

GENERAL TERMS OF BUSINESS



October 1, 2014

These General Terms of Business (“Terms”) apply to any offer, agreement and/or related purchase order relating to machinery (“Machinery”) or materials (“Materials”) (collectively “Goods”) sold by SIP Strojna Industrija d.d., Šempeter v Savinjski dolini (“SIP”) to any purchaser (“Purchaser”).

1. Interpretation

- 1.1 “Contract” means the contract between SIP and the Purchaser (subject to the provisions of clause 2./2.) for the purchase and sale of the Goods, comprising (i) SIP’s written quotation (including documents (if any) incorporated by express reference on the face of the quotation); (ii) acceptance of the quotation by the Purchaser; (iii) together with these Terms; (iv) and any written agreement between SIP and the Purchaser.
- 1.2 “Order” means the written order placed by the Purchaser for the supply of the Goods.
- 1.3 The words “written” and “in writing” for the purpose of these Terms include any document that can be of visibly reproduced.

2. General Provisions

- 2.1 Only the Contract governs the sale and delivery by SIP of the Machinery and Materials.
- 2.2 In the event of any inconsistency between these Terms and other documents forming part of the Contract, the following order of priority shall apply: (i) any written agreement between the parties where the parties agree that any of the provisions in these Terms should be superseded with an express reference to this clause 2./2.; (ii) SIP’s written quotation and documents (if any) incorporated by express reference on the face of the quotation; (iii) these Terms.
- 2.3 Any differing, contradictory or supplementary general terms and conditions of business of the Purchaser shall not form part of the Contract, even if SIP does not explicitly contradict them, unless SIP explicitly agrees to them in writing.

3. Offers, Orders, Specification

- 3.1 The SIP’s general offers publicized on the Internet or in brochures, advertisements and other promotional materials are non-binding. Binding are only quotations that SIP’s authorized representative addresses to Purchaser in writing. SIP accepts no liability for misprints or errors.
- 3.2 No Order shall be deemed to be accepted and Contract to be concluded unless and until SIP issues written quotation and this written quotation is confirmed by the Purchaser.
- 3.3 Data provided by SIP relating to the supply of Goods (including but not limited to weights, dimensions, consumption figures, load-bearing capacity, tolerances and technical specifications) as well as visual depictions of the item in question (such as drawings and diagrams) shall represent only approximations, unless usability for the contractually stipulated purpose requires

exact conformance. They shall not represent warranted characteristics, but rather descriptions or identifying features of a Good. Variations in line with standard commercial practice, as well as variations based on legal requirements or by way of technical improvement, including the replacement of parts by equivalents, shall be allowed.

4. Validity of Quotations, Prices and Payment

- 4.1 Quotations (which includes, but is not limited to prices, lead times etc.) are valid for the period stated in the quotation (and if no period is stated, for up to eight (8) days only from the date of issuance of the quotation), after which time they may be altered by SIP without giving notice to the Purchaser. The prices are quoted in EURO, Ex – Works (SIP’s premises in Šempeter v Savinjski dolini, Slovenia), excluding shipping costs, taxes (e.g.VAT), duties in the case of exports, as well as fees, charges and any other public levies.
- 4.2 Where the agreed prices are based on the SIP’s list prices, and delivery is scheduled more than three months after signing of the Contract, SIP’s list prices applicable at time of delivery shall apply.
- 4.3 The invoice shall be issued on the date of delivery of Goods. Unless otherwise agreed, the purchase price shall be payable without deduction within 30 days of date of invoice. The payment date shall be determined as the date of receipt by SIP. Any changes to payments (such as deduction of cash discounts) shall only be acknowledged following written confirmation by SIP.
- 4.4 If the Purchaser does not make payment when due, late-payment interest at a rate of one (1) percent per month shall be charged on the outstanding invoice amount as from the due date.
- 4.5 The Purchaser is not entitled to withhold from, set off against or otherwise reduce any payments due to SIP unless agreed in writing by SIP.

5. Delivery and Delivery Lead Times

- 5.1 Unless otherwise agreed in writing deliveries of Goods shall be Ex Works (SIP’s premises in Šempeter v Savinjski dolini, Slovenia).
- 5.2 Irrespective of whether the shipping is organized by the Purchaser or SIP, as the time of delivery shall be deemed delivery of Goods to the carrier or freight forwarder (or a third party with which the transport is arranged) at the beginning of loading. If the Goods cannot be shipped promptly due to no fault of SIP, the delivery shall be considered to have been fulfilled on the date when Goods were ready for shipping and the Purchaser notified accordingly.

