

General Purchasing Terms of Strip's d.o.o. Rev. 1

I. Conclusion of Contract/Legal Form Requirements

1. Any legal relationship between the supplier and us is the subject matter in Commercial code and it follows the consequent terms and conditions. The conditions stipulated by the supplier as well as the variant agreements will be applicable only if they are confirmed in the written form. Neither our silence and the fact that we do not expressly declare an agreement nor our acceptance of the payments of goods or services shall be construed as an acknowledgement.

2. The contract and all its modifications, the side agreements, the declarations regarding the termination of the contract and all other statements or notices require the text form if this conditions unordained differently. If the supplier fails to accept the order within one week of contract reception, we have got the right to withdraw the contract at any time.

II. Scope of Deliveries/Changes in Scope of Deliveries

1. The supplier shall ensure that it will be in constant and in time with all information relevant for our intended use of its deliveries and about any data and circumstances to the extent such information is relevant for the fulfilment of the supplier's contractual obligations.

2. The supplier guarantees that its deliveries include all performances required for their correct, safe and economic use/implementation; that they are suited for the intended use and comply with the our requirements. When carrying out its performance(s), the supplier will observe all relevant standards, laws and legal regulations, in particular those concerning hazardous materials and dangerous goods, the protection of the environment and the prevention of accidents. The supplier will also act in compliance with generally acknowledged safety and industrial medicine specifications as well as with our own company standards. The supplier shall notify us of any governmental permits or notification requirements that may be required for the import and the use of the delivered items.

3. We are entitled to request from the supplier modifications in the design and construction of the supplied articles, so long as supplier can be reasonably expected to meet such requests. The supplier shall implement the modifications within a reasonable period of time. Mutually satisfactory agreements shall be concluded concerning the consequences of such modifications, in particular with regard to delivery dates, extra and reduced costs. We will determine such consequences within our reasonable discretion if agreement regarding the matters outlined in the previous sentence cannot be reached within a reasonable period of time.

III. Prices/Payment Terms

1. The agreed prices are the firm prices. All deliveries shall contains original invoices which include place of unloading, supplier number, part number, number of pieces, price per piece, and volume per delivery.

2. The supplier is not entitled to transfer the claims against us to the third parties or to have such claims collected by the third parties.

IV. Delivery Terms

1. All deliveries are DDU (most recent Inco terms) to a location determined by us and unless determined otherwise including the packaging and protection. Our company and the consignee determined by our company shall be advised about a shipment on the day of its dispatch. Each shipment shall include a delivery note in duplicate listing our order number, item number and supplier number.

V. Delivery Dates/ Default in Delivery

1. The supplier is responsible for the performance of the contract in accordance with agreed terms. Delivery of goods to us or to any recipient determined by us shall be regarded as a decisive factor for keeping the term or delivery time. The supplier is bound to inform us immediately in written form about any default in delivery, indicate the reasons for such default in delivery and its expected duration. The supplier may refer to reasons of default for which he is not bearing responsibility only if he has met his liability to notify.

2. In case of default in delivery we are entitled to demand a contractual penalty from the supplier. This penalty is 0,5 % for each week or part of a week, the maximum penalty is 5 % of the total order value. This agreement pertaining to the contractual penalty or enforcement thereof shall not affect any justified legal claims for a default in delivery.

VI. Confidentiality/Information

1. The supplier shall keep secret all information, including the drawings, documents, know how, samples, production devices, models, media (collectively, the "Information"), may not make such information available to the third parties without our written consent and may not use such information for the purposes other than as determined by us. These obligations are valid mutatis mutandis also to copies and duplicates. This confidentiality obligation does not apply to information that the supplier had already obtained legitimately at the time of disclosure provided such information was not subject to a confidentiality obligation, that the supplier later obtains legitimately without being obligated to keep such information confidential, that is or becomes generally known without any breach of contract by one of the parties or for the disclosure or the independent use of which the supplier has received permission.

