

## GENERAL TERMS AND CONDITIONS

### 1. INTRODUCTORY PROVISIONS AND APPLICATION OF THE GTC

- 1.1 These general terms and conditions ("**GTC**") of TIPS MTC d.o.o. ("**supplier**") apply in all cases of contractual relationships in which based on the buyer`s orders and specifications the supplier manufactures components specifically designed and produced for the buyer. This includes products that the buyer then integrates into his products along with other components ("**products I**") as well as products that the buyer sells or uses as they are ("**products II**").
- 1.2 GTC are also integral part of framework agreements between the supplier and the buyer for serial deliveries from section 20.
- 1.3 In case of conflict between the GTC and specific agreements between the parties, the specific agreements shall prevail.
- 1.4 For the purposes of the GTC, the term "buyer" refers to any legal or natural person acting within the scope of professional activities or business and entering into or negotiating to enter into a contract with the supplier. GTC apply to B2B relationships between companies and do not apply to any supplier's relationships with consumers. The buyer and the supplier together are also referred to as parties or individually as a party.
- 1.5 Parties will perform their contractual obligations in accordance with the principles of good faith and fairness.
- 1.6 Within these GTC, "in writing" means sent by mail, fax, email, or other means of electronic communication that allow later access to information on the time of sending, recipients, and the text of the message. Written form is required for all expressions of will between the parties, unless the GTC expressly state that an oral statement is sufficient.
- 1.7 References to clauses and sections in these GTC are references to clauses and sections of these GTC.
- 1.8 Headings in the GTC are added for ease of reference and do not affect their content and interpretation.

### 2. ORDER, SPECIFICATION AND CONCLUSION OF CONTRACT

- 2.1 GTC are published on the supplier's website: [www.tips-mtc.si/gtc](http://www.tips-mtc.si/gtc). The supplier refers to them (together with the reference to the above web address) in his offers and order confirmations. Therefore, it is considered that the GTC are known or should have been known to the buyer at the time of placing the order. By placing an order, the buyer accepts the use of the GTC in the contractual relationship with

the supplier and acknowledges that the GTC exclusively and entirely apply to contracts for custom production concluded with the supplier. This also applies if the buyer refers to the use of his own general terms in the order. Conflicting general procurement terms of the buyer are not binding for the supplier, even if not explicitly rejected by the supplier, and apply only if explicitly confirmed in writing by the supplier.

- 2.2 The buyer`s order must be in written form. It must contain a complete and accurate specification of the product whose production the buyer is thereby ordering from the supplier. The buyer undertakes to cooperate with the supplier to clarify all questions related to the order and specification. The order represents a binding offer from the buyer. The offer is not accepted until the supplier issues a written order confirmation. The supplier may reject the order without any obligation to pay compensation to the buyer.
- 2.3 The buyer's order with a specified deadline for confirmation is binding for the buyer until the expiration of that deadline. If no deadline for order confirmation is specified, the buyer is bound by the order for the time usually required for the supplier to examine and decide on it.
- 2.4 The contract is concluded when the supplier confirms the buyer's order in writing. The supplier's silence is never considered as acceptance of the buyer's order. Delivery period for the ordered products begins when the buyer provides the supplier with all technical documents and information necessary for the production. If the supplier requests an advance payment in accordance with clause 14.2, the delivery period does not begin until the supplier receives the advance payment.
- 2.5 The buyer is responsible for all errors and consequences of any errors in the product specifications that are part of his order or responses from clause 2.2 and for errors in the documents and data from clause 2.4.
- 2.6 The supplier will manufacture, test, label, package, and dispatch the product in accordance with the buyer's orders and specifications and in compliance with applicable laws, rules, and regulations. Any information about the product is binding only if expressly included in the contract.

