

## **GENERAL TERMS AND CONDITIONS OF PURCHASE**

### **1. GENERAL TERMS AND CONDITIONS**

- 1.1 The general terms and conditions of purchase of GORIČANE d.d. (hereinafter referred to as: Buyer) shall apply to any legal transactions concluded between the Buyer and the suppliers, contractors or sellers respectively for the purchase of materials, products or services (hereinafter referred to as: Supplier).
- 1.2 For the purpose of a specific legal transaction, the Buyer shall reserve the right to apply conditions and terms which for that legal transaction shall take precedence over the General Terms and Conditions of Purchase. The foregoing shall also apply in case of discrepancy between the terms and conditions of specific legal transaction and the General Terms and Conditions of Purchase.
- 1.3 The General Terms and Conditions of Purchase of GORIČANE d.d. shall take precedence over any potential or special terms and conditions laid down by the Supplier or shall exclude such conditions.
- 1.4 The Supplier shall confirm purchase orders solely on the basis of purchase orders made by the Buyer; confirmations of purchase orders shall comply with the offer, the contract and/or a prior agreement.
- 1.5 Any information about the Buyer, purchase order, contract and the like is confidential and shall be presumed a business secret in accordance with positive legislation.
- 1.6 Any exceptions from the General Terms and Conditions of Purchase shall be allowed only in agreement with the Buyer and with a written confirmation from the Buyer.

### **2. PURCHASE ORDERS**

- 2.1 Purchase orders shall be made in writing and sent by mail, telefax or in electronic form. Oral purchase orders or purchase orders made by phone shall be valid only if confirmed by official written confirmation in one of the previously listed forms and agreed upon by the Buyer.
- 2.2. The Supplier shall be obliged to deliver a written confirmation of the purchase order no later than within two business days from the receipt of the purchase

order. If the Supplier fails to do so, the purchase order shall be deemed as accepted in full and agreed upon by the Supplier.

- 2.3. The Supplier shall be obliged to submit the grounds of any potential rejection or modification of individual elements of the purchase order and to present new proposal in writing within three business days from the receipt of a regular or special purchase order.
- 2.4. Transfers of purchase orders to a third party without prior written agreement by the Buyer shall not be permitted. The Buyer is thus conferred the right to partially or fully withdraw from the purchase order and is entitled to a compensation for the costs that may have incurred, whereas such behaviour shall be considered as an act of unfair competition.

### **3. SUBJECT**

- 3.1. The goods shall be manufactured pursuant to applicable international, national and internal standards, any previously agreed delivery conditions and the purchase order.
- 3.2. The Supplier shall prove the quality and compliance with technical documentation of each individual consignment of goods with appropriate documents. The Supplier shall be fully responsible for any defects on the goods delivered.
- 3.4. If during the process of accepting the delivery, the Buyer finds discrepancies between declared quality and amount on Supplier's documents and the actual quality of the goods delivered, the Buyer shall hereby take over the goods or services according to the principle of conditional acceptance, namely the goods shall be taken over as unsatisfactory but shall not be included in the Buyer's stock inventory. In case of a conditional acceptance and complaint, the Buyer shall handle the goods with due care and attention.
- 3.5. For any non-compliance related to a purchase order, the Buyer shall reserve the right to:
  - refuse the acceptance of delivered goods, place the goods at the disposal of the Supplier and withdraw from the contract or purchase order respectively;
  - refuse the acceptance of delivered goods, place the goods at the disposal of the Supplier and demand the fulfilment of the contract or purchase order respectively;
  - retain the delivered goods under modified conditions and upon agreement with the Supplier;

- retain the delivered goods and demand from the Supplier to remove the defects from the goods within an agreed timetable. The Supplier shall fully cover any costs required to remove the defects.
- 3.6. The Supplier shall be obliged to acquire a written agreement from the Buyer for any alterations on the goods that derogate from previously agreed conditions as defined by these terms and conditions or the purchase order and/or the contract, and that the Supplier discovers before shipment.
- 3.7. The Supplier shall bear full responsibility for the risk of damaging the goods to be delivered to the Buyer. The acceptance of goods shall be carried out in previously agreed storage facilities of the Buyer. The Supplier shall properly secure the goods to be shipped to the Buyer's storage facilities.
- 3.8. In case of damaged goods or packaging, the Buyer shall be obliged to draw up a written report. The report shall be signed by the transporting party and forwarded to the Supplier within two business days after the discovery of the defect.
- 3.9. If the Supplier violates statutory safety regulations (principally environmental regulations for chemicals, packaging ...) or goods/product warranty regulations - either Slovenian or regulations valid in the country of the end Buyer -, and if any costs are incurred in respect thereof, they shall be fully covered by the Supplier.
- 3.10. The Supplier shall explicitly guarantee that their products or services bear no associated protective third party rights (economic or copyright). If such rights are infringed, the Supplier shall be obliged to redeem any loss hereby sustained by the Buyer.

