

## **PURCHASE CONTRACT no. ?? /2024**

concluded between:

**supplier:**               ?????, address, represented by director, Mr. / Ms. ???  
VAT ID:  
Registration no. :  
and                         Transaction account: at

**client:**                 **ETI d.d.**, Obrezija 5, 1411 Izlake, represented by  
Director of Purchase and Logistics Dpt., MR. Damjan Podbregar  
VAT ID: 41900537  
Registration no.:5042178,  
Transaction account 26338-0011381228

### **INITIAL PROVISIONS**

Supplier and client agree, that the long term goal of both is cooperation, based on a partnership.

The supplier will productively cooperate in the development and design of contractual products, whereby he will not only ensure a quality product, but also a manageable and monitored work process.

The goal of both partners is price and quality of the product, comparable to the market and supplied according to the requested logistically - commercial concepts.

The supplier will, at least once per year, be evaluated and ranked according to the evaluation list of suppliers, and will strive towards being listed among the partner suppliers.

Attachments of the contract are price lists for the current year, drawings of products, technical request lists, packaging standards, ppm agreement, control protocols, purchase plans (consignation, JIT, Can-ban, electronic recalls...) and other documents, which influence the business relationship.

### **SUBJECT OF THE CONTRACT**

#### **Article 1**

- 1.1. The supplier commits to supply goods, specified in the price list - Annex 1 of this contract.
- 1.2. The scope of supply is set with estimated annual needs of the client, which the client, in regards to the needs of the supplier, communicates to said supplier by the end of the current year for the coming year.

1.3. Throughout the year, the client provides data for the supplier as best he knows and is able to, which enables both the best possible flexibility in the planning of production and supply.

1.4. Ordering:

- current orders

Actual purchase quantities are defined by current orders according to supply deadlines, which can also be followed by additional urgent orders or order delays. The orders are carried out and delivered by the supplier within the contractual delivery deadline.

The client is obligated to take over the ordered goods or goods from stock within 90 days of the planned and ordered / recalled dynamic, as well as pay for it.

- recalls

To provide an uninhibited supply of the client, the supplier has security stocks set up.

Recalls are follow one another and in regards to the needs of the client, the delivery deadline for the recall is a maximum of 7 days. One time recall may not exceed 1/6 of the annual plan according to the Ident.

## **DELIVERY DEADLINE**

### **Article 2**

2.1. 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 regular delivery term of the supplier for regular orders is 10 business days.

## **PRICE**

### **Article 3**

3.1. The supplier will supply ordered goods to the client at the price, defined in the Annex 1, attached to the contract..

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

3.3. When forming prices, the rule of price decomposition is valid.

3.4. 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..

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

## **PAYMENT DEADLINE**

### **Article 4**

- 4.1. The supplier supplies goods successively on a monthly basis and invoices it immediately after delivery or always at the end of the month, according to special agreement also at the end of each week, i.e. 4 invoices monthly at most. Invoicing deadline is next month day 3 for invoices current month. Invoices need to be proceeded in electronic form - Bizbox.
- 4.2. The client commits to pay the delivered goods within 120 days from the date of the invoice.  
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.
- 4.3 The contractual parties agree that, in the case of untimely payment of bills, interest is charged at 6m EURIBOR + 1,5 % point.
- 4.4. 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.
- 4.5 Until the full amount has been paid, the delivered goods remain proportionally owned by the supplier.  
Goods settlements or compensations are also possible.

## **TAKEOVER CRITERIA**

### **Article 5**

- 5.1. Takeover technical conditions are defined by the annexes of the contract: price list for the current year - Annex 1, technical request list - Annex 2, product drawings, packaging standards, ppm agreement, control protocols, purchase plan (consignation, JIT, Can-ban, electronic recalls...)
- 5.2. Compliant with the agreement, both partners will strive towards the client, should quality be satisfactory, entirely omitting the entry control process. The client will also train the supplier or introduce him to his criteria for quality takeover.
- 5.3. The supplier commits to add a document to each delivery, which proves the quality level of the delivered goods, compliant with agreed upon takeover criteria.

## PRODUCT QUALITY AND WARRANTY FOR DEFECTS

### Article 6

- 6.1 Products must not have construction, material or processing defects and must meet contractually defined specifications and characteristics.
- 6.2 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.
- 6.3 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

- 6.4 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.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.

