



General Conditions of Purchase for Tools and Equipment in Titus d.o.o. Dekani

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1. General provisions

1.1. The General Conditions of Purchase define the terms and conditions on which the business and legal transactions are concluded between suppliers and the company Titus d.o.o. Dekani (hereinafter the 'ordering party'). The general conditions on purchase apply in cases of the purchase of fixed assets, i.e. working facilities and/or equipment, tools, and related services.

The terms forming part of the General Conditions of Purchase apply to all deliveries made under specific supply agreements or contracts where the ordering party is a buyer and the seller is the supplier.

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

The ordering party reserves the right to determine the specific terms or conditions which shall be expressly 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. A purchase order shall be understood as including a request for the following services: the elaboration of a design solution, the elaboration of 3D drawings including performance of necessary simulations with regard to the efficiency and reliability of the manufacturing process and quality control, production of the subject matter of the contract, testing of "first of tool" samples, production of initial samples based on the client's specifications, preparation of all required reports on compliance including safety standards, delivery of the valid implementing documentation, and other necessary activities for the production and validation of the subject matter of the contract.

1.3. The supplier is bound to return a duly signed confirmation of the order or its refusal by registered mail, fax or e-mail to the ordering party within 48 hours of the time of its receipt. Otherwise, the order is deemed to have been accepted upon expiration of that period. Approval of the contract implies acceptance of the ordering party's General Conditions of Purchase and expressly exclude any other provision to the contrary unless confirmed in writing by the ordering party.

1.4. The supplier shall within 7 days from the date of the signature of the contract/order/confirmation, present to the ordering party a time schedule for the production of the subject matter of the contract. The time schedule shall include the following phases:

- construction – assembly drawing
- supply of materials
- rough machining
- heat treatment
- final machining
- assembling

- first test at the supplier's premises
- pre-acceptance test at the supplier's premises
- delivery on the agreed date.

Time schedules shall be prepared for each tool/machine separately.

1.5. The supplier shall inform the ordering party in writing on a weekly basis about the current situation of the order and about compliance with the agreed time schedule without the buyer's prior request. The supplier shall present contingency measures for any possible deviation from the agreed timetable.

1.6. The ordering party shall have the right to assess at any time the condition of the production of ordered machines and/or tools and compliance with the agreed time schedule and carry out an assessment at the supplier's premises in this regard.

2. Orders – Recalls

2.1. Orders for supplies and/or changes or amendments to them must be concluded in writing. An order shall contain at least the following data: subject matter of the contract, place of delivery, agreed quantity, price, delivery terms and any other agreed information.

2.2. The ordering party reserves the right, taking into account specific circumstances, to require from the supplier a change in the construction and/or in the performance of the order. The parties shall regulate in writing the consequences or impacts of such change on the concluded contract whereby particular regard should be paid to additional or reduced costs and the terms of delivery.

2.3. The subject matter of the contract shall be produced according to the supplier's own design and shall conform to all technical and other requirements of the ordering party. The proposed design shall be preliminarily sent to the ordering party for review and approval. Confirmation of the conceptual design by the ordering party does not relieve the supplier of his responsibility for the quality of the subject matter of the contract and compliance with the technical requirements.

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.

3. Delivery terms

3.1. The delivery terms specified in each order or specific purchase contract are mandatory. The delivery terms are agreed on the basis of goods "delivered to the premises of the ordering party" (DDP) unloaded, unless the parties agree otherwise.

3.2. The supplier shall promptly inform the ordering party on any problem that may arise and on the measures necessary to meet the delivery date.

3.3. The supplier is liable to compensate the ordering party for any damage or loss arising out of a delay or missed delivery. The penalty for delay amounts to 0.5% per day although it cannot exceed 5%.

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

For each day of delay beyond the agreed date of delivery, the ordering party can either claim penalties or terminate the contract and demand from the supplier:

- Reimbursement of all monies paid with interest accrued from the date of payment until the date of reimbursement,
- Indemnification of all damages accrued to the ordering party due to delays or nondelivery of the subject matter of the contract.

