

## GENERAL TERMS AND CONDITIONS OF SALES

These General Terms of Sale apply only in the cases when other terms and conditions are not stipulated in the offer or the contract.

### 1) APPLICATION OF GENERAL TERMS OF SALE

- 1.1. These General Terms of Sale apply to all the orders and contracts for sale of goods and services (hereinafter: „delivery item“) addressed towards Končar - Electrical Engineering Institute Inc., Fallerovo šetalište 22, Zagreb (hereinafter KIET).
- 1.2. These General Terms of Sale apply to orders and contracts concluded by KIET with domestic and foreign legal persons (hereinafter: Buyer) unless the procedure and terms and conditions of sale are governed by special regulations applicable to supply of certain types of goods and services.
- 1.3. With acknowledgement of the order these General Terms of Sale become an integral part of the contract, and apply to relations between KIET and Buyer.
- 1.4. If some provision of these General Terms of Sale is contrary to the agreed contract provisions, contract provisions shall apply.

### 2) OFFER AND NON-BINDING OFFER

- 2.1. KIET's offer is binding for 30 days, and Buyer should accept it within that period.
- 2.2. If KIET should receive acknowledgement of its offer after expiration of 30 days, the order will be effective if acknowledged by KIET in writing within 8 days.
- 2.3 Non-binding Offer does not bind KIET. KIET has the right to change or cancel the Non-binding Offer at any time

### 3) SCOPE OF DELIVERY

- 3.1. KIET shall deliver products and services in the scope specified in its offer.

### 4) PRICE

- 4.1. The price specified in the offer is FCA KIET.
- 4.2. Unless stated otherwise the price does not include packaging, except in the case of return of special packaging. The packaging is charged in accordance with actual costs.
- 4.3. The original packaging will not be returned unless it is special packaging.
- 4.4. Packaging of submitted samples will be returned upon Buyer's written request.

### 5) PAYMENT

- 5.1. Payment shall be made as requested by KIET either in advance in accordance with the offer/proforma invoice, or within 30 days from the establishment of debtor-creditor relationship. Terms of payment are always specified either in the offer, proforma invoice or invoice.
- 5.2. If a payment is late, KIET will without prior notice charge the statutory interest.
- 5.3. At KIET'e request Buyer shall at its own expense provide an irrevocable letter of credit or bank guarantee for the payment. These payment security instruments will be in the form approved by KIET, issued by a bank accepted by KIET, and delivered 60 days before the agreed delivery of goods or services at the latest.
- 5.4. KIET is no obligation to continue performing actions related to delivery of goods or services until receipt of the payment security instrument requested from Buyer. If the requested payment security is delivered later than agreed, the agreed delivery date of goods or services will be postponed for the period of payment security delay.

### 6) TESTING

- 6.1. Delivery items will be tested in KIET's premises unless a special type of testing has been agreed.

### 7) DELIVERY

- 7.1. Unless otherwise agreed, KIET's delivery will be FCA KIET warehouse.
- 7.2. At least 8 days prior to the agreed delivery date Buyer shall give KIET shipping instructions, and name its carrier or forwarding agent if the agreed terms of delivery require one.
- 7.3. Observance of the delivery date is conditioned by fulfilment of all Buyer's obligations due before the delivery date.  
If the above condition is not fulfilled on time, KIET is entitled to an appropriate extension of the delivery period.
- 7.4. Delivery periods are appropriately extended also in the case of force majeure suffered by KIET or its providers.
- 7.5. Force majeure means the cases specified in Civil Obligations Act.
- 7.6. For each case of non-observance of the delivery date due to other reasons, Buyer can request for each week of delay a penalty payment of 5‰ of the selling price of delayed part of delivery. However, penalty total shall not exceed 10% of the selling price of the delayed delivery part.
- 7.7. If Buyer fails to take over the goods within 8 working days from receipt of delivery notice, KIET can charge storage services in the amount of 1‰ selling price. This will not affect Buyer's obligations under item 5).
- 7.8. Upon expiry of 30 days under above item KIET can at Buyer's cost store the delivery item at a third person.
- 7.9. Partial deliveries are permitted.
- 7.10. In case of services and deliveries that include assembly and mounting, the risk passes to Buyer at final acceptance.

