

CIMOS d.d., Avtomobilska industrija ,
Cesta Marežanskega upora 2,
6000 Koper,
(hereinafter referred to as: the **Client**)

and

NAME OF THE COMPANY / SUPPLIER , address
(hereinafter referred to as: the **Supplier**)

enter into the following

GENERAL CONDITIONS OF PURCHASE

No. _____ / _____

1. GENERAL PROVISIONS

1.1. These General Conditions of Purchase define the baselines on which the business and legal transactions are concluded between the suppliers, the Ordering Party and the consolidated or related companies in the CIMOS system (hereafter: Ordering Party or Client), for the purchase of goods, materials and services for the execution pursuit of ordinary activity.

The General Conditions of Purchase for all types of goods. They are effective with the day of order acceptance. The Ordering Party reserves the right to set out special conditions for any particular order, and such special conditions shall have priority over the General Conditions.

1.2. In business for which the Client issues an order for the supply of goods (a purchase order) for its own needs, the Client shall issue the order on its own behalf and own account, etc. For open orders, the Client schedules the supplies and makes payments for invoices.

In business for which the Company places orders, it also issues the order for the supply of goods on its own behalf and own account, etc. For open orders, the Company schedules the supplies and makes payments for invoices. The relationships between the Client, Supplier and the Company are regulated with the purchase order, or by a separate Annex.

1.3. The signed confirmation of order acceptance is returned to the Client by mail. The acceptance or starting performance of order shall also mean the acceptance of the Client's conditions of purchase, and excludes any other instruction or agreement which are not been confirmed in writing by the Client. In the case that supplier not send written order confirmation in five (5) working days from issuing, or neither send written refusing, it will be considered as accepted included with General Conditions of Purchase.

2. OPEN ORDERS – CALL-OFFS FOR SUPPLIES

2.1. Certain products and goods in regular consumption can be subject to open order containing the details: Product, place of delivery, price, conditions of purchase (transport, packaging, etc.) and indicative total quantities for a certain period, of informative nature. Delivery dates of concrete supplies and quantities are then defined in call-offs.

2.2. Orders and call-offs for supplies, any changes or amendments thereto have to be made in writing. They can be transferred by distance transmission or machine-readable data-carrying media.

2.3. Within the given circumstances and scope of possibility, the Client may require the Supplier to change the construction and execution of the purchased product/service. The Parties regulate the consequences or impacts by contract, in particular in terms of additional or reduced costs, as well as delivery terms.

3. DELIVERY TERMS AND QUANTITIES

3.1. The agreed delivery terms are mandatory. The delivery terms set in orders, call-offs and supply plans relate to the goods "delivered to the plant or service" They are based on the Client's scheduled production programs and shall be complied with, by assuring 100% delivery performance. The Client may change such delivery terms if so required by any call-offs or supply plans that are delivered to the Client subsequently.

3.2. The Supplier undertakes to inform the Client promptly, without delay, on any problem that may arise and have an impact on the delivery terms or delivered quantities to be supplied.

3.3. The Supplier is liable to indemnify the Client for any damage or loss due to delay. In case of obvious incapacity to supply, delay, actual delay or other breach of the conditions of purchase, the Client reserves the right to cancel the order in whole or in part, and to employ another Supplier at the expense of the Supplier in breach. In enforcing its claim for damages, the Client shall, in good faith, take into account the economic circumstances of the Supplier, the type, scope and duration of the business relationship, as well as the value of the goods supplied.

COST TYPE	COST AMOUNT
Costs of Logistics	Actual costs
Cost of standstill	Actual costs
Cost of delayed supply	Actual costs
Daily costs of storage for the packaging unit supplied before the due date for the supply under this Order	100 EUR

3.4. For each supply effected before the due date (set in the order), the Contracting Party reserves the right to:

- Refuse to accept the goods at the expense of supplier;
- Accept the goods, whereby the invoice will be paid under the terms scheduled in the Order, and charge the Supplier for the storage costs for the packaging unit, as specified in Section 3.3.

Once per year the Client shall set the compensation rates for the storage of goods, taking into account the scope and quantity of the goods supplied before time.

3.5. Force majeure, riots and civil commotions other than strikes directly at the Supplier's plant, action taken by authorities and other fatal incidents that could not be prevented shall release the Contractual partner for the duration of the disturbance from contractual obligations. Within the range of possible, the contractual partners shall immediately convey the necessary information to the other Party and in good faith adjust their obligations to the changed situation, without delay.

4. SAFETY INVENTORY

4.1. In case of open order for the products needed in the Client's production process, the Supplier shall establish a safety inventory at its own expense and have it available and renew at all times. Unless otherwise determined, such safety inventory shall accommodate the quantity of ten working days.

The Client reserves the right to check the safety inventory from time to time.

5. SUPPLY

5.1. Unless otherwise defined, the goods ordered shall be delivered to plants, warehouses or services of the Client. All the costs are paid up to the point of delivery indicated in the order. The Client shall assume the risk upon acceptance of delivery in its plants, warehouses or services.

5.2. The Client's address and data of the plant, warehouse or service as indicated in the order must be written on each packaging unit. Each shipment must be announced by a delivery note, completed with full details from the resp. order (date, order number, quantity and type of goods, detailed description of packaging, etc.).

5.3. If not otherwise agreed, the Supplier shall use an inventory management system to optimize inventory turns over time and ensure stock rotation and delivery such as »first-in-first-out« (FIFO).

6. PACKING, PACKAGING, PROOF / CERTIFICATE OF ORIGIN

6.1. Unless otherwise agreed, the Supplier shall pack the goods in a professional way and despatch them under a customary business practice, or deliver the goods in the packaging as instructed by the Client.

Supplier shall be liable for any damages/loss resulting from deficient or wrong packaging.

6.2. On the basis of the valid business arrangements, the Supplier shall submit to the Client all certificates of origin and other documentation that the Client deems necessary, for each and all supplies.

The origin of newly accepted supplies, or any change to origin shall be reported to the Client without being requested. The Supplier is accountable for any inconvenience and damages suffered by the Client due to

improper or delayed submission of the Declaration (Certificate) of origin. If required, the Supplier shall prove the data/information on the origin of goods by presenting the informative document confirmed by its Customs Office.

6.3. The supplier shall assure the traceability of the products supplied and designate the freight units with all the details: Consignee of goods, address, code of goods, status of change, number of pieces (freight units), net/gross weight, name/ description of goods, order number, delivery note number, production date, charge number, and special markings if required.

6.4. The Supplier shall observe any applicable law and regulations on export controls related to the goods. The Supplier shall not procure goods or parts thereof from, or subcontract any of its obligations arising from the contractual relationship with the Client to, any person or entity to which economic sanctions apply, as evident from the list of sanctioned persons, groups and entities published on the EU official website <http://eeas.europa.eu> (or any EU official equivalent thereof), as may be updated from time to time. To this end, the Supplier will implement a monitoring process and will take the necessary actions to confirm the identity and ownership of its direct contractual partners from which goods or parts thereof are procured. The Supplier will allow the Client to conduct periodic audits on the compliance with the requirements of this clause 6.4.

7. ACCEPTANCE (TAKING DELIVERY): QUALITY AND QUANTITY

7.1. The inspection and acceptance of goods is performed in the Client's plants in accordance with their agreement on the acceptance of delivery. The signature and stamp for the release shall not be deemed as final acceptance.

Any non-compliant or deficient supplies shall be returned to the Supplier at the Supplier's expense. The Client reserves the right to claim replacement supplies for such deficient supplies, at the originally agreed terms.

7.2. The Client and Supplier agree on the form of taking delivery (acceptance): Conventional acceptance, acceptance on "Certificate" (in accordance with the EN 10204 Standard, Section 3.1), or acceptance under the Supplier's quality assurance system AQP. In case of acceptance in accordance with "Certificate" missing of that means inadequate shipment .

In all cases, Cimos performs counter-tests at random, checks the quantities, accompanying reports, condition of packaging and labelling.

7.3. In the event of rejects in processing, repairs or obligatory screening or sorting above the acceptable percentage rate applicable to the product type, the Client reserves the right to charge the Supplier for the costs of processing, repair or sorting, and also demand a reduction in price or urge the supplier to remedy the defects.

7.4. Reclamation is every detected deviation of a product from defined requirements. It may be technical or logistic. Upon receipt of reclamation, the supplier shall implement corrective actions to prevent re-occurrence of error, with mitigate the consequences and assure smooth provisioning. Immediate actions (3D) shall be reported within 24 hours upon receipt of reclamation. Further actions (8D) shall be presented within 10 days, if not otherwise agreed. With the objective to pursue the cause and to solve it a supplier shall implement the methods such a "5 Why", "8D" and verification of the action's efficacy.

7.5. The Supplier shall assume full responsibility for the costs suffered by the Client, the Client's buyer, or end user resulting from any discrepancy from the required quality level for which the Supplier is at fault. Such costs resulting from the quality management (QM) related problems are: Flat rate upon issue of complaint, and actual costs related to the quality-related problem (standstill, sorting or screening, repairs).

In the case of repeating mistakes Cimos reserves the right to impose additional controls on shipments. (CSL1 and CSL2)

COST TYPE	COST AMOUNT
Flat rate upon complaint issued	50.00 EUR
Labour for repairs/sorting	min 12.5 EUR
Inadequate pieces	price* x quantity
Quality-related problems incurred at the Cimos' buyer (if the Supplier is at fault)	Actual costs
Default in providing the response to a QM problem	100.00 EUR

8. PRICES

- 8.1. All the prices are fixed prices, except if otherwise defined in the Order, and the prices cannot be changed one-sidedly.
- 8.2. Prices are inclusive of the packaging.
- 8.3. Unless otherwise agreed, all prices understand DAP client – the User Plant.

9. ISSUE OF INVOICES AND PAYMENT

- 9.1. Each invoice must comply with the resp. Order. The invoice has to contain the Order number, code of product, status of change, code of Supplier, product name/description, quantity, price, date and number of delivery note, method and point of delivery.
- 9.2. The payment is effected after the arrival of goods, as agreed in the contract, and the invoice has been received and checked as correct.
- 9.3. Unless otherwise defined by the Client, all payments are effected in 90 days after the end of month of invoicing.
- 9.4. In case of a defective supply, the Client may retain the payment in full or in part, in proportion to the share of inadequate products, until the correct and complete performance.
- 9.5. Unless the Client's prior consent in writing has been obtained – which shall not be unreasonably withheld - the Supplier is not entitled to assign its claim towards the Client or have the claim collected by third party.

10. QUALITY AND CONFORMITY /ADEQUACY

10.1. The Supplier shall be held responsible for the quality of the products supplied, and shall establish its own quality control and management system that is adequate to the criteria applied in the automotive industry. The efficiency of the quality management system, as well as the conformity of it, shall be proved by:

- Quality Certificate IATF 16949:2016
- Quality Certificate ISO 9001:2015

In cases when the supplier does not have a quality system rating, Cimos can perform an audit and produce the opinion on the Supplier's capacities. In case of positive opinion, the Supplier is required to prepare the process, provided that all the requirements of quality assurance for the process are fulfilled. After the Supplier's measures are implemented, the documentation of process is validated by the representative of Cimos and a new process audit is performed. Suppliers, who are selected according to the above mentioned, must gain, during the period of two years, the certificate of quality.

Suppliers which own other Certificates like Environmental management system ISO 14001:2015 or OHSAS 18001 (ISO 45001:2018 or some other international occupational health and safety standard) will be better rated during the supplier selection and evaluation process.