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

3.4. Force majeure, riots and civil unrest, including action taken by the authorities and other unavoidable occurrences with the exception of strikes at the supplier's premises, shall release the parties from their contractual obligations for the time of the duration of the disturbance.

The contracting parties 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 and without unnecessary delays.

4. Supply

4.1. The ordering party's address and the details of the ordering unit or warehouse shall be specifically mentioned on each packaging unit. Each shipment must be described in a delivery notice which shall include the details of the accepted order (date, order number, quantity and type of goods, detailed description of packaging, product number, name of the ordering party, etc.).

4.2. All shipping documents, including dispatch order and identification signs (e.g. labels) must comply with the requirements of Titus d.o.o. Dekani.

5. Packing, stowing and packaging

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

6. Takeover procedure

6.1. The material for the takeover procedure shall be provided by the ordering party.

6.2. Before the beginning of the takeover procedure the supplier is bound to present to the ordering party the "first of tool" pieces, together with a measurement report for all dimensions specified with the product drawing together with other key characteristics of the subject matter of the contract.

6.3. The takeover process is carried out in two stages, namely:

- pre-acceptance test at the supplier's premises with a duration of 16 hours and
- takeover at the ordering party with a duration of 72 hours,

under the conditions specified in the technical requirements.

The parties may agree to a different takeover procedure through an order or a separate contract.

Representatives of both sides shall carry out conformity procedures and functional validation of the satisfactory functioning of the subject matter of the contract, its dimensional conformity and, where applicable, of the adequacy of metallurgical products.

All costs of the takeover procedure, excluding material but including verification of compliance of the subject matter of the contract with the required characteristics shall be borne by the supplier.

6.4. Final inspection and takeover of the subject matter of the contract is undertaken at the ordering party's headquarters. The signature or seal of confirmation of delivery on the delivery notice shall not be understood as conclusive evidence of a final takeover.

The parties shall in cases of both pre-acceptance testing and final takeover prepare and sign for each tool or machine a "Report on the testing of a tool" or a "Report of the takeover of the investment", which shall on the successful completion of the takeover procedure represent proof that the subject matter of the contract is functional and the process and products dimensionally consistent. A signed report represents the basis for the supplier to issue an invoice to the ordering party.

After the signing of the relevant reports and the completion of the takeover procedure, the title (ownership) of the subject matter of the contract will pass to the ordering party (buyer).

6.5. The supplier is bound to prepare and submit to the ordering party a report on initial samples of products in different stages of validation. The criteria for the validation of the subject matter of the contract are as follows:

- Dimensional conformity of the product,
- Functional adequacy of the subject matter of the contract,
- Takeover of technical documentation in an operative state (assembly drawings, wearing

- parts, bill of materials, production drawings),
- Electrical, pneumatic and other mechanical and equipment schemes, and instructions for use and maintenance,
 - Certificates of the materials used in the production of wearing parts (cutting parts, bending parts, etc.),
 - Report on the analysis of heat treatment of wearing parts,
 - CE marking for all machines and tools.

The takeover of the subject matter of the contract shall not be finalized without the fulfilment of all commitments agreed in the Order Confirmation and the approved technical requirements.

7. Quality

7.1. 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. The supplier shall in the design stage 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 certificate, the ordering party is entitled to carry out an assessment of the process and provide findings on the supplier's capabilities. The supplier shall remedy any identified deficiencies within 5 working days and promptly report to the ordering party.

7.2. The subject matter of the contract shall fully comply with the technical requirements of the final received drawings and with all other documents and the ordering party's requirements that define the product and/or the subject matter of the contract and which have been provided to the supplier and agreed with him.

7.3. The supplier shall deliver to the ordering party all technical documentation updated with the latest status of changes and reports on the testing and shall maintain records of inspection for a period of at least 5 years, unless otherwise specified.

7.4. There shall be no changes which interfere with the approved conceptual solutions of the subject matter of the contract unless expressly agreed with the ordering party.