### 8) DISPATCH AND DELIVERY

- 8.1. Dispatch is done at Buyer's risk and expense.
- 8.2. If delivery should be made to Buyer's premises, Buyer is liable for keeping and correct storage of goods until the day of acceptance.
- 8.3. Buyer shall at delivery pay the delivery fee, and shall not refuse to receive the delivered item on grounds of possible shortcoming, defect or damage.

### 9) COMPLAINTS

- 9.1. Complaints concerning quantity and visible quality shortcomings shall be made immediately at each delivery, 10 days after receipt of goods at the latest. At receipt Buyer shall determine possible damages or losses, make an appropriate complaint towards carrier or forwarding agent, and report the damage to the insurer – KIET.
- 9.2. Complaints should be sent to KIET by registered mail with records of the commission attached. In the records of the committee a detailed description of shortcomings found must be given.
- 9.3. Buyer shall ensure KIET a possibility to assess the merits of the complaint.
- 9.4. If a complaint concerning quality or quantity is justified, KIET shall within the agreed period repair or replace defective products, or deliver missing quantities.

9.5. If due to a modification, repair or addition the delivery time must be prolonged, item 7.6. shall apply to Buyer's damage claim.

#### **10) WARRANTIES FOR DEFECTS**

- 10.1. KIET's warranty period for defects in delivered equipment and agreed properties is 12 months from the commissioning, 24 months from the delivery date at the latest, with exception of software warranted for 3 months from the delivery day. KIET's warranty for the equipment of other providers is the same as the agreed warranty.
- 10.2. Warranty for services is 6 months from service completion, with exception of software-related services with warranty period of 3 months.
- 10.2. Complaints for defects shall be raised immediately after their discovery.
- 10.3. Each part found damaged or unusable within warranty period due to an event before transfer of risk to Buyer, provided it is due to design, material or performance defect, will be repaired by KIET or replaced with a new part free of charge, and the defective part will be returned.
- 10.4. Buyer shall give KIET appropriate time for completion of necessary repairs or supplies, enable KIET performance of necessary work, and at KIET's request deliver the item to the location to be specified by KIET. If Buyer fails to fulfil these requirements, KIET's warranty shall be null and void.
- 10.5. If KIET should fail to eliminate defects within the allowed time, Buyer shall be entitled to compensation for lowered value of the delivered item.
- 10.6. Warranty does not cover: damages occurred after transfer of risk, damages due to non-observance of instructions for use, overstress and overburden due to maintenance or location, faulty design or construction, chemical and electrochemical effects, and normal or increased wear and tear due to properties and specific usage of material.
- 10.7. Warranty is nullified if Buyer or third person makes repairs, replacements or adaptations without KIET's consent. The same applies if seals or stamps are removed without KIET's consent.
- 10.8. KIET's warranty is valid for repaired or newly delivered parts in the same scope as for the original delivery.

10.9. The scope of warranty is limited to repair or replacement free of charge, and it also includes costs of transport of repaired or replaced parts.

10.10. Warranty does not cover any other claims for damages or loss of profit due to downtime or the like.

10.11. Warranty claim does not postpone Buyer's obligation to observe the agreed time limits for payments.

#### **11) OTHER CLAIMS, COMPENSATION FOR DAMAGE, TERMINATION OF CONTRACT**

11.1. If KIET is not able to fulfil the contract within the agreed time limit, Buyer can terminate the contract provided Buyer has previously given KIET an additional appropriate time limit for fulfilment of the contract and KIET failed to fulfil its obligations even after expiration of that additional time limit. In such a case Buyer can claim compensation for damage in accordance with item 7.6.

11.2. Any other Buyer's claims are excluded.

#### **12) MISCELLANEOUS**

12.1. All the technical documentation related to the equipment or its parts that is delivered to Buyer before or after conclusion of the contract remains KIET's exclusive property. Buyer shall not copy, reproduce, deliver or give information about it to any third party without KIET's consent.

12.2. Contract modifications are legally valid only if in writing and accepted by both parties.

12.3 KIET will keep as confidential all information received from the customer. Customer will be notified of information which KIET intends to release, unless prohibited by law. The exception may be information that the customer makes publicly available, or when agreed between KIET and the customer.

#### **13) FINAL PROVISIONS**

13.1. All disputes shall be resolved by the court in KIET's place of business.

13.2. 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.