

ISKRA MEHANIZMI, d.o.o.

Lipnica 8, SI-4245 KROPA,

Represented by its Managing Director Dr. Marjan Pogačnik

(hereinafter: the Customer)

and

XXXXX

(hereinafter: the Supplier)

Hereby conclude the following

SUPPLY CONTRACT No. -----,----- / 20xx

1. PRELIMINARY PROVISIONS

- 1.1. With this Contract, the Parties govern their mutual relationship concerning the supply of all products, parts, components, finished devices, goods and services (hereinafter referred to as: Production Parts) , listed and identified in Appendix to this Contract.
- 1.2. The Quality Agreement , Logistic agreement and other Appendices shall also be constituent parts of this Contract.

2. SUBJECT OF THE CONTRACT

- 2.1. On the basis of this Contract, together with its annexes, additions and appendices, the Supplier agrees to supply to the Customer purchased Production Parts.

3. PRODUCTION CAPACITIES

- 3.1. In order to fulfil his obligations towards the Customer in relation to supplies governed by this Contract in good time, the Supplier is obligated to ensure the necessary production capacities for the whole duration of this Contract.
- 3.2. The Supplier will immediately inform the Customer upon any technical malfunctions of the production process or upon any other events that affect the fulfilment of contractual obligations, and eliminate any such defects as soon as possible. In such cases, the Supplier must act in accordance with the Extraordinary Circumstances Plan.

4. ORDERING AND SUPPLY

- 4.1. The Supplier agrees to supply the Production Parts in accordance with the provisions of this Contract and the Customer's individual orders on the date specified in each individual order or call-off(s).
- 4.2. The individual order and / or call-off is sufficiently given and sent to the Supplier in advance by fax or any other information means as agreed by the Parties to this Contract.
- 4.3. The Supplier shall confirm receipt of the individual order and / or call-off in writing immediately, or no later than within 1 (one) working day from receipt of the order or call-off. The Supplier shall send the order and / or call-off confirmation to the Customer by fax or e-mail. If the order and / or call-off confirmation is not received in 2 (two) working days after receipt of the order and / or call-off, the order and / or call-off is deemed to be confirmed.

5. PACKAGING

- 5.1. The Supplier shall be responsible for providing suitable packaging for safe transport of the Productions Parts.
- 5.2. The Production Parts must be suitably packaged for safe transport in the agreed units, as specified in the Packaging and Delivery Arrangement (PDA), which is an appendix to this Contract.

6. PRICES AND PAYMENT TERMS

- 6.1. The prices of Production Parts , supplied subject to this Contract, are specified in the Appendix to this Contract.
- 6.2. The prices apply to CIP Iskra Mehanizmi, d.o.o., Lipnica, Lipnica 8, SI4245 KROPA (2010 IncoTerms).
- 6.3. The basis for co-operation in accordance with this Contract and the contractual scope of business is maintaining the Supplier's competitiveness of his prices in comparison to competition and market requirements. The Supplier and Customer agree that the Supplier will implement and maintain a System of Constant Improvements. The results of such improvement (hereinafter: Ratio Effect), as determined by the Parties to this Contract once a year, are divided equally (up to half each) between the Supplier and the Customer.
- 6.4. Without the Customer's consent, no price increase shall be performed due to the Supplier's failure to meet planned cost reduction or increased productivity, or due to any increase in the Supplier's costs of labour, total or other costs.
- 6.5. The Supplier shall issue his invoice at the latest by the next working day after performing the service and / or acceptance of supplied Production Parts in the Customer's warehouse.

- 6.6. The Customer will settle his obligations within **xxx** days from issue of the invoice. In case the invoice is rejected, the payment term will begin on the day of resolution of the disputed relationship and / or on the day an undisputed invoice is received.
- 6.7. The Supplier will approve to the Customer 0,07% discount for each pre-payment day.

7. QUALITY

- 7.1. The Supplier will implement and maintain a Quality Management System and carry out measures for ensuring quality in accordance with the Quality Agreement, which is an appendix to this Contract, as well as the Quality Acceptance Requirements and / or Special Customer Acceptance Requirements, which are appendices to this Contract.
- 7.2. In cases where Production Parts are supplied in accordance with the Customers technical - inspection documentation, the Supplier shall ensure Production Parts supplies according the mentioned documents which the Supplier receives from the Customer by post, fax or email. The Supplier confirms the Customer receipt of documentation.

8. ACCEPTANCE

- 8.1. The acceptance of individual shipments of Production Parts shall be carried out in the Customer's warehouse.
- 8.2. 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.
- 8.3. 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.
- 8.4. If the Supplier due the agreement with Customer 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.
- 8.5. The Quality Assurance System is defined in the Quality Agreement.