Unsuccessful presentation of initial samples or unsuccessful preliminary takeover requires a repetition of the validation process after the undertaking of the necessary corrective actions.

8. Ethics & Environment

8.1. The supplier is 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, which are available online at www.titusplus.com.

9. Prices

9.1. Prices are fixed, unless otherwise agreed in the order or specific contract, and shall not be changed unilaterally. Prices are defined in EUR on the day of the issuance of the order.

10. Issue of invoices and payment

10.1. Each issued invoice has to conform to the relevant order. The invoice shall contain the order's number, denomination and code of the subject matter of the contract, the supplier's code and name, product name/description, quantity, price, date and number of delivery notice, method of delivery and delivery location.

10.2. Unless otherwise defined by the ordering party, payments will be undertaken within 90 days of the date of the final takeover.

10.3. In the event of a complaint, the ordering party may suspend payments of outstanding overdue and undue obligations until the full rectification of claimed defects.

10.4. 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 its claim towards the ordering party or have the claim collected by a third party.

11. Warranty and liability of the supplier

11.1. 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.

11.2. The supplier shall promptly notify the ordering party of any actual or potential deficiencies of the subject matter of the contract known to the supplier with the aim of limiting potential adverse consequences on the operational safety and quality of the process/product and in order to be able to perform the necessary corrective actions.

11.3. The supplier shall adequately insure his liabilities with a recognized insurance company. This includes cases where full or partial performance has been entrusted to a third party.

11.2. The supplier shall promptly notify the ordering party of any actual or potential deficiencies of the subject matter of the contract known to the supplier with the aim of limiting potential adverse consequences on the operational safety and quality of the process/product and in order to be able to perform the necessary corrective actions.

11.3. The supplier shall adequately insure his liabilities with a recognized insurance company.

12. Warranty

12.1. The guaranteed period of operation shall be determined for each tool separately based on the required technical characteristics.

For working tools and equipment the supplier shall recognize, under condition of normal operation and maintenance, a guarantee period of 36 months, applicable also in cases where the work is organized in three shifts.

The warranty period shall start on the date of takeover or on the date of signature of the takeover minutes. The ordering party shall keep a record of the produced quantities (number of units produced) and of eventual interventions and shall submit it to the supplier, upon specific request.

12.2. In case of complaints and allegations of hidden or manifest defects of the subject matter of the contract, the supplier is obliged to immediately approach the problem in a way which shall up to the maximum extent possible avoid disruptions to the planned production.

Damaged parts shall be replaced or repaired within a period of 48 hours.

The supplier is obliged to analyse the causes of the failure/defects based on each received complaint and present the corrective actions undertaken with an 8D report, all within a period of 8 working days.

12.3 The supplier shall assume full responsibility for all costs and expenses incurred as a result of deviations from the required quality and shall be liable to refund the ordering party accordingly.

13. Protection of business secrets, prohibition of competition and intellectual property rights

13.1. All products drawings, 3D drawings, drawings of tools, equipment drawings and technological processes which the supplier receives from the ordering party or produced on behalf of the ordering party represent the sole property of the ordering party and shall be treated as its exclusive intellectual property which is protected by the laws and regulations governing copyright and related rights and industrial property rights.

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

13.3 The supplier and the ordering party undertake to treat all the commercial and technical details with which they became acquainted during the duration of their business relationship

as strictly confidential. The definitions of the supplier and the ordering party in this case also include their employees and all third parties having access to the aforementioned data.

13.4. 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.

13.5. The supplier shall be solely responsible for any infringement by a product in any intellectual property right of a third party and undertakes to indemnify and hold the ordering party harmless for any claims or loss in connection with an infringement.

If the supplier uses any kind of industrial property rights that belongs to a third party undertakes to obtain from a third party free license for the ordering party for unlimited use of such right.

14. Jurisdiction and applicable law

14.1 The parties 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, Slovenia.

14.2. All relations between the parties relating to a specific order shall be governed by the laws of the Republic of Slovenia, unless agreed otherwise.

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