

GENERAL PURCHASE CONDITIONS

I. Validity

General Purchase Conditions (hereinafter referred to as "the Conditions") apply to the sales transactions for the supply of high-quality (semi)products (hereinafter referred to as "the goods") concluded between the company "MDM d.o.o." (hereinafter referred to as "the contractor") and the supplier from 1 June 2015. The conditions shall apply mutatis mutandis to the orders of services as well.

The Conditions are an integral part of all transactions between the parties, unless the parties have agreed otherwise in writing and in advance. If the parties have explicitly agreed otherwise for individual transactions, the Conditions shall apply for such transaction on everything which was not specifically agreed by the parties.

The supplier may take note of the Conditions at any time on the contractor's website: www.mdm.si.

All statements and notices in the framework of a single transaction shall be exchanged by the parties in writing. Each party is obliged to inform the other party of any changes of address and other relevant information.

If the contractor and the supplier conclude an Agreement on supply conditions MDM d.o.o., the provisions defined in detail in the present document shall apply as well.

The Conditions are written in two languages. In the event of ambiguities / inconsistencies, the Slovenian language shall apply.

II. Offer

An offer or a pro forma invoice (hereinafter referred to as "the offer") issued by the supplier on request of the contracting authority, binds the supplier in terms of deadlines, volumes and prices and is valid for at least 3 days. It is not possible to withdraw the offer. The offers are exclusively subject to these Conditions, even when different conditions are specified by the supplier, they shall not in any way bind the contractor without his express confirmation.

By making an offer, the supplier guarantees to have all the capabilities and capacities for its full realisation in accordance with the latest rules of the profession.

If the supplier needs any information or technical documentation not provided by the contractor himself, the supplier shall make a prompt notice in writing thereof to the contractor no later than within 24 hours and invite him to submit them.

III. Order

The contractor shall order goods from the supplier with a written order, written confirmation of the offer or the pro forma invoice or by paying the pro forma invoice.

The supplier shall review each order and confirm it in writing within 24 hours upon receiving the order.

Any refusal of the order must be justified in writing by the supplier to the contractor.

The contractor may cancel the contract with the supplier until the supplier has not started with the production of the goods or the supplier has not ordered the goods for the contractor at his supplier yet. Cancellation of an order must be communicated in writing to the supplier, whereas the contractor does not bear any costs in this case.

IV. Delivery Period

The delivery period is defined in the order either with the end date or the number of working days and shall run from the order confirmation. The respective period may only be changed by written agreement of both parties.

In the event that the supplier cannot deliver the goods within the agreed period due to force majeure, the supplier shall provide a new delivery time to the contractor. If the new delivery time does not suit the contractor, the contractor reserves the right to cancel the contract partially or in full and by charging the supplier give the contract to another supplier.

If the supplier does not have all the necessary information and the necessary technical documentation for delivery, despite the fact that he called on the contractor several times (at least 2- times) for the submission thereof, the delivery period is extended for the duration from the supplier's call until the moment when the contractor transmitted the necessary information. However, if the supplier does not invite the contractor to the transmission of necessary information and technical documentation in time (within 24 hours), the delivery period cannot be extended.

If the supplier fails to meet his obligation within the time limit, the contractor shall charge the supplier a penalty at the rate of 1% of the contract value for each calendar day of delay and all incurred costs and damage suffered by the contractor himself or with his customer for this reason, irrespective of the reason for the delay.

V. Receipt

The supplier shall mark each quantity supplied by the individual pallets, cartons, etc. with a label or pallet sheet, which must contain:

- supplier's code (or sign),
- supplier's name and address,
- contractor's code (used by MDM),
- quantity,
- name of the goods,
- date of manufacture,
- lot.

Supplied goods must be accompanied by the following documents:

- packing list (with indicated contractor's order number) with the code and the name of the goods, which are identical to the contract, and the data on its weight and customs tariff (for goods from abroad),
- transport documents depending on the type of transport (consignment note, carriage voucher),
- an invoice for goods from abroad (with indicate number of our order) with data on its weight and customs tariff,
- approval / measuring protocol / certificate (certificate of suitability),
- a declaration of origin of the goods,
- accompanying and supporting documents for the identification and quality of the goods, which are necessary for the admission and sales of the goods.

