

GENERAL TERMS AND CONDITIONS OF PURCHASE

The following terms and conditions of purchase shall apply to any purchase of goods and services made by the KONČAR-Electrical Engineering Institute Inc. (hereinafter called the "KIET"). Seller shall be deemed to have full knowledge of the terms and conditions herein and such terms and conditions shall be binding if either the goods and services referred to herein are delivered to Purchaser, or if Seller does not within five days from the date hereof deliver to Purchaser written objection to said terms and conditions or any part thereof.

1) Scope of Application of the General Terms and Conditions

- 1.1 These General Terms and Conditions of Purchase shall apply to all orders and contracts of the company Končar - Electrical Engineering Institute Inc., Fallerovo šetalistište 22, Zagreb (hereinafter: "KIET") involving purchases of goods and services (hereinafter: "Deliveries") from suppliers.
- 1.2 The KIET General Terms and Conditions for Purchase (hereinafter: "GTC") shall apply to any Purchase Orders made with domestic and foreign legal entities and individuals (hereinafter: "the Supplier"), unless otherwise agreed in writing by both parties.
- 1.3 Upon acceptance of a Purchase Order or signing of a contract, these GTC shall become an integral part of every contract concluded between KIET and the Supplier. No other terms and conditions of the Supplier specified in order confirmations, contracts or invoices thereof, or in any other document shall be valid and acknowledged, unless explicitly confirmed in writing by KPT.
- 1.4. Verbal agreements of any nature shall not be valid, except if confirmed by KIET. The written form shall further include the confirmation sent by e-mail.
- 1.5 If certain provision of the GTC is in conflicts with the provisions of a contract or purchase order the provisions of the contract or purchase order shall apply.

2 Purchase Order

- 2.1. Only written Purchase Orders (hereinafter: PO) that are prepared using formal KIET forms and duly signed by authorised persons shall be valid and binding for KIET. Any amendments or oral agreements regarding an PO shall be legally binding for KIET only if confirmed in writing by KIET as the ordering party. PO's shall be placed using electronic mail (e-mail), fax or by post.
- 2.2. On request of KIET, the Supplier shall within 2 working days confirm every PO or modification thereof in writing and specifying the price and delivery date. Unless an order confirmation is specifically requested by KIET, the Supplier may confirm the Order in writing within the period specified above. Otherwise, the Order shall be considered accepted and confirmed by the Supplier under the terms and conditions of KIET, unless rejected in writing by the Supplier within the period specified above. The confirmation shall be sent by electronic mail (e-mail), fax or by post.
- 2.3. KIET reserves the right to cancel an already placed PO without any charge payable to the Supplier if KIET has not received the confirmation within the appropriate period and not later than within fourteen days from the making an order.
- 2.4. If the terms of the PO confirmation vary from the PO placed by KIET, the Supplier shall specify clearly any such variation in the PO confirmation. Any such variation shall be binding for KIET only if explicitly accepted in writing. An unconditional acceptance of the goods delivered by Supplier shall not represent an acceptance of any such variation on the part of KIET.
- 2.5. Unless accepted in writing, the Supplier's general business terms and conditions shall not become binding for KIET without KIET written acceptance.

3) Prices, delivery and freight costs

- 3.1. Prices for the delivery of the products and services shall be defined in the individual contract and shall be binding and may only be changed by mutual consent.
- 3.2. The Supplier shall notify KIET about readiness of goods for dispatch by sending to KIET notice of dispatch containing the number of order, quality size and weight of goods.