- 5.3 Lead times and scheduled dates for delivery of Goods indicated by SIP shall always represent approximations only, unless a fixed lead time or date has been promised or agreed. The delivery lead time shall be agreed in each individual case.
- 5.4 After the conclusion of the Contract, SIP reserves the right to withhold delivery under a Contract if SIP in its reasonable opinion determines that the Purchaser's credit worthiness is unsatisfactory or that the Purchaser will not be able to pay the amounts due and payable under the Contract or if the Purchaser fails to make payment of any amount due and payable ("Suspension"). SIP shall by written notice to Purchaser inform the Purchaser of such Suspension. Irrespective of the Contract in case of Suspension SIP shall be entitled to deliver Goods only in return for payment in advance or provision of security.
- 5.5 Partial delivery of Goods ordered is allowed.
- 5.6 SIP reserves the right to make modifications to the design or form, variations in color and changes to the scope of supply during the delivery lead time, provided the changes on conditions that this modification does not affect functionality of the Machinery.
- 5.7 If SIP delays making a delivery, or if it becomes impossible for it to make a delivery, for whatever reason, the liability of SIP to pay compensation shall be limited in accordance with clause 10. of these Terms.

6. Place of Performance, Risk

- 6.1 Unless otherwise agreed, the place of performance in respect of all contractual obligations of SIP and the Purchaser shall be Šempeter v Savinjski dolini, Slovenia.
- 6.2 The method of packaging shall be at the due discretion of SIP.
- 6.3 The risk of accidental destruction or deterioration of the Goods shall be transferred to the Purchaser at moment of delivery.
- 6.4 SIP shall insure the Goods against theft, breakage, damage in transit, fire and water damage or other insurable risks only at the express request of the Purchaser, and at the Purchaser's expense.
- 6.5 If SIP and the Purchaser agree that the SIP shall provide the Purchaser with warehousing for Goods, then the SIP shall be liable for damage to Goods unless the it proves that the damage was caused by circumstances which could not have been avoided or prevented, or that it was caused by fault of the Purchaser. SIP is liable until extradition of the Goods to the carrier or freight forwarder or a third party with which the

transport is arranged applying mutatis mutandis the provisions of clause 5./2. of these Terms. Sip shall insure the Goods in warehouse for custom risks at the expense of the Purchaser.

7. Retention of Title

- 7.1 Notwithstanding delivery and the passing of risk in the Goods, or any other provision of these Terms, title in the Goods shall not pass to the Purchaser until SIP has received in cash or cleared funds payment in full of the price of the Goods.
- 7.2 Until transfer of title to the Purchaser, the Purchaser shall treat the Goods with due care, and shall insure them at its own expense, in particular against fire and water damage, damage by theft or other loss, damage by vandalism and damage by foreign bodies. The insurance procured must provide adequate new-replacement cover.
- 7.3 The Purchaser may use the Goods still owned by SIP and may sell them on in the course of its regular business operations, provided the Purchaser has not defaulted on payment and no material deterioration of its financial position has occurred or is impending. The Purchaser may not pledge or assign the Goods by way of security however. By way of security, the Purchaser hereby assigns to SIP in full its claims against customers arising from selling-on of the Goods, as well as claims relating to the Goods on any other legal basis against its customers or third parties (in particular claims arising from insurance claims). SIP hereby accepts the said assignment.

8. Warranty

- 8.1 The warranty period for Goods is 24 (twenty four) months from date of delivery.
- 8.2 The Purchaser or the third party designated by it is obliged to inspect the Goods upon delivery and shall notify SIP in writing within seven (7) days of receipt of the Goods if there are any defects or (where the defect or failure was not apparent on reasonable inspection) within seven (7) days after discovery of the alleged defect. Such notification of any defects shall be accompanied with relevant supporting evidence. If the Purchaser fails to notify SIP of the defects within the relevant period referred to above, SIP shall not be liable under the warranty provided in this clause 8. of the Terms.
- 8.3 In the event of defects in the delivered items, SIP shall be obliged and entitled initially to make repair or to provide replacement, at its discretion, within an appropriate period of time. If the repair or replacement fails to take place (is impossible, unreasonable, refused, or excessively delayed) the Purchaser may cancel the contract or reduce the purchase price by an appropriate amount.

- 8.4 If a defect results from the fault of SIP, the Purchaser may demand compensation for loss, notwithstanding the provisions of this clause 8., subject to the preconditions set out in clause 10.
- 8.5 The warranty shall be voided in respect of any defect arising from fair wear and tear, wilful damage, negligence, abnormal working conditions, failure to follow the SIP's instructions (whether oral or in writing), misuse or alteration or repair of the Goods without the SIP's approval or improper or inadequate maintenance.

9. Intellectual property rights

- 9.1 If any claim or proceeding is brought against the Purchaser for alleged infringement of any registered design or trade mark or trade name or copyright or letters patent by the Goods or any part thereof or any allegation of such infringement is made, then SIP will at its own election either effect any settlement or compromise which it deems reasonable or at its own costs and expense defend any such action or proceeding under the following conditions: (i) that the Purchaser does not concede the existence of an infringement but gives SIP immediate notice in writing of any such allegations or infringement or of the institution of any such action or proceeding; (ii) permits SIP to answer the allegation and to conduct all negotiations in respect of such allegation and to defend the action or proceeding; (iii) that the Purchaser gives SIP (at SIP's costs and expense) all information assistance and authority required for those purposes; (iv) does not by any act (including any admission or acknowledgment) or omission prejudice the conduct of such defense.
- 9.2 If the Goods or any part thereof is in such action or proceeding shall be held to constitute infringement and is the subject of an injunction restraining its use or any order providing for its delivery up or destruction SIP shall at its own election and costs and expense either: (i) procure the Purchaser the right to retain and continue to use the Goods or part thereof; (ii) or modify the Goods or any part thereof so that it becomes non-infringing; (iii) or replace the Goods or any part thereof with one that is non-infringing.
- 9.3 The SIP shall not be under any of the obligations specified in clause hereof in events the Purchaser entering into any compromise or settlement in respect of such action or proceeding without SIP's prior consent in writing or is not conducting as defined in clause 9./1..
- 9.4 The industrial and intellectual property held by SIP shall remain the absolute property of SIP. Such data, designs and drawings, equipment or any part thereof shall not be reproduced or disclosed or allowed to be reproduced or disclosed by the Purchaser without SIP's consent in writing.