#### **4. DELIVERY TERMS AND CONDITIONS**

- 4.1. The delivery terms and conditions from the offer, the contract and/or the agreement are mandatory for the Supplier; whereby, the date of the order shall be deemed as the beginning of the delivery date, and the day when the goods are delivered to the Buyer's storage or a place specified in the purchase order shall be deemed as the end of the delivery date. For specific goods, the Buyer may previously negotiate successive deliveries according to the JIT system.
- 4.2. The Supplier is obliged to:
- fulfil all obligations in a timely manner; the Supplier shall be free of all obligations once the Buyer accepts the goods at the place determined in the purchase order;

- attach any previously agreed accompanying documents - the Buyer's written consent is required for each modification of the goods' origin;
  - deliver partial documentation prior to the arrival of goods;
  - immediately inform the Buyer on any obstacles that would cause delay in the delivery and suggest new delivery dates. In case the new delivery date does not meet the Buyer's needs, the Buyer shall reserve the right to partially or entirely cancel the order, and submit the order to another Supplier at the expense of the original Supplier;
  - compensate for any damage incurred upon transportation.
- 4.3. In the event of a delay, the Buyer has the right to partially or entirely withdraw from the contract and/or demand compensation for the actual and indirect damage. In case of a delay, the Buyer may charge the Supplier the contractual penalty in the amount of 5% of the total value of the order for each calendar day of the delay, but not more than 15 business days of delay.
- 4.4. The Buyer shall reserve the right to monitor the implementation of purchase orders at any time and the Supplier is obliged to facilitate the monitoring. If the Supplier runs behind with deliveries that should have been shipped off together with other orders to reduce transportation costs, the Supplier shall cover the increased costs of transportation caused by separate shipments.
- 4.5. In the event of a delivery arriving prior to the agreed delivery date, the Buyer shall reserve the right to:
- reject the goods at the expense of the Supplier;
  - accept the goods and pay the invoice according to the agreed delivery dates;
  - annually charge the costs of storage for early delivered goods as per Buyer's price list.

## **5. PACKAGING**

- 5.1. Packaging shall be environmentally sound and in accordance with the standards and applicable legislation. Otherwise, the Buyer shall reserve the right to return the delivery/goods to the Supplier or dispose of it/effectively destroy it at the expense of the Supplier. The Buyer's written consent is required in the event of any modification of the agreed packaging.
- 5.2. The packaging must comply with the type and mode of transportation to ensure that the goods are not damaged during transportation and their applicable value is not reduced. The Supplier shall fully cover any expenses incurred from inadequate packaging.

5.3. The packaging shall include all data required for the collection, traceability and storage of goods. The data must be readable, undamaged and well attached to the packaging. The data includes:

- manufacturer,
- supplier,
- product name,
- code,
- size,
- quantity,
- measurement unit,
- quantity of items in a single packaging unit,
- expiration date,
- declaration,
- gross/net weight,
- type of packaging,
- international symbol indicating how to handle the goods (e.g. sensitive goods, dangerous goods),
- other.

5.4. At his own expense, the Supplier shall dispose of all packaging and environmentally questionable waste, resulting from either the use of hazardous substances or environmentally questionable packaging. If the Supplier fails to do so, the Buyer is entitled to the compensation of actual costs of packaging disposal.