- 6.5 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.**

## **GUARANTEE**

### **Article 7**

- 7.1. 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.
- 7.2. 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**

### **Article 8**

- 8.1. Should the supplier be late with the deliveries of products, the client has the right to, along with the previously listed measures under point 6.4, 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.
- 8.2. 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**

### **Article 9**

- 9.1 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**

### **Article 10**

- 10.1 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**

### **Article 11**

- 11.1. In regards to the protection of interests and business confidentiality, the contractual parties are bound by the provisions of the General Terms of Purchase, which define the protection of interest and business confidentiality. These provisions also bind the contractual parties three years after the cessation of validity of this contract.
- 11.2. In case of a violation of business confidentiality, the other contractual party has the right to immediately, unilaterally, terminate this contract.

## **INTELLECTUAL PROPERTY RIGHT**

### **Article 12**

- 12.1. 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.
- 12.2. 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.

## **TRANSFER OF RIGHTS AND OBLIGATIONS**

### **Article 13**

- 13.1. This contract as well as no right and / or obligation stemming from it, may not be transferred to any third party without an advance written consent by the other contractual party.

## **PLAN FOR EXCEPTIONAL CONDITIONS**

### **Article 14**

- 14.1. 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.

## **OBLIGATIONS OF SUPPLIER AND CONFIDENTIALITY**

### **Article 15**

- 15.1. The supplier commits to supply the goods, made based on the client's technical documentation, exclusively to the client.
- 15.2. The supply of goods by this contract, as well as all other documentation, are the client's business secret, which the supplier is obligated to protect and return after the contract expires.

This obligation is valid for five (5) more years after the end of the contractual relationship.

## **VIOLATION OF CONTRACTUAL OBLIGATIONS**

### **Article 16**

- 16.1. The supplier and client are responsible for due diligence in the fulfilment of the contractual obligations.
- 16.2. The supplier, for all cases from Article 6, is obligated to repay, along with actual damages, also the loss of income, including the loss of income from loss of markets, should such damage occur due to a failure to fulfil obligations or improper (late, low quality) delivery of goods which are the subject of this contract.

## **DURATION AND CESSATION OF THIS CONTRACTUAL RELATIONSHIP**

### **Article 17**

- 17.1. The contract is concluded for an indefinite time.
- 17.2. Any of the parties may terminate the contract with a registered letter, which must be sent by the 30th Jun. of the current year to the address of the other party. The contract then counts as terminated with the end of the calendar year, unless the parties reach a different agreement. In the course of the period of notice, the parties are obligated to fulfil this contract; supplier must deliver and client take over the ordered quantities of goods.
- 17.3. In case of status changes due to the cessation of activity or other changes, which would significantly influence the possibility to fulfil the contract obligations of the supplier, the client may withdraw from the contract without a period of notice.
- 17.4. If a court or other legal authority nominates a person who continues the activity of the supplier, this person is obligated to reach an agreement with the client about the continuation or means of ending of mutual obligations. In the time, when the supplier or his successor does not operate, the client has the right to free use of tools and devices for the manufacture of products from this contract.

17.5. The contract may be terminated without a period of notice for significant reasons. A significant reason is, among others, if one of the partners, in spite of written warnings of the other contractual partner, violates obligations from this contract.

## **FINAL PROVISIONS**

### **Article 18**

18.1. For all, which is not defined in the GPC, published on web: <https://www.etigroup.eu/corporate/supply-chain/purchase> (GPC) or the contract, the provisions of Slovenian law are used.

18.2. All changes and amendments to contractual provisions are only valid in written form, as an annex to the contract.

18.3. 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.

18.4. The contract is issued in four copies, of which each contractual party receives two copies.

18.5. The contract becomes valid on the day it is signed by both contractual parties.

### **ATTACHMENTS:**

- Annex 1 price list
- Annex 2 technical requirements list
- purchase plan
- drawings
- control plan
- ppm agreement
- agreement on packaging

Izlake, on

SUPPLIER:  
Director,

CLIENT: ETI d.d.  
Director of the Purchase and Logistics Department,  
Mr. Damjan Podbregar