10. Limitation of Liability

- 10.1 Notwithstanding anything to the contrary in the Contract and except to the extent required by law, the total liability of SIP, SIP's personnel, SIP's affiliates as well as SIP's subcontractors for any act or omission, whether in contract, tort (including negligence or strict liability), by way of indemnities shall not exceed the amount of Euro twenty five thousand (€ 25.000).
- 10.2 The SIP shall not be liable to the Purchaser for any loss of profit (actual or anticipated), loss of use, loss of production (including loss of hydrocarbons), loss of contracts, loss of opportunities, loss of revenue, cost of capital, costs of replacement, loss of goodwill, loss of reputation, loss of information or data, loss from any third party contracts, loss due to business interruption, loss of interest, loss of power, cost of purchased or replacement power, contractual claims from third parties or any indirect, incidental, special or consequential losses or damages arising from or in connection with its performance or non-performance under this Contract and whether based upon contract, tort, or any other legal theory. This clause shall apply to the benefit of SIP's personnel, SIP's affiliates and SIP's subcontractors.

11. Data protection, Confidentiality

- 11.1 The Purchaser acknowledges that SIP will store data arising from the contractual relationship for the purposes of data processing and reserves the right to transmit the data as necessary to third parties (such as insurance companies) in fulfillment of the Contract.
- 11.2 Where it has a justified interest (such as if the Purchaser asserts warranty claims in respect of the Goods), SIP or a third party contracted by it may read out the operational data of the Goods (such as operating hours, surface power, operating time) and access the telematics data relating to them. Access to this data shall be allowed for as long as, and as far as, necessary in order to preserve the justified interests of SIP.
- 11.3 The Purchaser and SIP may not utilize or disclose to third parties any of the other party's business or operational secrets of which they gain knowledge in the course of their business relations without the consent of the said other party, unless the said business or operational secrets are in the generally accessible public domain. This shall also apply to the period after termination of the contract.

12. Miscellaneous, Applicable Law, Jurisdiction

- 12.1 The SIP shall not be liable to the Purchaser or be deemed to be in breach of the Contract by reason of any delay in performing, or any failure to

perform, any of SIP's obligations in relation to the Goods, if the delay or failure was due to force majeure. For the purposes of this clause, force majeure shall mean any unforeseen event beyond the reasonable control of SIP such as, but not limited to any act of God, act of government or any authorities, non-issuance of licences, hostilities between nations, war, riot, civil commotions, civil war, insurrection, blockades, import or export regulations or embargoes, rainstorms, national emergency, earthquake, fires, explosion, flooding, hurricane or other exceptional weather conditions or natural disaster, acts of terrorism, accidents, sabotages, strikes, shortages in material or supply, infectious diseases, epidemics, as well as travel restrictions or travel warnings due to any such events. If any delay in performing, or any failure to perform the Contract is caused by the delay of a subcontractor of SIP, and is beyond the control and without the fault or negligence of SIP, SIP shall incur no liability for such delay. Where there is force majeure, SIP is entitled to an extension of the delivery date(s).

12.2 The Purchaser shall not assign any of its rights or obligations under the Contract without the prior written consent of SIP. Any attempted delegation or assignment shall be void.

12.3 If any provision of these Terms is held by any competent authority to be invalid or unenforceable in whole or in part such provision shall be construed, limited or if necessary, severed to the extent necessary to eliminate such invalidity or unenforceability and the validity of the other provisions of these Conditions and the remainder of the provision in question shall not be affected but shall remain in full force and effect.

12.4 The Contract (including these Terms) shall be governed by and construed in accordance with the laws of the Republic of Slovenia, excluding the United Nations Convention on Contracts for the International Sale of Goods.

12.5 The parties will use their best efforts to negotiate in good faith and settle any dispute that may arise out of or relate to the Contract or any breach of it. All negotiations connected with the dispute will be conducted in complete confidence and the parties undertake not to divulge details of such negotiations except to their professional advisers who will also be subject to such confidentiality and such negotiations shall be without prejudice to the rights of the parties in any future proceedings.

12.6 These Terms are written in with Slovenian, German and English language. In the event of any ambiguities and differences is significant Slovenian version of these Terms. Terms apply from the date indicated at the beginning of these Terms.

12.7 Jurisdiction in respect of all disputes arising from the contractual relationship between SIP and the Purchaser shall lie with the district court of Celje (Slovenia).

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