The supplier is obliged to pack the goods in way that ensures safe transport and storage.

If the supplier detects deviations from the contract, he may deliver the goods only with prior written confirmation from the contractor on the admissibility of the deviation. The supplier must specify the deviation and accompany the shipment with specification.

The supplier shall be liable to payment of compensation for any resulting damage suffered by the customer in any way due to ecologically questionable supplied goods or inadequate packaging.

For every (semi)product or a group of (semi)products, the supplier is obliged to issue a Declaration of Conformity, meeting the requirement under Article 8 of the Decree on the Management of Packaging and Packaging Waste, including the requirements in accordance with SIST EN 13427.

The receipt of goods is carried out when the contractor signs the receipt document stating the admission date, stamp and signature of the transferee of the goods.

The contractor undertakes to take over the goods within 15 days from receiving the notification of the supplier stating that the goods are ready for collection. Until the expiry of that period, the supplier must store the goods at his own expense and during this time the supplier bears the risk of destruction and loss of goods. After the expiry of that period the contractor comes into delay with taking over the goods.

VI. Payment Terms

The supplier shall issue an invoice within 8 days of the receipt of goods.

The payment deadline shall not be shorter than 30 days, unless the payment of the pro forma invoice has been agreed.

Only the items that have been confirmed in the offer may be stated in the invoice. If individual items, eg. cutting, delivery, etc., have not been particularly specified in the offer, they cannot be later charged by the supplier and shall be borne by the supplier.

Once the contract is approved, the supplier cannot in any way change the price as was specified in the offer.

If the invoice does not comply with the order or the confirmed offer, the contractor can refuse the invoice within 8 days from its receipt.

The customer is entitled to return standard goods within 8 days of receipt, without giving any reason. Standard goods are considered the goods which are not produced specifically for the contractor (made to order). In the case of returning the goods, the contractor shall bear only the cost of transport, while all the other costs shall be borne by the supplier.

VII. Quality of Goods and Services

The supplier is obliged to deliver the ordered goods in accordance with the contract and all the accompanying documentation and in compliance with international, national and internal technical standards. The goods must have ordinary features and properties which the parties have specifically agreed upon and correspond to the standard properties of the seller's goods. If it is known to the supplier for what purpose the contractor or the contractor's customer will use the goods, the goods must also have the properties of the known use.

In his business system, the supplier is obliged to establish and maintain the quality level of goods ordered in accordance with quality requirements of the contractor, which will be achieved through effective quality management system. The supplier undertakes to provide the contractor at his request with verification of the functioning of the quality management system.

If the supplier is issued a checklist (measuring protocol) by the contractor, the supplier is obliged to respect and fill it in. If the checklist (measuring protocol) is not issued, the supplier must himself create a system by which the goods will be controlled by samples or in full and produce corresponding reports on measurements.

Prior to the start of regular delivery and at any time upon request of the contractor, the supplier is obliged to deliver the contractor the samples of contract goods for his approval. The contractor is obliged to examine the samples and inform the supplier of the results of his examination.

VIII. Warranty for Defects

The supplier shall be held liable for goods to be free of defects in terms of quantity and quality for 2 years from the receipt of the goods.

If the contractor detects a defect, he shall send the supplier a complaint record identifying the defects within 2 months from the date of discovery of the defect.

The supplier shall respond to the complaint within 24 hours of receiving the complaint record and immediately begin to handle the complaint or at the latest within 48 hours of receiving the complaint record.

Justified complaints shall be eliminated no later than within the period as was set in the order. If the complaint cannot be remedied within this period, the contractor will be notified in writing thereof and will be informed of the way to eliminate the complaint and new delivery period, but no later than 8 days from receipt of the complaint.

