

GENERAL PURCHASE CONDITIONS - GPC

ETI d.d.

Obrezija 5, 1411 Izlake

AREA OF VALIDITY OF GENERAL PURCHASE CONDITIONS

An element of all legal business, concluded by ETI d.d. with goods suppliers or service providers, are also the General Purchase Conditions, hereinafter GPC. The arrangements that deviate from GPC are defined in the contract.

SUBJECT OF THE CONTRACT

A conclusion of contract is legally in force only if it is signed by a legal representative of ETI d.d..

The supplier commits to supply goods, specified in the price list - annex, which is an attachment of the contract.

The scope of purchase is defined with estimated annual needs of the client, which the client, in regards to the supplier's needs, reports to the supplier by the end of the current year, for the following year.

During the year, the client, to his best ability and knowledge, supplies data to the supplier, which enable both the best possible flexibility in the planning of production and supply.

Actual purchase quantities are set with current orders according to delivery deadlines, which may be followed by additional urgent orders or postponements or orders. Orders are carried out and provided by the supplier within the contractual deadline for delivery.

The client is obligated to accept the ordered goods or goods from stocks within 90 days from the planned and ordered / recalled dynamics, as well as pay for it.

Should the supplier carry out contractual work at the location of ETI d.d., the supplier assumes full contractual responsibility for non-material and material damage, which would be suffered by the supplier, their employees, or their contractors, except in the case, where the damage is caused by ETI d.d., its co-operators or authorised actors, intentionally or due to gross negligence.

DELIVERY DEADLINE

The supplier supplies the client based on needs 1 x monthly, weekly, daily, and if required also multiple times with the intention of ensuring an optimal supply of the client.

The agreed upon supply deadlines begin with the day of the order or day of the recall. A timely fulfilment of contractual obligations is also based on the arrival of goods to the takeover location.

The supplier may not, without a written consent by ETI d.d., transfer an issued order, neither partially nor fully, onto a sub-supplier or a third party.

PRICE

The supplier will supply ordered goods to the client at the price, defined in the annex, attached to the contract.

The supplier ensures a market, price, and quality based comparability of products that he delivers.

when forming prices, the rule of price decomposition is valid. Prices are formed in EUR without VAT.

Prices are valid for the franco warehouse of the client (CPT Izlake), which means responsibility of the supplier for the costs and risk of transport for delivered goods up until the point it is handed over at the client's location.

Price changes may only be implemented upon consent of both contractual parties.

PAYMENT DEADLINE

The supplier supplies goods successively on a monthly basis and invoices it immediately after delivery. The invoice must be sent at the same time as the shipment, but separate from it. Every invoice needs to state the order number.

The client commits to pay the delivered goods within 120 days from the date of the invoice or another, contractually defined deadline.

The day of payment is considered to be the day, when the full amount invoiced has been transferred to the account of the supplier or settled with a settlement of claims and receivables.

In case of payment before the contractual deadline, the client is entitled to a discount as per agreement.

The contractual parties agree that, in the case of untimely payment of bills, interest is charged, but only in the amount defined by law.

Costs of notification and debt collection or other expenses are not paid by ETI d.d..

In case of a complaint regarding the goods, consensually identified by both contractual parties, the supplier is obligated to issue either credit or a new invoice. In such a case, the payment is due from the date of the resolution of complaint.

Until the full amount has been paid, the delivered goods remain proportionally owned by the supplier. Goods settlements, cessations or compensations are also possible.

PRODUCT QUALITY AND GUARANTEES

Products must not have construction, material or processing defects and must meet contractually defined specifications and characteristics.

The entry control of goods at ETI is limited to visual control of the transport packaging in regards to externally identifiable damage, e.g. damage during transport. Quantity control and identity control is carried out by ETI based on the comparison of delivery documents with order documents.

Further special measurement controls are not carried out by ETI.

Upon demand, the supplier must submit documents and records from the production phase of the delivery subject, especially quality control results (measurement reports, control cards, studies of process competence...), carried out at the supplier's plants or his sub-suppliers.

ETI notifies suppliers on defective products with a complaint record. Costs that this creates for ETI are carried by the supplier. The costs of complaint issuing, rejection, upgrades and additional testing is calculated and charged by ETI to the supplier (according to the price list below - prices without VAT).

- complaint lump sum 100 Euro
- sorting costs for ETI d.d. 20 Euro/h/employee
- production stoppage 1000 Euro/h
- measuring and testing costs 200 Euro/h
- lump sum for late delivery 100 Euro

The supplier must respond to every complaint within 10 business days with an 8D report. If required, ETI may shorten this period. The supplier must introduce immediate measures and inform ETI about them within 48 hours to ensure flawless delivered products, with the lowest possible expenses, both for the supplier as well as for ETI.