## **6. ACCEPTANCE DOCUMENTS**

6.1. Delivered goods shall be accompanied by the following documents:

- delivery note (clearly indicating the Buyer's purchase order number) with the codes and the names of the items identical to those in the order, and the data on the net weight and the customs tariff (for foreign goods);
- transportation documents compliant with the type of transportation (waybill, consignment note);
- invoice for imported goods (clearly indicating the Buyer's purchase order number), including net weight and the customs tariff (for foreign goods) and other elements of a purchase order (mandatory: price, currency of payment, parity - Incoterms 2010, discounts and rebates, value added tax, packaging information);
- attestation/measuring protocol/certificate (certificate of adequacy);
- declaration of origin of the goods;
- safety certificate;
- instructions for safe handling in Slovenian language;
- warranty certificate;

- accompanying documents and documents proving the identification and quality of goods, required for the acceptance and sale of goods.
- 6.2. The Buyer reserves the right to reject the goods and to return them to the Supplier at the Supplier's expense if the goods:
- are shipped without a prior order/were delivered by the Supplier without the Buyer's prior order;
  - are delivered with delay;
  - do not comply with the requirements as defined in the purchase order;
  - lack appropriate accompanying documentation;
  - lack appropriate labelling;
  - are delivered in a damaged or inadequate/non-standard packaging.

## **7. PAYMENT**

- 7.1. The Buyer shall pay for the delivered goods according to the prices provided in the purchase order, offer, price list or agreed upon with the Supplier.
- 7.2. Deliveries are charged as per BUYER parity depending on location (CPT for a Supplier from Slovenia, DAP for a Supplier from abroad – according to INCOTERMS 2010). The place of consignment is indicated on the purchase order. If the place of consignment is not indicated, the Buyer's storage shall be indicated as the place of consignment.
- 7.3. The Supplier shall according to the law issue an invoice upon each delivery, unless the Buyer and the Supplier agree on a consolidated invoice. The payment shall fall due in the required deadline of the delivery and purchase order fulfilment.
- 7.4. The Supplier is obliged to provide the Buyer with an invoice within five (5) days following the date of consignment (or the last consignment in case of a consolidated invoice). If he fails to do so, the payment period shall be extended for 30 days.
- 7.5. Payment method shall be defined in the purchase order in accordance with the offer and/or the agreement.
- 7.6. Standard payment deadline is 90 days. The debtor-creditor relationship shall arise on the date of the delivery of the goods or services.
- 7.7. Unless otherwise agreed, the payment shall be made as decided upon by GORIČANE d.d., namely with 3% rebate within 14 days, 2% rebate within 30 days

or in net amount in 90 days. In case of advance payment, the Supplier shall grant the Buyer a credit note within 5 days after the receipt of the payment.

- 7.8. The Buyer may settle his obligations prior to the deadline, in which case the Supplier shall grant the Buyer a discount in the agreed amount and issue a credit note for the value of the discount.
- 7.9. If any goods are subject to a complaint, the Buyer is not obliged to pay for delivery within the contractual period. The payment deadline for any goods that are subject to a complaint starts from the day when the Supplier eliminates the reasons for the complaint, and when the Buyer and the Supplier reach a written agreement on the value of potential loss caused by the goods in question.
- 7.10. The Supplier shall not withdraw from his claims or appoint third parties to collect the claims without the Buyer's prior written consent.
- 7.11. The invoice shall include all data from the purchase order with the accompanying documentation, which is indicated in the order. It shall also include the number of the delivery note. The invoice shall exclude any clauses that are not in compliance with the offer, the purchase order or the agreement. Otherwise, the Buyer shall not be obliged to make the payment and/or may reject the invoice. The same shall apply in the case of inadequate invoice or documentation or in the case of the invoice or documentation not being compliant with the purchase order, the contract, the agreement or the delivery.

## **8. WARRANTIES AGAINST DEFECTS**

- 8.1. The Supplier shall guarantee to the Buyer that the goods/products are without defects and that they have all the characteristics and merits required and agreed upon. The Supplier shall be responsible for any factual defects discovered on the goods upon consignment (visible defects) and for any factual defects discovered after the consignment (hidden defects).
- 8.2. A defect is deemed factual:
  - if the product lacks the expected characteristics required for its applicability or handling;
  - if the product lacks characteristics required for any special application being the main reason for the Buyer's purchase;
  - if the product lacks characteristics and merits that were agreed upon orally or in writing; and
  - if the product fails to match a sample, model, brochure or offer.