### **3. SAMPLES, SPECIAL TOOLS AND EQUIPMENT**

- 3.1 When the parties need to disclose their technology, samples, special tools, and equipment to each other, such disclosures remain confidential in accordance with section 19. Unless otherwise agreed, the buyer organizes, at his own risk and expense, all necessary transportation of samples, special tools, and equipment.
- 3.2 Samples, special tools, and equipment exclusively intended for performance of the contract and provided by the supplier are paid by the buyer and become the buyer's property unless otherwise agreed. When providing such samples, special tools, and equipment, the supplier must inform the buyer thereof in advance. The buyer reimburses the supplier for the costs of replacement or repair due to normal wear and tear or other causes outside the supplier's sphere of responsibility.
- 3.3 The supplier has the right to retain samples, special tools and equipment provided under the contract when it is reasonably expected that they would otherwise be

disclosed to third parties, causing damage to the supplier. In such cases, the supplier reimburses the buyer for the depreciated value of these retained items.

3.4 Samples, special tools, and equipment provided by the buyer for the performance of the contract remain in the buyer's ownership and cannot be used for any purpose other than performance of the contract.

3.5 The supplier's obligations regarding samples, special tools and equipment finally cease upon the fulfilment of the contract. If expressly requested by the buyer, the supplier will notify the buyer before removing them after the fulfilment of the contract.

#### **4. DESCRIPTIONS AND DRAWINGS**

4.1 Unless otherwise agreed, all descriptions and drawings related to the products or their production provided by one party to the other remain the property of the party that provided them.

4.2 If either party wishes to modify the technical specifications of the products, it must submit the proposals in writing to the other party, which must respond in writing within 50 working days. Unless otherwise agreed, the existing technical specifications of the products apply and bind the parties until an agreement on the modification of technical specifications is reached.

4.3 Drawings, technical documents, and other technical information received by one party may not be used for purposes other than those for which they were provided, nor may they be copied, reproduced, or disclosed to a third party without the consent of the other party. The supplier may disclose them to a third party only when he requires processing, components, services or materials that he does not have in his production process. For this purpose, the supplier may disclose them to a third party on the condition that he enters into a non-disclosure agreement with the third party, wherein the third party is bound by confidentiality obligations at least as strict as those specified between the parties in section 19.

#### **5. CONFORMITY WITH PRODUCT SAMPLE**

5.1 If conformity with a product sample is required by the buyer, production will not commence until the supplier receives written approval of the sample from the buyer.

5.2 In such a case, the delivery period for the products shall not commence before the supplier receives written approval of the sample from the buyer.

#### **6. INDEMNIFICATION FOR INTELLECTUAL PROPERTY CLAIMS**

6.1 The buyer guarantees to the supplier compliance with the intellectual property rights of third parties and indemnifies (including the obligation to compensate him for damages arising therefrom) the supplier against all claims for infringements of any intellectual property rights or proprietary rights, if such claims arise from (or are a consequence of) the production of products using specifications, drawings, samples, models, special tools, or other equipment provided by the buyer.

#### **7. PRICES**

- 7.1 The prices for the products are specified in the contract. Unless otherwise agreed, the prices do not include sales taxes, excise duties, VAT, or other levies, packaging and protection costs, wrapping, logistics handling and certification, but include other costs that in accordance with the contract are responsibility of the supplier.

## **8. INSPECTION AND TESTING PRIOR TO DELIVERY**

- 8.1 During regular business hours, the buyer may at the supplier's address inspect the supplier's equipment used in the performance of the contract. He may inspect and test the products for materials and workmanship. The buyer must notify the supplier of the inspection at least one week in advance. Inspections and tests shall not unduly hinder the supplier's work.
- 8.2 If the tests show that the products do not meet the contractual requirements, the supplier must promptly ensure compliance of the products with the contract unless the buyer accepts such deviation.
- 8.3 The supplier bears the costs of agreed inspections and tests at the supplier's business address, while the buyer covers his own travel expenses. If the buyer requests product samples to be delivered to his address for inspection and testing, the buyer bears the costs of such shipment. If the buyer invites the supplier to examine the results of the inspections and tests anywhere outside the supplier's business address, the buyer also bears the supplier's travel expenses.

## **9. DELIVERY**

- 9.1 The delivery of products and the transfer of risk of loss or damage to the products shall be governed by the latest version of the Incoterms rules. Unless otherwise agreed, delivery is EXW Leskovec pri Krškem.

## **10. PACKAGING**

- 10.1 The party that provides packaging according to the contract, must ensure it is in good condition. When the buyer is required to provide packaging, it must be provided at the time and place specified by the supplier. If the buyer has specific requirements regarding the type of packaging, packing method and product protection, it must inform the supplier thereof in writing at the time of placing the order. Otherwise, the type of packaging, packing method and product protection are determined by the supplier.
- 10.2 For packaging provided by the supplier, the buyer shall reimburse the supplier for an adequate part of the costs for waste packaging handling if the supplier is obligated to pay them.
- 10.3 The buyer must return to the supplier the reusable packaging belonging to the supplier at its own expense. If the buyer fails to do so, the supplier is entitled to reimbursement for the value of such packaging.

## **11. CLAIMS AGAINST THE CARRIER**

- 11.1 After examining whether the arrival time, condition and quantity of the products correspond to the shipping documents, the buyer must immediately notify the supplier of any claims against the carrier. This applies in cases when under a specifically agreed Incoterms clause the supplier might be responsible for arranging transportation.

**12. DELAYS IN DELIVERY AND NON-DELIVERY**

- 12.1 If the supplier anticipates he will not be able to deliver the products on time, he must notify the buyer in writing as soon as possible, stating the reason and preferably the expected delivery time.
- 12.2 If the delay in delivery is due to force majeure from section 18 or due to an act or omission by the buyer, the delivery period shall be extended for a reasonable period considering all circumstances. This provision applies regardless of whether the reason for the delay arises before or after the agreed delivery deadline.
- 12.3 If the products are not delivered within the agreed deadline, the buyer is entitled to a lump sum compensation from the day when the delivery should have been made. A lump sum compensation of 0.5% of the purchase price is payable for each completed week of delay. The lump sum compensation shall not exceed 7.5% of the purchase price. In the event of partial deliveries being delayed, the lump sum compensation shall be calculated based on the part of the purchase price related to the delayed part of the products. The lump sum compensation becomes due upon the buyer's written request but not before completion of delivery or termination of the contract pursuant to clause 12.4. The buyer forfeits the right to the lump sum compensation if he does not claim it within one month from the day when the delivery should have been made.
- 12.4 If the delay in delivery entitles the buyer to the maximum lump sum compensation from the preceding clause, and if the products are still not delivered, the buyer may request delivery within a final reasonable period that shall not be shorter than one month. If the supplier fails to deliver the products within this final period and if that is not due to any circumstance within the buyer's sphere of responsibility, the buyer may terminate the contract for those products that have not yet been delivered by providing written notice to the supplier.
- 12.5 If the buyer terminates the contract, he is entitled to compensation for the damages suffered due to the supplier's delay. The total compensation, including the lump sum compensation from clause 12.3, must not exceed 15% of the purchase price related to the products that remain undelivered at the time of contract termination.
- 12.6 The lump sum compensation from clause 12.3 and the contract termination with limited compensation from clause 12.5 are the sole remedies available to the buyer in the event of supplier-caused delays unless the supplier has been grossly negligent or acted intentionally.

**13. BUYER`S DELAY AND NON-ACCEPTANCE OF DELIVERY**

- 13.1 If the buyer anticipates that he will not be able to accept the delivery of the products on time, he must immediately notify the supplier, stating the reason and the estimated time when he will be able to accept the delivery. The buyer's delay in accepting the delivery does not entitle him to any payment deferral. In such case, the supplier arranges for the storage of the products at the buyer's expense and responsibility.
- 13.2 Unless the buyer fails to accept the delivery due to force majeure from section 18, the supplier may, with written notice, request the buyer to accept the delivery

within a reasonable final period. If for any reason outside the supplier`s sphere of responsibility the buyer fails to accept the delivery within this period, the supplier may, with written notice, terminate the contract in whole or in part.

- 13.3 In such a case, the supplier is entitled to full compensation for the damages suffered due to the buyer's delay and non-acceptance of the delivery.

#### **14. PAYMENT OF PURCHASE PRICE**

- 14.1 Unless otherwise specifically agreed, the buyer shall pay the purchase price within thirty days from the date of the invoice.

- 14.2 In case of doubts regarding the buyer's payment ability (which the supplier assesses at its own discretion) or in case of previous payment delays, the supplier reserves the right to declare that production or delivery will only be carried out after receipt of the appropriate advance payment. Any time before the delivery of the product the supplier reserves the right to terminate the contract or to temporarily suspend its performance pursuant to clause 17.1 if in his reasonable judgment, he assesses that the risk of non-payment by the buyer is too high.

- 14.3 Payment shall be deemed made when received by the supplier in its bank account specified on the invoice.

- 14.4 In the event of payment delays, the supplier is entitled to statutory default interest as in force in the Republic of Slovenia.

- 14.5 In the event of payment delays, the supplier, after providing written notice to the buyer, may suspend the performance of any contractual relationship with the buyer until payment is received. If the buyer fails to pay the entire amount due within 15 days after receiving the notice, the supplier may, with written notice, terminate the contract and claim compensation for the incurred damages.

#### **15. RETENTION OF OWNERSHIP**

- 15.1 The delivered products remain the property of the supplier until the buyer has fully settled the purchase price, including all additional payments (interest, costs, etc.). The retention of ownership does not affect the transfer of risk according to clause 9.1.

- 15.2 The buyer must immediately, without delay, notify the supplier of any threats or attempts of pledging, seizure, or other attempts of third-party takeover of the products and take all measures to prevent any of the aforementioned actions. In such a case, the buyer shall provide the supplier with full access to the premises, thereby allowing the supplier to regain possession of the products.

#### **16. WARRANTY FOR MATERIAL DEFECTS**

##### Apparent defects

- 16.1 The buyer must carefully inspect the products immediately upon delivery and notify the supplier in writing of any apparent defects within 3 working days after delivery; otherwise, the right to claim apparent defects is forfeited. The buyer's notice must include a description of the defect.

##### Hidden defects

- 16.2 If it is discovered after delivery that the item has a defect that could not have been noticed through careful inspection upon receipt (hidden defect), the buyer must notify the supplier thereof in writing within 3 working days (counted from the day the defect was noticed); otherwise, this right is forfeited. The buyer's notice must include a description of the defect.
- 16.3 The supplier is not liable for defects that appear after three months from the delivery date. This applies to both products I and products II.

#### Rectification of defects

- 16.4 Upon receiving notice, the supplier shall rectify the defect at his own expense through repair or replacement of the product - as the supplier deems most appropriate. Repairs shall be carried out at the supplier's premises unless the supplier deems it appropriate for the repair to be conducted where the products are located. The buyer shall not repair the products by himself without the express written consent of the supplier, and in such cases, it must be previously agreed in writing who bears the costs, what the costs will be, and how the defect will be rectified.
- 16.5 For products I, the supplier's obligation to repair or replace them is limited solely to repairing the product I itself (to the extent that this is technically feasible), and the supplier is not obliged to repair or replace any other parts of the product into which the product I has been integrated. The supplier does not warrant for the entire product into which the product I has been integrated under any circumstances.
- 16.6 The buyer shall at his own expense arrange for any disassembly, relocation, and reassembly of equipment, except for the supplier's products on which defects need to be rectified.
- 16.7 Upon the supplier's request and according to his instructions, the buyer shall arrange for all necessary transports of defective products. Unless otherwise agreed, transportation shall be at the expense and risk of the supplier. The buyer shall cover all costs incurred by the supplier regarding repair and transportation due to the products being located in a place other than the buyer's place of business. If repair or replacement needs to be conducted outside the location of the buyer's place of business, the supplier is not obliged to commence repair or replacement until the buyer provides adequate advance payment to cover the estimated costs of such repair or replacement.
- 16.8 Defective products that have been replaced remain the property of the supplier.
- 16.9 If no defect for which the supplier is responsible is identified, the supplier is entitled to reimbursement of the costs incurred in handling the notification.