- 3.3. Insofar as the Supplier is required to provide technical and technological specifications, material test certificates, test reports, acceptance certificates, quality documentation or any other documentation, the receipt of all such accompanying documentation shall be prerequisite for considering a delivery or service to be fully performed.
- 3.4. Unless an alternative arrangement exists in the individual contract, cost of delivery and packaging as well as transport insurance shall be borne by the Supplier or included in the agreed price.
- 3.5. The supplier shall pack, mark and dispatch hazardous products according to applicable national and international regulations.
- 3.6. Goods shall be packed and marked in accordance with KIET instructions. Packing and packaging shall always be environmentally friendly and such to ensure that goods are protected from damage or quality deterioration, in accordance with the common transportation and storage terms and conditions.
- 3.7. For all delivery parties, goods shall be insured along the entire route until the place and point of passing of risk from the Supplier to KIET.
- 3.8. For deliveries involving erection, installation or services, the transfer of risk to KIET at the point of the final takeover of works, whereas for deliveries not involving erection or installation the transfer of risk shall be upon receipt by KIET at the designated place of delivery.
- 3.9. In the event of a delay in the delivery of goods or services, KIET shall be entitled to charge liquidated damages in respect of each commenced working day of delay reflecting 0.5 % but not exceeding a total 10 % of the total PO value, to be paid by the Supplier without KIET bearing the burden of proof of any damage actually incurred by KIET and regardless of fault or negligence on the part of the Supplier. In the event of delay, KIET may also terminate the agreement following the expiry of a reasonable additional period for fulfilment of obligations.

4) Payment Terms

- 4.1. The Supplier shall invoice KIET for all the product deliveries and services immediately upon delivery of goods and completion of services specifying all data related to the PO. Unless otherwise agreed, payments shall be made within 60 days of receipt.
- 4.2. The charges of the bank receiving the payment shall be borne by the Supplier.
- 4.3. For advance payments agreed to be made to the Supplier, the Supplier shall, on request of KIET and immediately upon receipt of the PO but prior to the request for the payment of such an advance, furnish a bank guarantee to KIET in the amount of the agreed advance payment, issued by a bank acceptable to KIET.
- 4.4. If any event of default, supply and/or provision of service in disagreement with the PO, KIET shall withhold the payments due to supplier up to the occasion on which Supplier regularizes the situation of default, which shall not give rise to any right for delay of payment.

5) Acceptance, Notice of Defects and Liability of Defects

- 5.1. Payments made, and acknowledgement receipts issued by KIET within goods receipt shall not be deemed a declaration by KIET of a final acceptance of delivered goods.
- 5.2. Acceptance as well as inspection of deliveries for completeness and any visually recognizable faults shall be effected within a reasonable time period following the receipt of goods. If within a random checks part of the delivery fail to comply with KIET's requirements or

customary industry standards, KIET may reject the delivery. KIET shall notify the Supplier on any identified deficiencies as soon as possible.

- 5.3. If deficiencies are identified within the warranty period, the Supplier shall be obliged at its own expenses and at the option of KIET to either repair the deficiency at the place of designation immediately and without any cost arising for KIET thereof or provide re-performance of services or replacement of deliveries (rectification) within a reasonable period. In any case KIET shall be entitled to claim from the Supplier reimbursement of all costs incurred by KIET for all work necessitated within rectification, such as e.g. costs arising from dismantling and assembly.

6) Warranty

- 6.1. The warranty period for deliveries of goods and services shall be at least two years.
- 6.2. During the warranty period, KIET shall be, upon written notice to Seller, entitled to withhold free of any interest charge up to 10 % of the PO value as a security for warranty claims.

7) Material, Equipment and Documentation provided by KIET

- 7.1. Materials and equipment provided by KIET to the Supplier for the purpose of manufacturing of ordered

products or providing requested services shall remain the property of KIET and shall be stored, marked and documented separately free of charge.

- 7.2. All documentation provided by KIET to the Supplier for manufacturing of ordered products remain the property of KIET and may not be used to other purposes, reproduced or disclosed to any third person. On request of KIET, the Supplier shall return the documentation, including all the transcripts and copies thereof.

8) Information; material declaration; waste

- 8.1 Notwithstanding any legal obligations regarding instructions, the Supplier shall provide to KIET all the necessary and useful information about the goods or services of the Supplier, specifically the instructions for use and appropriate storage. Also, the Supplier shall inform about the possibility of hazardous waste or waste oil and specify the options of waste disposal.

9) Final Provisions

- 9.1. All disputes shall be resolved by the court in KIET's place of business.
- 9.2. All contractual relationships shall be settled primarily in accordance with provisions of the contract or purchase order; if none then in accordance with the law.