2. The supplier may not advertise its business relationship to us without our prior written consent. We retain title and reserve all other rights (such as copyright) to the information, which we presented.

3. The copies may be made only with our prior written consent. The title to the copies passes to us at the time such copies are created. The supplier hereby agrees with us that the supplier stores the copies on behalf of our company as the bailee. The supplier agrees to properly store at its expense all documents and other objects, including copies thereof, that were made available to supplier, to keep them in perfect condition, to obtain insurance for them and to return them to us or destroy them, in each case upon our request. The supplier has no right, on whatever grounds, to retain such objects. The supplier shall confirm the complete return or destruction of the relevant object in writing.

4. If the supplier breaches its obligations set for the point VI 1., a contractual penalty in the amount of Euro 50,000 shall become due and payable immediately for each breach. The supplier shall retain the right to have the contractual penalty determined by a court decision. Damages shall be set off against any paid contractual penalties.

VII. Quality Control/Inspection of Incoming Goods

1. The supplier is responsible for creating its certification of quality management according to ISO9001 and/or all parameters which are aspects of requirement by ISO9001 without certification.

2. The supplier must maintain the written records for all goods delivered to us, such the records to reflect when, how and by whom the manufacture free of defects of the delivered goods has been ensured.

3. Before the serial deliveries of the new specific products, the supplier shall make the samples in volume and according to the procedure defined in the purchase order (e.g. according PPAP, PPF...). The supplier cannot start the serial production without the allowance of the samples of the new specific products.

4 Any changes of the delivery object shall be approved by the customer in advance. This is valid also for all sub-suppliers.

5. The supplier is obligated to manage constantly the capability of its processes and to control the quality of its product and service deliveries.

6. The supplier is obligated to justify the arguments about the standing of its processes, at the base of the customer demand (e.g. to show the capability Cp, Cpk $\geq 1,33$) and justify the quality of the delivery (e.g. the declaration about the conformity or the certificate about the accordance of the product).

7. The input quality inspection of the products and the services can be executed only with the respect on the expressly visual defects and evidently identifiable deviations of the volume and identity. These defects will be immediately claimed by us in the form of a claim report. We appropriate the right to perform the more specific input control of the products. Further we will claim the defects identified in our production process, or if we receive the claim by our customer with the clearly defect of delivered material from the supplier according to the trade proceeding. The supplier declares off the right for the veto to the delayed claimed defects. In the case of the finding out the defects we are entitled to return all delivery to supplier.

8. The supplier is obligated to settle up the claims of the purchased products and services according to the mutual agreement with the customer. To the appreciated claims the supplier shall admit the actions noticed at our claim report, or in the form of 8D methods – the first three steps with the immediate actions till 48 hours, the complete performance of 8D till 10 working days.

VIII. Warranties/Reimbursement of Costs/Warranty Period/Insurance

1. If the goods delivered are defective, our claims follow the legal regulations unless the following conditions provide otherwise. If the operational safety is threatened, if there is a danger of unusually high damages or for the purpose of maintaining our ability to supply our customers we shall be entitled, following notification of the supplier, to remedy the defects by ourselves or have them remedied by a third party. The costs incurred this way shall be borne by the supplier. The supplier is responsible for all direct and indirect damages and costs resulting from defects of the goods. The costs for incoming goods inspection exceeding usual scope of inspection shall be reimbursed, if it was found out that the number of defect parts exceed agreed parts per million (PPM) per individual delivery or by annual delivered quantity. This applies for the partial/complete incoming deliveries inspection as well in further course of business at our company or at our suppliers'. If the supplier avails itself of a third party to carry out a performance, the supplier will be held responsible for its performance as if he provided it by himself.

2. The supplier shall reimburse our and our customer's costs incurred in situations leading up to or arising in connection with liability for defects to the extent such costs have been incurred for the purpose of avoiding, preventing or mitigating damages (e.g. recalls).