#### Buyer`s rights

- 16.10 If the supplier fails to repair or replace the defective product within a reasonable period from receiving notice of the defect, the buyer may, with written notice, set an additional reasonable period to the supplier to fulfil this obligation. If the supplier fails to fulfil this obligation within the additional period, the buyer may undertake necessary repairs by himself or engage a third party to do so. The supplier shall bear reasonable (up to 15% of the purchase price for products affected

by material defects) documented costs of such repair. If the defect cannot be successfully rectified, or if the costs of repair would be disproportionately high (i.e., exceeding 15% of the purchase price for products affected by material defects), the buyer may terminate the contract with written notice to the supplier.

- 16.11 Compensation for damages due to material defects in the products is limited to a maximum of 15% of the purchase price paid by the buyer to the supplier for the products affected by material defects. This limitation also applies if the buyer incorporates products I into his own products or semi-finished products, regardless of their value (subject to the limitations in clause 16.15).
- 16.12 The supplier is not liable for defects:
- arising from materials provided or specified by the buyer;
  - arising from specifications, samples, tools, or equipment provided or specified by the buyer;
  - resulting from improper use, assembly, installation, mounting, maintenance or repair by the buyer or any third party;
  - resulting from alterations to the products made without the supplier's written consent;
  - resulting from non-compliance with the supplier's instructions for use;
  - resulting from normal wear and tear or deterioration.
- 16.13 The supplier is not liable for any indirect damages caused by a defect, such as production standstill, loss of profit and similar.
- 16.14 If the buyer provides the supplier with plans, drawings, or specifications allowing for multiple alternative methods of manufacturing the product (such as for example various possible methods of varnishing the product), and the buyer does not determine which of these alternative options should be applied, it shall not constitute a material defect if the buyer subsequently disagrees with the method chosen by the supplier.
- 16.15 The supplier shall not be liable for any damage to the property of the buyer or other persons caused by the products after their delivery and while in the possession of the buyer or his customers, nor shall the supplier be liable for any damage to or caused by products manufactured from products I by the buyer, or products of which products I are a part. Likewise, the supplier shall not be liable for any damage to or caused by products manufactured from products II or of which products II are a part. In such cases, the buyer is not obliged to repair or replace the product if the cost of repair or replacement due to the incorporation of the supplier's products I or II into the buyer's or other products or semi-finished products exceeds 15% of the purchase price paid by the buyer to the supplier for the products affected by material defects.
- 16.16 If the supplier receives a claim from a third party or is found liable to any third party for the damage referred to in clause 16.15, the buyer shall indemnify the supplier (including reimbursement of all reasonable and documented attorney`s costs) and defend and hold him harmless from liability in connection therewith. If a third



party lodges such a claim against one of the parties, that party shall immediately notify the other party in writing. The buyer undertakes to participate on the supplier's side in any court or arbitration proceedings concerning a third-party claim for damages to or caused by the products.

## **17. SUSPENSION OF PERFORMANCE AND TERMINATION OF CONTRACT**

17.1 Each party reserves the right to temporarily suspend the performance of its contractual obligations when circumstances indicate that the other party will not be able to fulfil its obligations. The party suspending the contract must immediately notify the other party in writing. In such a case, the supplier may request from the buyer an appropriate financial security for fulfilment of his contractual obligations.

17.2 Either party may, with immediate effect, terminate the contract in the event of material breaches of the contract by the other party. Termination must be sent by registered mail with return receipt requested. The supplier may terminate the contract with immediate effect in the event of buyer`s insolvency, as well as in the event of a change in his legal organizational form or ownership that could significantly affect his performance of contractual obligations. This provision does not affect other methods and possibilities of contract termination specified elsewhere in the GTC.

## **18. FORCE MAJEURE, CHANGED CIRCUMSTANCES AND PRICE INCREASE**

18.1 Force majeure means circumstances that prevent or hinder a party from fulfilling one or more contractual obligations, if and to the extent that such party can demonstrate:

- that these circumstances are beyond its control;
- that they occurred after the conclusion of the contract;
- that it could not have prevented, eliminated, or avoided them.

18.2 Force majeure includes, among other things, the following cases: war, invasion, military mobilization, terrorist act, sabotage or piracy, currency and trade restrictions, embargo, sanctions, governmental action, expropriation, seizure of assets, epidemics (whereas a re-emergence of covid-19 constitutes force majeure only if its intensity and public law restrictions are unpredictable compared to previous occurrences), natural disasters or extreme natural events, explosion, fire, equipment destruction, prolonged malfunction of transportation, telecommunications, energy, or information systems, general labour disturbances such as boycott, strike, and blockade, operational slowdown, occupation of factories and premises, restrictions on the use of electric power, and delays and errors in deliveries from sub-suppliers to the supplier.

18.3 A party successfully invoking force majeure is relieved of the obligation to fulfil its contractual obligations and any liability for damages or any other legal remedy for breach of contract from the moment the impediment causes the inability to fulfil the obligations, provided that notice thereof is given to the other party without delay. If notice is not given without delay, the relief begins from the moment the other party receives notice. When the effect of the impediment or event is

temporary, the above consequences apply only for the period during which the affected party's performance under the contract is hindered.

- 18.4 If force majeure circumstances persist for more than 6 months, either party may, by written notice with immediate effect, terminate the contract. If, due to force majeure, the purpose of the contract cannot be achieved to such an extent that the contract no longer meets the expectations of the contracting parties and it would be manifestly unfair to maintain it in force as it is, the supplier may terminate the contract by written statement regardless of the six-month period from the previous paragraph.
- 18.5 If between the conclusion of the contract and the fulfilment of the supplier's contractual obligations, labour, material, or energy costs increase to the extent that the price of the products should be higher by more than 5%, the supplier is entitled to charge the buyer the price difference exceeding this 5% increase. In such a case, the supplier is obliged to promptly inform the buyer about the increased costs.

## **19. CONFIDENTIALITY**

- 19.1 The parties understand and acknowledge that, under the contract, each may receive or become acquainted with technology and information belonging to or relating to the other party, its business, and business plans, affairs, or activities that are confidential and owned by the other party and/or its subcontractors and clients, concerning which they are bound by strict confidentiality.
- 19.2 Therefore, neither party shall, during the validity of this contract or at any time thereafter, as long as the party reasonably continues to maintain the confidentiality of the information, disclose to any other person any technology or other confidential information disclosed to it by the other party pursuant to this agreement, and shall use its best efforts to maintain the confidentiality of such technology or other information.
- 19.3 Any of the mentioned technologies or other confidential information may be disclosed to any contractor or supplier of the relevant party regarding any equipment or products, government or other regulatory authority, and any officers or employees of the party only to the extent necessary for the purposes of the contract or as required by law, and in any event, provided that the relevant party obtains the prior written commitment of the recipient of the disclosure to maintain confidentiality and to use it only for the purposes for which the disclosure is made.

## **20. FRAMEWORK AGREEMENTS FOR SERIAL DELIVERIES**

- 20.1 When the parties intend to stipulate for serial deliveries over an extended period of time, they may regulate their mutual relations in a framework agreement, specifying anticipated quantities and the delivery schedule. Based on the framework agreement, the buyer then places individual orders with the supplier, which are accepted when the buyer receives the supplier's written order confirmation.
- 20.2 Unless otherwise agreed, the framework agreement for serial deliveries is concluded for an indefinite period and can be terminated by either party with written notice and a three-month notice period.

**21. DISPUTE RESOLUTION AND APPLICABLE LAW**

- 21.1 The District Court in Krško has jurisdiction for resolving all disputes arising out of or in connection with the contract.
- 21.2 The law of the Republic of Slovenia applies to the contract. The application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is excluded.

Leskovec pri Krškem, 1 March 2024

**TIPS MTC d.o.o.**