In the event of a detected defect exceeding 1% in terms of quantity or if the value of the claimed goods is greater than EUR 50, the contractor may require the supplier to make use of any of the following options:

- replacement of the entire shipment with the new one at the expense of the supplier,
- the supplier shall sort, eliminate or repair poor quality (semi)products,
- in the case of threats to the continuity of the production process at the contractor or the contractor's customer, the contractor shall sort the shipment at the supplier's cost in an amount equivalent to 25 EUR/hour/employee and issue an invoice to the supplier.

If the defect is detected during the manufacturing process of the contractor or the contractor's customer, the supplier shall be charged the costs of production interruption caused by this defect. The supplier shall bear the costs of both goods and the performed service.

The contractor has the right to alone fix defects of the goods at the expense of the supplier in the following cases:

- in the event of a complaint, the supplier fails to replace inadequate goods by the new within the period which they agreed jointly and may be different in each case,
- the supplier fails to comply with terms and/or an agreements or no agreement can be concluded with the supplier,
- if the supplier fails to respond to the record of complaint within 24 hours of its receipt.

In case of disagreement on the existence of a defect in the goods, a procedure demonstrating the quality of the goods shall be carried out by a third party chosen by the contractor. A third party is considered an institution or a legal entity qualified to control and test the quality and is not within the organisational structure of the contractor nor the supplier. If it is determined for the complaint to be justified, the costs of proving by the third party shall be borne by the supplier.

All costs relating to the complaint, in particular the cost of returning the goods to the supplier, the cost of managing the complaint, inspections and tests, and the cost of delivery of corresponding goods shall be borne by the supplier.

The supplier remains fully responsible for flawless delivery irrespective of his contractual obligations, particularly in relation to the claims of the contractor on the basis of defects.

IX. Exclusivity Clause

The supplier shall not himself communicate with the contractor's customer, except in the case of written consent of the contractor.

If in the case of the contractor's written consent, the supplier sends an offer directly to the final customer, he shall notify the contractor thereof in writing, including the sent offer.

If the supplier shall breach this clause, he shall pay the contractual penalty to the contractor in the amount of EUR 100,000 or as specified in the Agreement on purchase conditions.

X. Jurisdiction of the Court

In the event of disputes between the parties, the settlement shall lie within the competence of the Court of Ljubljana.

XI. Obligation to Protect the Confidentiality of Data

The parties shall protect the confidential information of the contracting authority.

Confidential information means all information and data, including trade secrets, business and technical information and data disclosed between the party providing the information and the party receiving the information, from and in connection with the cooperation of the contractual parties, irrespective of the means or the form in which this information exists (including information transmitted visually or orally). Confidential information includes copies, summaries and individual parts of information.

The supplier shall not in any way reproduce (copy, scan, send by e-mail, etc.) the contractor's

documents without the prior written consent of the contractor.

All confidential information exchanged by the parties in and in connection with the cooperation:

- may be used only for the purposes of cooperation between the parties. The party receiving the information shall treat it confidentially and use the necessary means to prevent unauthorised disclosure of information;
- may not be distributed, published or sent to third parties by the receiving party, in any way and in any form. For the purposes of cooperation between the parties, the expression of a third party does not include the employees and/or consultants of the parties, who must, for obvious reasons, have access to confidential information in order to fulfil the purpose, in so far as they are obliged to maintain confidentiality in accordance with their employment contract or other agreement in writing. The party receiving the information shall ensure compliance with the obligations of confidentiality by his employees or external collaborators also in the period after the termination of their employment contracts or cooperation agreements;
- shall remain the property of the party providing the information. Except for the purpose of cooperation of the parties, the receiving party must not use confidential information for its own purpose or for the purpose of third parties.

The obligations of the preceding paragraphs shall not include information already possessed by the receiving party at the time of its disclosure, which it independently developed by itself, received from a third party without violating the confidentiality agreement, which are already widely known, or the disclosure of which represents statutory or legal obligation. The receiving party shall bear the burden of proving the existence of these exemptions and shall without undue delay notify the other party, if there is a presumption that confidential information may be held by third parties, have become widely known or should be disclosed under the statutory provisions.

The obligation to observe secrecy by the receiving party under this Agreement shall be continued even after the termination of the cooperation of the parties, if the confidential information has not become generally known. The receiving party shall bear the burden of proving this fact