3. The supplier shall reimburse all the costs towards our customers arising from defects of supplier's shipments that we are obligated to bear by law.

4. Unless mandatory law provides otherwise, the supplier is liable for damages arising within 24 months of supplying/ taking-over a delivery (if collection of goods is required by law or contractually agreed upon). In case of additional supplying /removal of defects this period is extended by the time during which the delivery item cannot be used. For additional supplying/removal of defects the same terms apply.

5. The supplier shall, throughout the term of the supply relationship, maintain adequate insurance with respect to the risks of this item VIII. Upon request the supplier shall furnish us with evidence of such coverage.

IX. Development of suppliers

1. The suppliers are according to importance of purchased material, products or services and their impact to compliance of customer requests and based on internal evaluation of suppliers results included to process of „Improvement of suppliers“.

2. Improvement of suppliers is provided by:

- Clear requests for purchasing of goods and services given to suppliers
- Establishing of objectives for customers
- Harmonization of quality and environmental systems of both customer and supplier side
- Applying the supervision of the supplier in accordance with paragraph VII. a VIII.
- Regular evaluation of the qualitative capabilities of suppliers and information about trends and results of the evaluation
- Organizing joint meetings with suppliers for consultation of requirements of quality systems, environmental systems, processes and products.

3. Agreement of supplier objectives. Supplier has to systematically improve the effectiveness of own management system and quality of activities, processes and goods to reach the customer requests and expectations in each of regular supplies.

The supplier has to try to reach the following objectives:

- 100% fulfillment of delivery terms
- Quality level of supplies ppm <100
- Evaluation of supplier capabilities QP in „A/AB“ category
- Achieve result of supplier evaluation as „Excellent supplier“

4. The supplier who achieved in a two year evaluation period:

- Evaluation of reliability of supplier QP in „A“ category
- Quality level of supplies ppm=0
- At least four times in a row evaluation of supplier QD in „A“ category

...the supplier receives evaluation as „Excellent supplier“ with right to self-evaluation of supplies quality.

5. The escalation of problematic suppliers for direct materials and services, which influence the product. In the case of the iterative claims of the purchased material and services the customer commences the escalatory plan towards the supplier [see next page]:

Action	Date
1. The demand to solve the claims in 8D form.	In the case of the first claim.
2. In the case of the suppliers chosen by the customer – to add the customer to the solving the problems with the supplier .	In the case of the second iterative claim.
3. The invitation of supplier delegates in Strip's d.o.o. for the technical meeting with the presentation about the improving the quantity side.	In the case of the third iterative claim, the tendency is not improving.
4. The implementation of 100% input inspection charged on the supplier.	In the case of the third iterative claim, the tendency is not improving.
5. Start to choose and approve new supplier.	The supplier chosen by the customer – according to the customer directions.
	The supplier chosen by Strip's d.o.o. – in the case of the fifth iterative claim, the tendency is not improving.
	The supplier chosen by Strip's d.o.o. – in the case of the valuation in „C“ category, the tendency is not improving.
6. Attention – the proposal to interrupt the cooperation with the supplier.	The supplier chosen by the customer – according to the customer directions
	The supplier chosen by Strip's d.o.o. – in the case of the fifth iterative claim, the tendency is not improving.
	The supplier chosen by Strip's d.o.o. – in the case of the valuation in „C“ category, the tendency is not improving.
7. To displace the supplier from the list of the approved suppliers.	Till two months from the date of choosing and approving the new supplier.

Displaced supplier can be again integrated into the „List of the approved suppliers“ at the base of the positive results after the iterative tender.

X. Workings at our premises

The persons who work at our premises within the scope of performance of the contract shall adhere to our regulations providing for safety and protection of health at work and fire prevention regulations; the regulations relating to movement of the persons in our premises shall be also observed.