- 8.3. A defect is obvious if it is visible on an unpackaged product and can be immediately detected during a standard inspection. If a product is packaged, though, an obvious defect is a defect visible on damaged packaging. A hidden defect is a defect that is not detected during the standard inspection carried out upon delivery. A hidden defect includes a defect or damage on the exterior edge of a product if the product is packaged and if the defect cannot be detected without removing the packaging.
- 8.4. If the Buyer forwarded such products without reloading or accepting them, and if the Supplier was informed or should have been informed of the possibility of such forwarded shipments upon the conclusion of the agreement, acceptance of goods may be postponed until the shipment is delivered to its intended destination.

## **9. COMPLAINTS**

- 9.1. The Buyer shall inform the Supplier in writing on any detected defects and non-compliances (deficiencies in the quality or quantity). Hidden defects shall be reported by the Buyer immediately upon their discovery and in compliance with the provisions from the Code of Obligations.
- 9.2. The Supplier is obliged to issue a credit to the Buyer within a legal deadline after the resolution of the complaint for the expenses incurred due to the elimination of the non-compliances.
- 9.3. For every warranty claim, the company is entitled to demand from the supplier a reimbursement of the flat rate of the claim expenses in the amount of 250.00 EUR along with the complete reimbursement of all other expenses resulting from the claim.
- 9.4. The Supplier shall immediately or within two business days send a written reply to the Buyer's written complaint; and within five days after the receipt of the complaint, the Supplier shall deliver a duly completed 8D report. Failure to do so is regarded as the Supplier not addressing the complaint within a reasonable timeframe. The goods remain subject to the complaint until the Buyer receives a duly completed 8D report.
- 9.5. Time needed for the elimination of the deficiency is considered a delay.
- 9.6. If the Supplier is not able to eliminate the deficiency within a reasonable timeframe, the Buyer may do that by himself or appoint a third party at the expense of the Supplier. Likewise, the Buyer is entitled to remove minor defects without the Supplier's consent and at the Supplier's expenses.



## 10. QUALITY

- 10.1. Only a documented acceptance of goods is deemed valid. In respect thereof, the Supplier shall carry out all the necessary actions and provide written reports of such actions upon the delivery of goods; if the Supplier fails to provide the reports, the delivery is deemed only partial and the Buyer may entirely reject the invoice issued based on the purchase order as well as charge storage expenses for the duration of partial delivery. In such case, the Supplier shall be responsible for the storage of goods. Payment currency is appropriately extended.
- 10.2. Standard deadline for complaints depends on the nature of goods or services delivered and is defined by TDS or another valid method.
- 10.3. If the Supplier does not provide a valid assessment of the quality system, the Buyer may perform the assessment himself, in which case he also provides a written opinion of the Supplier's capabilities. The Supplier is obliged to eliminate any non-compliances within agreed deadline. If he fails to do so, the Buyer may unilaterally withdraw from the contract. If the Supplier does not provide a quality certificate with validity period of less than two years, he is obliged to obtain the certificate within one year unless the Buyer confirms this unnecessary with a written note.
- 10.4. Even if the Supplier provides a quality system assessment, the Buyer shall nevertheless reserve the right to carry out periodical audits on Supplier's premises. These audits include an assessment of the Supplier's business performance and quality systems, analyses of quality standards, economics of manufacture, deadlines and other elements of the purchase order. The Buyer is obliged to inform the Supplier of the assessment and its content in writing at least one week before the actual assessment.  
The Buyer shall inform the Supplier of the assessment results and provide recommendations and measures for the improvement of the Supplier's business performance.
- 10.5. The Supplier is obliged to continuously support the development of products, processes and the quality system. If the Supplier is ranked as a B or even as a C supplier by the Buyer, the Supplier shall adopt measures to improve the Buyer's assessment; furthermore, the Supplier shall on his own initiative provide the Buyer with a 'Plan of Improvements' within a reasonable timeframe. Upon failure to do so, the Buyer may withdraw from the contract.

10.6. The Supplier shall make every effort to organize training sessions for Buyer's employees from the scope of the Supplier's own activities.

## **11. INTELLECTUAL PROPERTY**

11.1. The Supplier shall guarantee that the Buyer's copyright shall not be breached neither by deliveries, application and transportation of the goods nor by services provided by his own suppliers. Supplier shall guarantee to treat any purchase orders as confidential and to compensate the Buyer for any potential loss incurred by non-compliance with this provision.