10.2. The products supplied shall comply with specifications, drawings and all other documents that define the product and were available to the Supplier; in case of any undefined characteristics, they shall comply with evtl. standard parts (type parts) or etalons. At the request of Cimos supplier is obliged to deliver an annual requalification of the product, with no additional cost for subscriber. Requalification should include assessment of all the requirements of the drawings, specification. Supplier will be annually informed with specific requirements in the "commitment".

The Supplier proves the compliance of contracted products with the current and valid documentation:

- the procedure "Initial samples",
- Calculation of process capacity as per individual characteristics (Cp, Cpk),
- Supply of contracted products within tolerance,
- Quality records of supplied products.
- Requalification of product

10.3. For each new product and in cases when so agreed, the Supplier shall provide the Client – at request - with a sample of product that fully complies with the planned production. The control report has to be submitted and all the test results required under the regulations, if needed. Pieces must conform to the definition and comply with the designated function and requirements imposed by the applicable regulations. The order will become a fix order only after the Client has confirmed the adequacy of standard type pieces (samples).

10.4. All product/process characteristics are important and shall be controlled, to guarantee their conformity. Special characteristics may be:

- safety characteristics,
- characteristics subject to legislation,
- functionally relevant characteristics, and process critical characteristics.

10.5. These characteristics are defined in design documentation and/or are the result of CIMOS' or supplier's FMEA. The supplier shall note such characteristics in the following: on a drawing, technological procedure, QM plan, different reports. Each deviation from the characteristics may have a negative impact

on a product, its function, legislation, quality of further operations, therefore, special controls and audits must be performed.

10.6. The required documentation is in custody of the Supplier, who also keeps (archives) the Quality Records. The Supplier shall keep the documents for the entire life cycle of the product.

10.7. Without the Client's consent, no technical change – even if insignificant - is allowed. The Supplier shall inform the Client on any relocation /transfer of production, any use of new tools or applying a new procedure. Any of these changes shall require repeating the procedure of "Initial sample".

11. ORDER CANCELLATION

11.1. In the event of any non-fulfilment of these terms and conditions, in particular for repeated delayed supplies and repeated deficiencies in terms of quality of the products, the Client may cancel the order (withdraw from contract) with a single notification in writing.

Such notification cancelling the order also contains the reservation of the Client's right to claim damages, but it may also contain a concrete claim for damage/loss.

12. TOOLS AND DRAWINGS

12.1. Tools, samples, patterns and models, measures, etc. that were ordered with the Supplier or third party for the Client, or were manufactured by the Client to be handed over or assigned to the Supplier, remain the property of the Client in full. The Supplier shall assume the concern for the maintenance and overhaul, and shall be responsible for executing the order of pieces.

The Supplier shall keep an updated record on the maintenance and repair of tools.

12.2. The Supplier shall not produce any piece for any third party on the basis of drawings, tools and patterns/models owned by the Client, unless having obtained the Client's prior consent. In the contrary case, the Client shall deem such an instance as an act of unfair competition and reserves the right to claim damages from the Supplier. Furthermore, the tools may not be changed or destroyed without the Client's prior consent in writing.

12.3. The Supplier shall assume all the responsibilities and costs that might incur in case of damage to, destruction or theft of tools referred to in Section 12.1.

13. WARRANTY

13.1. The Supplier shall be accountable for any visible or hidden defects of all its supplies, incl. those that may have been entrusted to third party in whole or in part.

The Supplier undertakes to cover the damages also in case if such damages might be enforced from the Client by legal action by a third party on the ground of Supplier's defects.

The Client reserves the right to rescind the contract and/or cancel the order and claim damages under the Code of Obligations, as well as under the General Rules on liability for damages.

13.2. The Supplier undertakes to employ its best efforts and inform the Client promptly, without delay, on any actual or alleged deficiency of its products or any factual defect of which the Supplier is aware, in order to restrict any evtl. subsequent detrimental consequences.