XI. Material

The packaging and tools provided by us substances, parts, containers, special packaging, tools, measuring instruments or substances or similar items remain our property. In cases of specification of Accessories, union of Accessories or mixture of Accessories, we will become co-owners of the new goods. Our co-ownership share shall be equal to the proportionate value of the Accessories compared to the overall value of the new item. Accessories may be copied or duplicated only with our prior written consent. The copies or duplicates become our property upon creation. The supplier shall not have any rights of retention on whatever basis to the Accessories. Neither Accessories nor copies or duplicates thereof may be made

available to third parties and may not be used for any other purposes than the agreed upon purpose.

XII. Tools

1. Notwithstanding any other agreement to the contrary, we shall receive full ownership or co-ownership of the tools to the extent we have contributed to the proven costs for tools used in the manufacture of the supplied goods. We will acquire (co)ownership of the tools upon payment. The tools shall remain on loan with the supplier.

2. The supplier shall require our consent to dispose of the tools, to move the location of the tools or to disable the tools permanently. The supplier shall label the tools as our property or property held in co-ownership, as applicable. The supplier shall bear the costs for the maintenance, repair and replacement of the tools.

3. We shall have title in the replacement tools in the same proportion as in the original tools. In cases of co-ownership of a tool we shall have a right of first refusal with respect to the co-ownership share of the supplier. The supplier must use tools (co-)owned by us exclusively for the purpose of manufacturing the supplied goods.

4. After the end of the delivery, the supplier must, upon our request, immediately turn over the tools to us. For tools co-owned by us we must, following hand over of the tools to us, reimburse the supplier for the then present value of the supplier's co-ownership share. In no event shall the supplier have a right to retain the tools.

5. The supplier's obligation to turn over the tools shall apply also in case of an insolvency application with respect to the supplier and in cases of long term interruptions of the supply relationship. The supplier shall insure the tools within the agreed upon scope or, absent such agreement, within the customary scope.

XIII. Software

The supplier agrees to modify/improve the software pursuant to our instructions and in exchange for an adequate reimbursement of costs for a period of 5 years from the shipment of the supplied item, unless the scope of the delivery includes standardized software. To the extent the software originates with a supplier of the supplier, the supplier shall obligate such earlier supplier accordingly.

XIV. Force Majeure/Long Term Inability to Deliver

1. Industrial conflicts, riots, acts of government and any other events that are unpredictable and unpreventable exempt both us and the supplier from the contractual obligations, in each case for such time as the disturbance exists and within the scope of its effects. The party affected by the force majeure event must fully inform the other party and must make all efforts, within the limitations of what can reasonably be expected, to limit the effects of such events. The party affected by the force majeure event must notify the other party without undue delay of the end of the force majeure event.

2. In cases of a long term inability to deliver, cessation of payments, the opening of an insolvency proceeding, the refusal to open insolvency proceedings due to insufficient assets or the commencement of comparable proceedings with respect to one of the parties the other party shall be entitled to rescind the contract with respect to the part that has not yet been performed. If one of the foregoing events occur with respect to the supplier, the supplier shall support us to the best of its abilities in our efforts to move the manufacture of the supplied item(s) to us or to a third party, which support shall include the granting of licenses to intellectual property rights to the extent such rights are necessary for the manufacture of the relevant product(s), such licenses to be granted on terms customary in the industry.

XV. Miscellaneous

1. Place of fulfilment for all deliveries and performances is the place of destination specified by us.

2. The contractual relationship shall be governed by the law of Slovenian republic, excluding Slovenian conflict of laws rules and the provisions and of the UN Convention on Contracts for the International Sale of Goods (CISG). The competent place of jurisdiction is the city of Ljubljana, unless an other exclusive place of jurisdiction has been agreed upon.

3. If a specific provision of these terms and conditions is or becomes invalid, the remaining terms and conditions shall remain valid.

4. We advertise that all private data will be recorded according to the law Zakon o varstvu osebnih podatkov (ZOVPI-01) UL. 94/7 and its revision and will be executed only for the trade transactions.

In Strip's d.o.o., 25th of May, 2015