11.2. The Supplier may disclose the business relationship with the Buyer only upon the Buyer's prior written consent.

11.3. The following shall be deemed confidential:

- any plans, tools, models, technologies and other industrial property entirely owned by the Buyer that were in any way disclosed to the Supplier. The Supplier shall not forward them to third parties without the Buyer's written consent.
- The Supplier shall not enter into any kind of employment relationship with the Buyer's employees without the Buyer's consent. If this provision is breached, the Supplier shall be liable to compensate for 50% of the value of the realised business transaction.

## **12. ENVIRONMENTAL PROTECTION**

12.1. The Supplier shall be liable for any potential loss suffered by the Buyer due to environmentally hazardous products or unsuitable packaging.

12.2. The Supplier shall guarantee to have acquired the Statement of compliance from the producer of the packaging, which was drawn in accordance with Article 8 of the Decree on the Management of Packaging and Packaging Waste, and contains data from SIST EN 13427.

12.3. The Supplier shall guarantee to provide the Buyer with a safety data sheet in Slovenian language, drawn up in accordance with Article 31 of the Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) – 1907/2006/EC, upon the first delivery and any potential changes.

- 12.4. The Supplier shall guarantee to provide the Buyer with a technical data sheet or technical instruction in Slovenian language upon the first delivery and any potential changes.
- 12.5. The Supplier shall guarantee that the delivered goods do not contain substances of very high concern (SVHC), which are listed in Appendix XIV of the Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) – 1907/2006/EC.

### **13. PROTECTION AND SAFETY REQUIREMENTS UPON THE ACCEPTANCE AND DELIVERY OF GOODS**

- 13.1 The transport of goods should be entrusted with verified reliable and trusted transport operators. The Supplier is obliged to ensure that:
- goods are protected at all times and unauthorised access is prevented;
  - vehicles are regularly inspected;
  - liability of goods is ensured at all times during transport;
  - in case of an accident, the Supplier immediately informs GORIČANE d.d.;
  - for each single truck, the transport operator holds insurance in an amount that exceeds the value of the goods for five times.

### **14. FINAL PROVISIONS**

- 14.1. The Supplier shall be materially responsible for any loss suffered by the Buyer due to a non-compliance in the manufacture of goods.
- 14.2. The Buyer and the Supplier shall determine in the contract the quantity of the emergency stock in the storage. The Buyer reserves the right to periodically perform a check of the emergency stock.
- 14.3. The Supplier is responsible for any potential breach of intellectual property rights in accordance with applicable legislation.
- 14.4. Anything that is not determined in these 'General Terms and Conditions of Purchase' shall apply mutatis mutandis and/or according to the provisions from the Code of Obligations and other legal or implementing regulations, as well as INCOTERMS 2010.

- 14.5. In case of reorganisation of the status of the Supplier's company, the change in ownership, its merger to another company or acquisition of another company, the Supplier is obliged to inform the Buyer on this matter within 7 days after the entry in court register. All obligations shall remain unchanged.
- 14.6. All letters of communication shall include the number of the order and a reference to any prior correspondence. Any questions should be addressed solely to the Buyer.
- 14.7. All provisions of the 'General Terms and Conditions of Purchase' shall be applied mutatis mutandis.

## **15. SEVERABILITY CLAUSE**

- 15.1. If current or future provisions of this contract become partially or entirely legally invalid or if they later lose their legal efficiency and applicability, other provisions remain unaltered and apply to both contractual parties.

## **16. VALIDITY**

- 16.1. The 'General Terms and Conditions of Purchase' shall apply until they are amended. The Supplier is obliged to regularly check for any amendments of the General Terms and Conditions of Purchase on the website of GORIČANE d.d.
- 16.2. The Buyer and the Supplier agree to solve any potential disputes by common consent.
- 16.3. If an agreement is not reached, the dispute shall be presented to the competent court in Ljubljana. In this case, the Supplier is obliged to fully meet the requirements of any valid purchase orders during the period of notice. If the Supplier is non-competing with regard to price, quality or deadlines, the Buyer shall reserve the right to cancel the purchase order. The Supplier shall thereupon return any items held by the Supplier and owned by the Buyer (tools, documents ...) within 15 days.
- 16.4. Applicable law: the Law of the Republic of Slovenia.
- 16.5. The 'General Terms and Conditions of Purchase' are drawn up in Slovenian and English language and shall enter into force on January 1, 2019.