13.3. For pieces built in vehicles, which might prove to be deficient after the vehicles are released for sale, the Supplier shall indemnify the carmaker for any costs, at the pricelist of spare parts, within the warranty terms that are binding on the carmaker versus its buyers; moreover, the Supplier shall refund any other costs, damage and cost refunds directly or indirectly arising from that particular deficiency. In the contract, the term is indicated under which the Supplier is held liable for its defects.

13.4. A refund is claimed under the same terms if the warranty period for the same pieces/ parts be extended to the cases of gross deficiencies, for which the Supplier is held responsible, in case the carmaker was forced to call its buyers to bring their vehicles to inspection, and replace defective parts after the expiry of the warranty period.

14. HEALTH, SAFTY AND ENVIRONMENTAL PROTECTION

14.1. The Supplier warrants that in the phase of process preparation, during the manufacturing process, and despatch of products to the Client, it shall comply with the laws and other regulatory obligations related to the environmental issues and health and safty at work.

14.2. The supplier has to ensure that all supplied goods or services comply with all applicable legal and other agreed requirements regarding the protection of environment, safty and healt at work. Also those which are not exclusively mantioned in these General Conditions of purchase.

14.3. The supplier is invited to manage his environmental management system in accordance with the requirements of the ISO 14001 standard and to manage health and safety at work in accordance with OHSAS 18001 (ISO 45001).

14.4. The supplier is committed to comply with the applicable regulations for hazardous substances, and at each first supply of dangerous substances and upon any possible modification to delivery the safety data sheets and other instructions for safe work in accordance with the relevant legislation.

14.5. The Supplier is responsible for possible damages that may appear to the Client in any way due to supplied eco-disputed goods or due to inappropriate packaging.

14.6. The Client undertakes to collect the packaging of dangerous goods and dangerous waste separately in the provided for that purpose. The Supplier undertakes to comply with the requirement for disposal/removal of the packaging of dangerous goods, as well as all the dangerous waste collected, and shall perform it on first request. The removal/ disposal shall be made at the expense of the Supplier, strictly complying with the provisions of laws and other regulations governing the obligations related to environmental issues.

14.7. The Supplier is committed to reduce the impacts of its products and services on the environment throughout their entire lifecycle. It also commits itself to responsible use of resources with a view to preserving nature and the environment and in accordance with the principles of the rights of future generations.

A comprehensive approach commits suppliers to:

- implement a comprehensive energy reduction strategy and management program while increasing use of renewable energy.

- effectively reduce, reuse, and recycle water with responsible treatment of wastewater discharges to protect the environment and improve overall water quality.
- routinely monitor, appropriately control, minimize and to the extent possible, eliminate emissions contributing to local air pollution.
- encourage and support the use of sustainable, renewable natural resources while reducing waste and increasing reuse and recycling.
- identify, minimize or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance. Companies should also be aware of any use of reportable substances in processes and finished products, and actively investigate suitable substitutes
- applies this itself as well as their supply chain.

15. SOCIAL RESPONSIBILITY

15.1. For Client it is of paramount importance that corporate activities take account of the social responsibility to employees and to society as a whole. The Client and the Supplier share a common goal of operating in accordance with the directives of the UN Global Compact(Davos, 01/99) and the principles laid down by the International Labour Organisation (ILO) in the "Declaration on Fundamental Principles and Rights at Work" (Geneva, 06/98).

15.2. This applies to Client itself and to its Supplier as well as their supply chain.

15.3. Supplier should confirm compliance with the applicable laws, directives and minimal ethical standards like example:

- preservation of human rights,
- elimination of discrimination on the basis of gender, race, origin, religion or belief, membership of a trade union or the like, handicap, age, sexual identity, nationality, marital status, political affiliation, veteran status or other characteristics protected by local laws,
- no harrasment of whatever nature;
- no child labor,
- no forced or compulsory labor,
- no human trafficking,
- provision of conditions that enable employees to enjoy a reasonable standard of living,
- maintenance of adequate social working conditions,
- respecting of employees' privacy,
- protection of employes' identity and assuring non-retaliation against employees;
- enabling to employees continuous education and training,
- freedom of association and collective bargaining,
- compliance with occupational safety and health requirements,
- compliance with current laws and regulations,
- the prohibition of corruption and bribery.