9. GUARANTEE

- 9.1. The Supplier guarantees that the Production Parts supplied conform to the required technical conditions, have the agreed or guaranteed characteristics and enable adequate and appropriate fault-free operation. Furthermore, the Supplier guarantees the quality and adequacy of the Production Parts supplied in terms of the material, workmanship, storage and appropriate storage time.
- 9.2. The Supplier provides a guarantee of quality for Production Parts supplied for the period of 24 months from the acceptance at the Customer's address. In case of determined quality deficiencies (latent defects), which arise due to supplies not complying with technical purchasing requirements, the Customer is entitled to compensation, when such deficiencies were determined within or after the guarantee period at the Customer or on the market.

10. DELAYS

- 10.1. If the Supplier is in delay 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 goods not supplied for each day of delay, up to the maximum of 15% of the value of the goods not supplied.
- 10.2. In case of delayed supply, the Customer may also claim from the Supplier compensation due to production delays.

11. TOOLS

- 11.1. The specification of tools provided by the Customer to the Supplier for use, as well as the procedures and handling thereof, are provided in the Tools Lending Agreement, which is an Appendix to this Contract.

12. PRODUCT LIABILITY

- 12.1. The Supplier must conclude manufacturer's liability insurance for Production Parts supplied to the Customer pursuant to this Contract, and regularly pay the costs of such insurance.

13. DECLARATION OF PREFERENTIAL ORIGIN OF PRODUCTION PARTS

The Supplier is obliged to issue proof of preferential origin of Production Parts for each consignment of Production Parts or as agreed upon joint statement by the middle of January for the current financial year. Customer reserves the right to charge the Supplier for all costs that would result from incorrectly declared proof of preferential origin of Production Parts.

14. BUSINESS SECRECY AND SAFEGUARDING OF INTERESTS

- 14.1. In relation to safeguarding of interests and business secrecy, the Parties to this Contract shall be bound by the provisions of the General Conditions of Purchase, which deal with safeguarding of interests and business secrecy. These provisions bind the Parties to this Contract for a further three years after termination of this Contract.
- 14.2. In case of breach of business secrecy, the other Party to this Contract may immediately and unilaterally terminate this Contract.

15. INTELLECTUAL PROPERTY RIGHTS

- 15.1. The Supplier guarantees that the supplied Production Parts do not infringe any third party intellectual property rights, such as patents, patents applications, utility models, etc.
- 15.2. If legally protected rights of third parties are infringed through the production of the Production Parts, the Supplier will, in case of disputes arising from the supplied Production Parts, pay the Customer all damages arising from such disputes.

16. TRANSFER OF RIGHTS AND OBLIGATIONS

- 16.1. This Contract, including any rights and / or obligations arising therefrom, may not be transferred to any third party without prior written consent of the other Party to this Contract.

17. EXTRAORDINARY CIRCUMSTANCES PLAN

- 17.1. The Supplier must prepare an Extraordinary Circumstances Plan for unforeseeable events such as natural disasters, machine malfunction, technical defects in the production process, and similar events.

18. VALIDITY AND DURATION OF THE CONTRACT

- 18.1. This Contract is concluded for the period of one year. If neither Party to this Contract demands changes or termination of the Contract in writing no later than 30 days before the end of the contractual year, the validity of this Contract shall be automatically extended each time for one year.
- 18.2. Both Parties to this Contract may immediately, by written notice, terminate this Contract if:

- a) The other Party to this Contract enters bankruptcy or liquidation proceedings;
- b) The other Party to this Contract tries or intends to transfer to any third party the benefits arising from this Contract without prior written consent of the other Party to this Contract;
- c) The ability of the other Party to this Contract to fulfil its obligations arising from this Contract is impeded or considerably affected by any government regulation, order, law, legal action, non-action or any other reason;
- d) The other Party to this Contract is in breach of its material obligations arising from this Contract.
- e) The period of notice in case of written notice of termination of this Contract is 180 days.

18.3. The Contract enters into force when signed by both Parties to the Contract.

19. OTHER PROVISIONS

- 19.1. The provisions of the General Conditions of Purchase of ISKRA MEHANIZMI, d.o.o., Lipnica, the Quality Agreement, Contract on lease of tools and Code of Obligations (Official Gazette of the Republic of Slovenia, no. 83/2001) shall apply to rights and obligations not specifically dealt with in this Contract.
- 19.2. All Appendices and Annexes to this Contract are constituent parts of this Contract.
- 19.3. Amendments and additions to this Contract shall only be valid if they are agreed in writing and signed by both Parties to this Contract.
- 19.4. Potential disputes arising from this Contract shall be resolved by both Parties to this Contract by common agreement. If the parties cannot come to an agreement, the appropriate competent court according to the Customer's place of establishment shall have jurisdiction in the subject matter.
- 19.5. This Contract shall be governed by the law of the Republic of Slovenia.
- 19.6. This Contract is made in two copies of which the Customer and the Supplier receive one copy.

THE CUSTOMER:

THE SUPPLIER:

ISKRA MEHANIZMI, d.o.o.

Managing Director:

Dr. Marjan Pogačnik

Place, date of signing:

Place, date of signing:
