



## General Conditions of Purchase in Titus d.o.o. Dekani and TitusPlus d.o.o.

April 2018, Dekani, Slovenia

### 1. General provisions

**1.1.** The General Conditions of Purchase define the conditions and obligations on which the business and other transactions are concluded between suppliers and the company Titus d.o.o. Dekani or TitusPlus d.o.o. (hereinafter the ordering party) for the supply of goods, material, services, and related services in the course of ordinary business of the ordering party.

The conditions and obligations forming part of the General Conditions of Purchase apply to all deliveries made under purchase contracts or orders where the ordering party is a buyer and the seller is the supplier.

For the purchase of fixed assets, i.e. working facilities and/or equipment, tools and related services the General Conditions of Tool and Equipment Purchase shall apply.

The General Conditions of Purchase form an integral part of the orders and shall take effect from the date of acceptance of the order or the signing of the purchase contract. As such they form an integral part of the contract or order.

The ordering party reserves the right to determine the specific conditions which shall be included in an order or purchase contract and which shall prevail over the relevant provision or provisions of the General Conditions of Purchase.

**1.2.** After receiving the order from the ordering party, the supplier is bound to return a written confirmation or refusal of the order by fax or e-mail to the ordering party within 48 hours of the moment of its receipt.

Otherwise, the order is deemed to have been accepted upon expiration of that period.

Approval of the order also implies the acceptance of the ordering party's General Conditions of Purchase and expressly excludes any other instruction or agreement to the contrary unless confirmed in writing by the ordering party.

### 2. Orders-recalls

**2.1.** Orders for supplies and their recalls, as well as any changes or amendments to them must be concluded in writing. An order shall contain the following data: product (material), place of delivery, quantity, price, delivery terms, date of delivery and any other agreed information. Each recall shall contain the date of supply and the involved quantities.

**2.2.** The ordering party reserves the right, taking into account the specific circumstances, to require from the supplier a change in the subject of the order and in the performance of the order.

**2.3.** The ordering party shall have the right to examine the progress of manufacturing of the ordered material and goods on the premises of the supplier at any time, and shall be entitled to perform an audit.

**2.4.** When designing and manufacturing the subject matter of the contract the supplier shall take into account the principle of sustainable development and is bound to ensure the use of energy-efficient and environmentally friendly solutions.

Suppliers providing wooden products or other products containing wooden parts (wood as raw material) should be FSC certified.

### **3. Delivery terms and quantities**

**3.1.** The delivery terms specified in each order, recall, plan or purchase contract are mandatory and unchangeable. The agreed terms shall refer to the goods "delivered to the premises of the ordering party (DDP), unless the parties agree otherwise. By taking into account its specific needs, the ordering party shall have the right to change the delivery terms based on subsequently submitted orders, recalls or supply plans.

**3.2.** The supplier shall promptly inform the ordering party in writing about any problem that may arise in connection to the delivery dates and on the quantities to be supplied, as well as on the measures necessary to reduce the negative consequences.

**3.3** The supplier is liable to compensate the ordering party the entire damage or loss arising out of a delay or missed delivery. The penalty for delay amounts to 2% per day although it cannot exceed 15%.

In case of a clear incapacity to perform, an evident future delay, an actual delay or other breach of the General Conditions of Purchase, the ordering party reserves the right to cancel the order wholly or partially, and to transfer the performance of the order to another supplier, by claiming the cost of such transfer from the original supplier.

When claiming damages the ordering party should endeavour to take reasonably into account, in good faith, the economic circumstances of the supplier, the type, scope and duration of the business relationship, and the value of the goods supplied.

**3.4.** For each delivery made prior to the delivery date stated on the order or in the purchase contract, the ordering party reserves the right

- to reject the delivered goods, by claiming the cost of such rejection from the supplier;
- to accept the goods, by paying the invoice on the date(s) of payment stated in the order and by charging the cost of storing the goods in a pallet depository to the supplier.

The lowest cost charged to the supplier shall be EUR 1 per pallet depository.

**3.5.** Force majeure or other unpredictable, unavoidable or fatal occurrences shall release the parties from their contractual sanctions and obligations for the time of the duration of the disturbance. The ordering party and/or the supplier shall immediately convey the necessary information to the other party and shall endeavour to adjust their contractual obligations to the changed situation in good faith.

**3.6.** The allowed deviation from the agreed quantity to be supplied shall equal not more than +2% of the ordered quantity.

### **4. Supply**

**4.1.** If not defined otherwise in the purchase contract or order, the ordered goods shall be delivered to the warehouse or headquarters of the ordering party.

For each shipment, the supplier shall submit the shipping documents which shall at a minimum include the order number, quantity and type of goods, the supplier's product number and the name of the ordering party.

### **5. Packing, wrapping, and identification**

**5.1.** The supplier shall, unless agreed otherwise, pack and dispatch the goods with due diligence and in accordance with customary business practice or, upon the request of the ordering party, it shall prepare and introduce to the ordering party a proposal for packaging and labelling that the ordering party shall examine and confirm. The supplier shall be liable for any damage arising from insufficient or wrong packaging.

**5.2.** Each packaging unit shall be marked with an identification label containing at least the following information: order number, code and name of product, quantity contained in the packaging unit, supplier's code, date of production and other tracking information (e.g. lot number).

**5.3.** Each transport unit (colli) shall be marked at a minimum with the following information: delivery address; supplier address, name and code; order number; product name and code; and the quantity and weight of the transport unit.

## **6. Takeover procedure**

**6.1.** Inspection and takeover of the goods is undertaken at the ordering party. The signature or seal on the delivery notice shall not be understood as conclusive evidence of a final takeover.

**6.2.** The ordering party is not obliged to perform an input inspection. For any and all discovered mistakes which may become evident during the manufacturing process performed by the ordering party or by its customers, the ordering party shall be obliged to submit a complaint protocol to the supplier. The supplier shall cover all costs related to the loss incurred.

**6.3.** The ordering party is entitled to perform random testing and to systematically examine the quantities, the accompanying reports, the condition of the packaging, and the labelling process.

After the completion and confirmation of acceptance, the title (ownership) of the subject matter of the contract will pass to the ordering party.

**6.4.** In the event of scrap, complaint or objection due to hidden or obvious defects present in the supplier's products, the supplier shall be obliged to approach the issue immediately, by examining the condition of the products and/or goods in the phase of manufacturing on its premises or on the way to the ordering party and to replace the defective products with faultless products, to analyse the reasons that caused the defects, and to present an analysis of the complaint and the measures taken in a 8D report within 5 calendar days of receipt of the complaint. The supplier shall be obliged to react to the complaint within 24 hours of the moment of its receipt.

**6.5.** The supplier shall take complete responsibility for covering the costs incurred as a consequence of any deviation from quality caused by it, irrespective of whether the deviations occurred at the location of the ordering party, its buyer's location or at the location of the final user. Costs related to quality issues are defined and published by the ordering party.

## **7. Price**

**7.1.** All prices are fixed, unless otherwise agreed in the order, and shall not be changed unilaterally. Prices are defined in EUR on the day of the issuance of the order. The price of each product shall be stated in a specific purchase contract or in the order. The cost of packaging is already included in the cost.

**7.2.** In the event of a product price change due to changes in the price of the material from which the product is made, the prices stated on the order shall apply to all already issued orders. An eventual adjustment of the prices shall be done in writing and shall occur at least 60 days in advance.

**7.3.** The supplier and the ordering party shall strive together for the optimisation of prices and for eventual savings. The benefits of the achieved savings shall then be distributed between the supplier and the ordering party. The parties shall execute a separate agreement thereon

## **8. Issue of invoices and payment**

**8.1.** Each issued invoice has to conform to the order and/or to the supply made on the basis of the order or to the purchase contract. The invoice shall contain the order number, product code, status of changes, product name/description, quantity, price, date and number of delivery notice, method of delivery and delivery location.

**8.2.** Unless otherwise defined by the ordering party, all payments will be undertaken within 90 days. In the event that early payment is requested, the supplier shall acknowledge a 3% discount for each 30 days of early payment.

**8.3.** In the event the supplied goods contain defects as resulting from complaints or objections, the ordering party is entitled to suspend payment or a part of the payment proportionate to the share of defective products and the costs of the complaint until the full rectification of claimed defects and the solving of the complaint.

**8.4.** In the absence of the express written consent of the ordering party, which should not be unreasonably withheld, the supplier is not entitled to assign a claim towards the ordering party or have the claim collected by a third party. This provision shall not apply if such assignation is granted by the legislation in force.

## **9. Quality, compliance and traceability**

**9.1.** The supplier shall be liable for the quality of supplied products. The supplier shall have in place a system of quality assurance, supervision and control of all phases of construction and validation of the order. Before making the supply, the supplier shall undertake an FMEA process based on the ordering party's criteria and present the results and corrective actions to the ordering party.

In cases where the supplier does not dispose of a quality management system certificate, the ordering party is entitled to carry out an assessment of the process and provide findings on the supplier's abilities.

The supplier shall remedy any identified deficiencies within 60 days and promptly report to the ordering party.

**9.2.** The supplied products shall fully comply with the technical requirements, drawings and with all other documents that define the products and which have been provided to the supplier, and with the confirmed samples. The visual characteristics of the products shall comply with the eventual reference pieces or etalons. The products shall be safe and without sharp edges which might be dangerous to the user.

**9.3.** The used materials shall comply with the requirements of REACH, RoHS and with other requirements that the supplier receives from the ordering party.

On the request of the ordering party, the supplier shall be obliged to submit the statements on the compliance of materials or the reports on testing results issued by independent laboratories. Unless otherwise specified, the ordering party shall renew the above-mentioned statements once per year.

**9.4.** The supplier shall carry out inspection and testing of the subject matter of the contract in line with inspection plans. The ordering party reserves the right of examination and confirmation of compliance of the supplier's inspection plans.

**9.5.** The supplier shall prove the compliance of the products with the valid documentation undersigned by the buyer and the supplier (as valid for construction) in the following manner:

~ with the initial samples+procedure,

~ with the first supply confirmation procedure,

~ with calculations of the product's process abilities according to characteristics (Cp, Cpk).

Each supply shall be accompanied by a declaration of suitability and a measurement report containing at a minimum all critical characteristics in line with the requirements.

The supplier shall provide for traceability between the material's certification and each supply.

**9.6.** The supplier shall perform inspection and testing of the subject matter of the contract in line with inspection plans. The ordering party reserves the right of examination and confirmation of the suitability of the supplier's inspection plans.

**9.7.** The supplier is bound to maintain records of inspection and testing as well as the subjects of testing for a period of 5 years, unless otherwise specified. The records and proofs of environmental conformity shall be maintained for a period of 15 years.

**9.8.** There shall be no technical changes in the subject matter of the contract unless expressly agreed with the ordering party. The supplier is bound to inform the ordering party in advance about any eventual production movement to another location, about the use of a new tool or

new procedure, or about a changed supplier of material. Each of the above mentioned changes implies the repetition of the initial sample+procedure.

## **10. Cancellation order**

**10.1.** For any non-performance of the conditions stated in these General Conditions of Purchase, especially for repeated delays in supply and for repeated deficiencies in product quality, the ordering party shall be entitled to cancel the order (rescind the order) with a written notice, without assuming any responsibility to the supplier for the loss incurred as a result of the cancellation of the order.

A written notice of order cancellation shall also contain the reservation of the right of the ordering party to loss compensation or it may contain a concrete request for loss compensation.

## **11. Buyer's property**

**11.1.** The supplier shall use the tools, equipment and material owned by the buyer with due diligence. While acting so, the supplier shall perform the current maintenance required to preserve the quality of the tools and products. The cost of such repair shall be included in the product's price. For major repairs (exceeding the value of EUR 1,000) the supplier shall submit to the ordering party a well-grounded proposal for the implementation of the repair. The supplier shall be bound to provide the conditions for the implementation of the liabilities arising out of the contract and order, and to plan and perform the repairs in due time.

## **12. Warranty and liability of the supplier**

**12.1.** The supplier shall be liable for any visible or hidden defects of the subject matter of the contract. This includes cases where full or partial performance has been entrusted to a third party.

**12.2.** The supplier shall promptly notify the ordering party of any actual or potential deficiencies of its products or any actual defect known to the supplier with the aim of limiting or preventing potential adverse consequences.

**12.3.** In the event that the supplier's products installed in the final products of the ordering party appear to be deficient, unusable or harmful after being sold to the end user or other buyer, the supplier shall be bound to refund to the ordering party the costs incurred by the ordering party. In addition, the supplier shall refund to the ordering party all costs, such as compensation that the ordering party settled to its end users or other buyers due to the deficiency or uselessness or harmfulness of its final products as well as all amounts, the payment of which was directly or indirectly caused by such deficiency, uselessness or harmfulness.

## **13. Warranty**

**13.1.** The warranty period to which the supplier of products which are installed in the final products of the ordering party is bound, shall be 36 months from the sale of the ordering party's product to the end user or other buyer, however not more than 48 months of the product's supply to the ordering party.

## **14. Ethic and environment**

**14.1.** In addition to respecting the legislation in force and international conventions, the supplier is also obliged to respect the rules of business and professional ethics and to conform to the minimum environmental standards and policies established by the Titus Group, as well as to the Ethical Code of Conduct of the company. The above-mentioned policies and documents are available online on the ordering party's website: [www.titusplus.com](http://www.titusplus.com).

**14.2.** The supplier explicitly permits the ordering party to perform an audit in the sphere of the environment, health and occupational safety, fire protection, and labour and social areas.

**15. Protection of business secrets, intellectual property and prohibition of competition**

**15.1.** All products drawings, 3D drawings, drawings of tools, equipment drawings and technological processes which the supplier receives from the ordering party or produces on behalf of the ordering party represent the sole property of the ordering party and shall be treated as its exclusive intellectual property.

**15.2.** Whenever the manufacture by the supplier involves the tools and devices, tool drawings, product drawings, models, tool designs or technological processes owned by the ordering party, the supplier is not allowed to manufacture any product for the account of a third party without the written confirmation of the ordering party. In the opposite case, the ordering party shall consider this a disclosure of business secrets or breach of intellectual property rights for which it is entitled to claim full compensation from the supplier. The minimum amount of compensation for such breach is set at EUR 100,000.00.

**15.3.** The supplier and the ordering party undertake to treat as strictly confidential all the commercial and technical details with which they become acquainted during the duration of their business relationship. The definitions of the supplier and the ordering party in this case also include their employees and eventually the external co-operators of the supplier and the ordering party.

The supplier is bound to protect the confidentiality of all information received. It shall adopt all measures to prevent the dissemination of information received from the ordering party or obtained in the execution of the order.

**15.4.** The provisions on professional secrecy shall apply to all derivative contracts and commitments that have been already agreed between the ordering party and the supplier, and to all obligations which are in the process of implementation and to those which will be in the process of implementation.

**15.5.** The supplier shall be entirely liable for any violation of the intellectual rights of third parties and undertakes to protect the ordering party against any claims arising out of such violation.

The supplier undertakes to refund to the ordering party the entire loss which might emerge as a result of such violation. The supplier shall be obliged to replace such product with an equivalent product (providing that this is feasible and acceptable for the ordering party) and/or to obtain from the third party and transfer for free to the ordering party a licence for the unlimited use of such material, patent, technical solution or similar.

**16. Anti-corruption clause**

**16.1.** A contract under which an individual acting on behalf of or on account of the supplier promises, offers or grants an undue advantage to the representative or mediator of the ordering party in order to be assigned work, or for the execution of work under more favourable conditions, or for the omission of required supervision over the implementation of contractual obligations, or for any other act or omission by which the ordering party suffers a loss, or the supplier's representative, its mediator or any other contractual party or its representative, agent or mediator obtain an undue advantage, shall be considered void.

**17. Jurisdiction and applicable law**

**17.1.** The parties shall endeavour to resolve any controversy or dispute amicably and by agreement. If the parties cannot reach an agreement, the parties shall agree that irrespective of the nature, cause or place of dispute and irrespective of the specifics of the conditions of purchase, the dispute shall be referred to the court based in the same place as the headquarters of the ordering party.

**17.2.** The solving of disputes and the execution of transactions shall be governed by the laws of the Republic of Slovenia, unless agreed otherwise.

**Titus Group**

Titus d.o.o. Dekani, TitusPlus d.o.o.

**17.3.** The General Conditions of Purchase form an integral part of purchase contracts and orders. As such they are directly applicable, unless agreed otherwise.