15.4. The Supplier must ensure compliance with the above mentioned principles, with all subcontractors and sub-suppliers, and regularly monitor the effective compliance with these commitments. The Supplier will allow the Client to conduct periodic audits of such compliances.

16. INDUSTRIAL PROPERTY

16.1. The Supplier undertakes to respect the industrial property and intellectual property rights of third parties and to assure that no deliverable of the Supplier hereunder breaches or violates any such third party right. Furthermore, the Supplier shall implement such processes to enable the Supplier' The Supplier shall protect the Client against all claims related to the supplied materials or products, that might be filed by third parties on the ground of patent, licences, protected trademarks and models. In the event of legal action arising from such claims the Supplier shall represent the Client without delay and assure defence for the Client in all substantiated or unfounded court procedures that might be instituted. The Supplier shall refund all amounts of expenses, costs and fees and even damages that the Client should have paid on the basis of the Judgement.

17. PROTECTING THE BUSINESS SECRECY AND PERSONAL DATA

17.1. The supplier is bound to protect the confidentiality of all the data or information received. It shall set out all the measures to prevent the disclosure or dissemination of data/information it has received from the Client for the execution of the order. Drawings, documentation, plans, patterns and models, samples obtained from the Client or disclosed to the Supplier shall remain the property of the Client.

17.2. The Supplier and Client undertake to treat and protect all commercial and technical details that are not in public domain, with which they got acquainted during their business relationship, as confidential.

17.3. Drawings, models, templates, samples and similar may not be left over to unauthorised or third party, or allow access to them to such parties. Reproduction of such objects is only allowed within the business requirements and provisions of the regulations governing the copyright and industrial property rights.

17.4. The Supplier undertakes to protect and to act with respect to personal data (whether in collecting, processing, storage or in any other respect) in accordance with the General Data Protection Regulation – GDPR (EU) 2016/679 and in accordance with the applicable law. Should there be a requirement during the business cooperation between the Supplier and the Client that the one party carries out the processing of the personal data owned by the other party, the first party shall inform the other party in writing to that effect; in this case, it is understood that the informing party will operate exclusively as processor pursuant to the GDPR, in compliance with the instructions and safety measures indicated in the deed of appointment as processor to be signed by the parties. It is understood that, in absence of the aforementioned communication, the activity does not envisage any processing of personal data.

18. DISCLOSURE OF INFORMATION

18.1. The Supplier shall prepare, audit (if applicable) and publish its financial statements in accordance with the applicable law and the applicable financial reporting standards. At the Client's request, the Supplier will provide the Client with the quarterly or semiannually financial statements, along with a certificate of an officer of the Supplier responsible for the preparation of such financial statements, attesting to the accuracy and completeness of such financial statements.

19. FINAL PROVISIONS

19.1. If the Supplier wishes to withdraw from the agreed General Conditions of Purchase and from commercial transactions initiated under such agreement, the agreed period of notice shall be 12 months from receipt of the Supplier's written withdrawal from the agreement, unless otherwise agreed.

19.2. The Client and Supplier shall endeavour to resolve any controversy or dispute amicably and by agreement.

If the Parties cannot reach an agreement, the dispute shall be referred to the competent court in Koper, irrespective of the nature, cause or place of dispute, and special requirements of these conditions of purchase.

19.3. Any business transaction concluded shall be governed by the law of the Republic of Slovenia, unless otherwise agreed.

For the Issuer of the General Conditions of Purchase - Agreement:

Purchasing Director

Maruška Demojzes



Having signed these General Conditions of Purchase or by acceptance and starting performance of CIMOS order, the Supplier confirms its understanding of and agreement with them.

Supplier:

(Title/ Position)

Representative:

(First and Last name)

Place, Date:

Signature,
Stamp:
