising from inappropriate packaging.

2.13. The Supplier shall bare the risk of incidental loss of the Production Parts until the Production Parts enter the Customer's warehouse. Insurance costs shall be refunded to the Supplier if the Customer requested insurance.

2.14. Unless agreed otherwise in writing, the Customer shall not assume transport costs. Unless agreed otherwise, the Supplier must choose the cheapest method of transport for the Customer.

The Supplier is responsible for damages that occur during transport.

III. ORDERING AND SUPPLY OF MATERIALS FOR CONTRACTUAL PRODUCTS

3.1. As a rule, the Supplier will purchase Production Parts of the prescribed quality for the contractual and ordered Production Parts himself. If agreed, the Customer may purchase the prescribed material for the Production Parts subject to this Contract and forward it to the Supplier to be processed on the basis of his order.

3.2. Insofar as the material is supplied by the Customer and the Supplier fails to supply Production Parts in accordance with the agreed standards, the Supplier agrees to pay all costs and other dues related to purchase of the material.

IV. PRICES

4.1. The price comprises the price of the Production Part, taking into consideration the agreed supply terms. At the Customer's request, the Supplier will display the value of individual items, included in the price of the Production Part.

4.2. No increase in price due to change of prices of individual items, the Supplier's failure to meet planned cost reduction or increase in productivity or any increase in the Supplier's costs of labour, total or other costs, shall be performed without the Customer's written consent.

V. PAYMENT TERMS

5.1. The Supplier must issue to the Customer the invoice for Production Part supplied at the latest within one day after acceptance of the Production Parts in the Customer's warehouse and / or after the Service is performed.

5.2. The Customer shall not recognise and will reject all invoices not displaying the Customer's order number and all data identical to that on the shipping documents (Point 2.6.).

5.3. Invoices will not be recognised and / or will be rejected also in case the declaration of preferential origin of Production Parts are not indicated on the invoice or the attached

internationally recognised customs form. This shall not apply when the use of a long-term and / or annual statement for the individual material is agreed with the Supplier.

- 5.4. The Customer shall pay for Production Parts received within 120 days and / or within the term agreed in the Contract, counting from the invoice date of issue.

In case the invoice is rejected, the payment term will commence on the day of resolution of the disputed relationship or on the day an undisputed invoice is received.

- 5.5. Without the Customer's prior written consent, the Supplier is not entitled to cede his receivables due from the Customer to third parties or collect debts through third parties.
- 5.6. In case of a complaint, the Customer's obligation to pay for Production Parts in relation to which the complaint was made shall be suspended until the complaint is resolved.

VI. QUANTITY AND QUALITY ACCEPTANCE

- 6.1. Acceptance of the individual shipment shall be carried out in the Customer's acceptance department.
- 6.2. The inspection of quantity and quality is performed by the Customer.
- 6.3. The Production Parts must be manufactured according to the valid quality documentation (hereinafter referred to as Quality Documentation), such as PPAP, APQP, QAA, PZK, drawing, parts list, special requirements of the Customer and similar which the Customer forwards to the Supplier upon the first regular order and / or immediately upon any change. Prior specified quality requirements and technical documentation are displayed on the order forms and / or supply plans, which the Supplier receives before commencing production of the batch.
- 6.4. The Customer shall accept the Production Parts with shipping documents only under the condition that their characteristics are in accordance with the order and conditions, provided in the Quality Documentation.
- 6.5. If the Supplier includes with his supplies only a general statement concerning conformity of the shipment, and does not include definite data required in accordance with the Quality Agreement, he must provide the Customer with this data at least once a year, and retain all originals and provide them to the Customer at his additional request.
- 6.6. The Quality Assurance System is defined in the Quality Agreement.
- 6.7. The Supplier guarantees that the Production Parts supplied conform to the required technical conditions, have the agreed and / or guaranteed characteristics and enable appropriate and adequate fault-free operation. Furthermore, the Supplier guarantees the quality and appropriateness of the Production Parts supplied in terms of material, workmanship, storage and appropriate storage time.
- 6.8. The Customer shall lodge a complaint when the supplied Production Parts do not fulfil or only partially fulfil the required technical conditions and other specified requirements, or do not have all agreed and / or guaranteed characteristics and / or do not enable appropriate and adequate fault-free operation.

Exceedance of the tolerable fault limits, specific to a Production Part, may be determined on the basis of:

- Analysis of random samples, performed by the Customer himself or another customer;
- Routine examination of the Production Parts;
- Call-Rata analysis (analysis of faulty Production Parts reported);
- Market complaints;

- Other appropriate means.

- 6.9. In case of complaints based on conceptual or construction faults, the Customer shall take actions to eliminate the cause of faults. The Supplier shall immediately implement the changes.
- 6.10. In case of faults occurring due to the installation or assembly of faulty Production Parts, the Supplier assumes the responsibility to eliminate such faults and their consequences. The customer must approve measures for eliminating faults in writing.
- 6.11. In cases from the previous paragraph, the Supplier must at his own cost and his own responsibility exchange the faulty Production Parts. He shall also bare costs of repairing the Customer's products, in which the Supplier's faulty Production Parts have been incorporated in.
- 6.12. The Customer shall forward the complaint notice on the standard complaint form within 21 days from receipt of the shipment, or, in case of latent defects, no later than within 21 days from when the defect was noticed. The Supplier shall fill in the form and return it to the Customer within 3 days of receipt.
- 6.13. The Customer may require elimination of faults or the supply of new, fault-free products in 24 hours from receipt of the complaint. If, due to the supply of faulty products, the production process is at risk and there is insufficient time to eliminate the defects or for the Supplier to provide an exchange, the Customer may, at the Supplier's expense, sort and repair the Production Parts himself or request a reduction of the purchase price or withdraw from the Contract.
- 6.14. In cases where it is necessary to prove the quality of the Production Parts through a third party, the Supplier shall bare all costs of such proof. Institutions for the control and testing of quality, which are not within the organisational formation of the Customer or Supplier, shall be deemed third parties.
- 6.15. The Supplier provides a guarantee of quality for the Production Parts subject to the Contract for a period of no less than 24 months.

VII. ACCOUNTABILITY FOR DEFAULT

- 7.1. Sorting of Production Parts subject to the Contract by the Customer, resulting from complaints, shall be charged to the Supplier at EUR 15 per hour. The Customer must inform the Supplier before beginning sorting.
- 7.2. For each determined deviation from the agreed quality and supply conditions, the Customer shall charge flat-rate costs in the amount of EUR 100.
- 7.3. If the Supplier is late with the supply of Production Parts, the Customer may charge the Supplier a contractual penalty in the amount of 1% of the value of the Production Parts not supplied for each day of delay, up to the maximum of 15% of the value of the Production Parts not supplied.
- 7.4. In case of supply delays, the Customer may claim compensation for damages arising due to production delays from the Supplier.
- 7.5. The Customer's orders may not be partially or fully forwarded to sub-suppliers without the Customer's express written consent.

VIII. BUSINESS SECRECY AND SAFEGUARDING OF INTERESTS

- 8.1. All data as well as all business, technical, commercial, production and other documentation, which the Supplier gains in relation to supplies of Production parts to the Customer, shall be a business secret. The Supplier may not forward to third parties any business or other information, gained from the Customer or through documentation put at his disposal by the Customer.

- 8.2. All drawings, models, materials, calculations, other information, all other documents and instrument and tools, which the Customer forwards to the Supplier for the realisation of his order, are property of the Customer and may not be duplicated, forwarded to third parties or used in realising third party orders. The Supplier is obligated to immediately return them at the Customer's request.
- 8.3. The Supplier must keep all submitted documentation, instruments and tools in such a manner as to prevent copying, theft, destruction, damage or any other interference and do everything necessary to protect the owner and other interests of the Customer.
- 8.4. Products of all kinds, manufactured by the Supplier for the Customer, such as hardware and software, developed in the name of the Customer for his needs, shall pass to the Customer's ownership together with all rights, including all rights to utilize copyright works. The Supplier is obligated to surrender to the Customer stand-alone software or software related to hardware which was developed for the Customer, including source codes and all documentation, necessary for the use and maintenance of the software.
- 8.5. The Supplier must also bind sub-suppliers to safeguarding of business secrets and safeguarding of interests, as outlined in paragraphs 8.1., 8.2., 8.3. and 8.4.
- 8.6. The Supplier's name or his logo may appear on Production Parts, manufactured according to the Customer's order, only with his express written consent. Such consent shall only be valid in the case for which it was given.
- 8.7. If the legally protected rights of third parties are violated in the production of the supplied Production Parts, the Supplier shall, in case of disagreements related to the supplied Production Parts, pay the Customer appropriate compensation.

IX. GUARANTEE OF MANUFACTURER'S LIABILITY

- 9.1. The Supplier must conclude manufacturer's liability insurance for the Production Parts agreed pursuant to the Contract, and also pay regularly all insurance costs.

X. OTHER PROVISIONS

- 10.1. Unless the order provides differently, the Customer's place of establishment shall be the place of performance of the supply or service and payment.
- 10.2. These General Conditions of Purchase are valid regardless of whether the Supplier, upon forwarding his proposal, sends his own General Terms and Conditions. Deviation from the Customer's General Conditions of Purchase shall be considered only if they are agreed in writing.
- 10.3. The Supplier expressly declares that it is familiar with the code of conduct published on the website of the Customer, that it observes all the provisions of the code of conduct and that it does not in any way work in conflict with the policy adopted by the Customer.
- 10.4. The Customer and Supplier shall resolve any potential disagreements by common agreement. In cases where common agreement is not possible, the competent court shall have jurisdiction in solving the dispute and deciding in accordance with the Customer's place of establishment.
- 10.5. These General Conditions of Purchase and Contracts referred to shall be governed by and realised in accordance with the law of the Republic of Slovenia.
- 10.6. The Customer's company names and trade marks, which he is entitled to use, may not be used for advertising purposes without his written consent.

THE CUSTOMER:

THE SUPPLIER:

ISKRA MEHANIZMI, d.o.o.

Managing Director:

Dr. Marjan Pogačnik

Place, date of signing :

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