If the supplier does not meet the deadline, ETI must be informed in writing in advance. The supplier must analyse the products that the complaint was issued for (defect cause analysis). The analysis results and planned corrective activities, including planned deadlines of their implementation, must be summarized in the 8D report (in accordance with the 8D report form), which must be sent to ETI. Implementation of effective corrective measures must be proven to ETI.

For the operative implementation of the strategic goal "flawless quality", ETI and the supplier agree upon measurable goals of delivery quality (ppm agreement) in a specified period of time. ETI records the ppm value results and reports them to the supplier, as well as using them to evaluate the supplier. These results are, at the same time, the foundation for targeted measures for constant quality improvement.

The ppm agreement, however, does not mean that ETI accepts such a level of quality. ETI generally rejects all items, evaluated as defective pieces, and charges the supplier for such cases.

The supplier guarantees, that the supplied products meet the required technical conditions, have agreed upon or guaranteed characteristics and enable appropriate and suitable operation without errors. The supplier further guarantees for the quality and suitability of supplied products in regards to material, production, storage, and appropriate times of storage, as well as all legal provisions and norms.

The supplier issues a guarantee for supplied products for the period of 24 months from the takeover at the address of the client. In case a lack of quality is identified (hidden defect), which is a result of delivery outside the purchase technical requirements, and the deviation is found within or without the guarantee period at the client or in the market, the client has the right to damage compensation.

DELAYS

Should the supplier be late with the deliveries of products, the client has the right to charge the supplier a contractual penalty in the amount of 1% of the value of products that were not delivered for every day of the delay, but up to 15% of the value of products that were not delivered at most. The client, in the case of a delay in delivery, also has the right to demand a compensation due to a stoppage of production.

GUARANTEE OF MANUFACTURER'S LIABILITY

The supplier must for products supplied to the client by this contract, conclude an insurance for the manufacturer's liability and regularly pay the expenses of such an insurance.

LONG-TERM STATEMENT OF THE SUPPLIER

The supplier is obligated to issue a proof of the preferential origins of the product for every shipment individually or as per agreement, a statement for all such products, by the middle of the January for the coming business year.

The client reserves the right to charge the supplier for all created costs and fees that would stem from an improperly declared origins of the product or unsuitably filled out statement of the supplier on the internal market, for products with preferential product origins.

BUSINESS CONFIDENTIALITY AND INTEREST PROTECTION

The supplier is obligated to protect the contract, the work stemming from it, and all connected procedures, as well as technical and commercial documentation, as top business secret. The supplier will commit all third parties, involved in the fulfilment of the contract, to the same obligations as he assumed himself.

In case of a violation of business confidentiality, the other contractual party has the right to immediately, unilaterally, terminate this contract.

INTELLECTUAL PROPERTY RIGHT

The supplier guarantees, that the supplied products do not violate any intellectual property rights of third parties, e.g. patents, patent applications, models in use, and similar.

Should the creation of products violate any legally protected rights of third parties, the supplier will, should dispute arise, repay the damages, incurred by the client due to this.

PLAN FOR EXCEPTIONAL CONDITIONS

The supplier must create a plan for exceptional conditions which applies for unpredictable events such as natural disasters, machine breakage, technical errors in the production process and similar events.

FINAL PROVISIONS

For all, which is not defined in the GPC or the contract, the provisions of Slovenian law are used.

All changes and amendments to contractual provisions are only valid in written form, as an annex to the contract. The contractual parties will solve potential disputes amicably, in compliance with the valid legislation. Any disagreement, dispute or claim, stemming from the contract or related to it, or stemming from its violation, termination or invalidity, will be finally solved by an arbiter - individual - nominated based on the Regulation on the Arbitration Procedure, at the Permanent Arbitration of the Chamber of Commerce of Slovenia. The arbitration decision is enforced by the competent court of law.

SUSTAINABLE DEVELOPMENT

ETI suppliers commit to:

- not use nor support the use of child labour or forced labour
- ensuring equal opportunities and freedom of unification, encouragement of development of each individual
- opposition to the use of physical punishment, mental and physical coercion and verbal abuse
- compliance with the laws and industrial standards, relating to work time and ensuring, that the payment is suitable to cover the fundamental needs of life
- establishment and maintenance of procedures, required for evaluation and selection of suppliers and sub-suppliers based on their commitment to social and environmental responsibility
- intolerance to any kind of bribery in any shape or way, in any form of legality, even if such practices are actually permitted, tolerated, or not subject to enforcement of law
- evaluation and reduction of influences of their products and services through their entire life cycle on the environment
- responsible use of resources with the intention of achieving sustainable development, compliant with principles of respect for the environment and future generations' rights
- respect of the principles stated above, values and policies, by all manufacturers or sub-suppliers, and regular following of efficient adherence to these commitments.

VALIDITY

General terms of purchase enter into validity on the 1st Jan. 2017.