



VAR d.o.o.

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GENERAL PURCHASE CONDITIONS OF VAR d.o.o.

Version 2021

1. GENERAL TERMS AND DEFINITIONS

- 1.1. The Supplier: A company, entrepreneur or other legal or natural person who undertakes to supply goods to the Buyer or provides services for the Buyer.
- 1.2. The Buyer: Var d.o.o., Panonska 23, 9250 Gornja Radgona.
- 1.3. The End Customer: The Buyer's buyer.
- 1.4. The Goods: This refers to all materials, components, tools, equipment, products, and services that are used in the company's business operations and are (in)directly connected to the production of the product for the Buyer.
- 1.5. By submitting an offer or by signing an agreement, the Supplier guarantees that he has all the capabilities and capacities for its full implementation in accordance with the latest rules of the trade. All offers, orders and agreements are binding and are subject exclusively to the "General Purchase Conditions". If the Supplier sets conditions that differ from the General Purchase Conditions, they shall not apply to the Buyer without their explicit written confirmation. This also applies if the Supplier, at any point and at any location, decides to add additional or specific clauses and wishes to supply based on their own terms.
- 1.6. All of the information regarding the Buyer, the order, the agreement, and other similar information is confidential and counts as a business secret according to positive law.
- 1.7. Any kind of deviation from the General Purchase Conditions is only allowed based on an agreement with the buyer and their written confirmation.

2. OFFER and ORDER

- 2.1. The Buyer issues orders and amendments in writing on the basis of a written offer from the Supplier. Only written orders sent to the Supplier by post, fax, e-mail or using the EDI system are considered valid.
- 2.2. The Supplier's offer must contain in particular:
 - a) the quantity, type and quality of the goods or services;
 - b) the price at which these goods or services are sold;



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- c) the method of payment;
- d) the date of fulfillment;
- e) the manner and place of delivery of the goods or services;
- f) the address and all other identification information of the Supplier;
- g) other.

- 2.3. The Supplier is obligated to send the Buyer a written order confirmation by e-mail or a return receipt by mail within three (3) business days of receiving the written order. If the Supplier does not confirm the order within the specified period, the order is considered confirmed.
- 2.4. The delivery dates and conditions specified in the order or in the issue of the order are binding.
- 2.5. The Supplier undertakes to immediately notify the Buyer in writing about any deviations that could affect the delivery deadline, volumes, and quality. In this case, the Supplier must obtain written instructions from the Buyer on further action(s) to be taken.
- 2.6. The Buyer has the right to monitor the fulfillment of orders at any time and it is the Supplier's duty to arrange for them to be able to do so.
- 2.7. Assigning the order to a third party without obtaining prior written consent from the Buyer gives the Buyer the right to withdraw from part of the order or the entire order, and they are further entitled to a compensation of expenses that would arise from this.

3. SUPPLY OF GOODS and/or SERVICES

- 3.1. The Supplier must deliver the goods or services in accordance with the agreement or order of the Buyer. Deliveries that deviate from the order must be approved in advance in writing by the Buyer.
- 3.2. For any non-compliance related to the order, the Buyer reserves the right to:
- a) reject the supplied goods, make them available to the Supplier and withdraw from the agreement or the order;
 - b) reject the supplied goods, make them available to the Supplier and demand fulfillment of the agreement or the order;



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- c) keep the supplied goods under the amended conditions, pending agreement with the Supplier;
 - d) keep the supplied goods and demand from the Supplier the rectification of all defects present in the supplied goods within an agreed time period. All costs related to the rectification of defects are covered by the Supplier.
- 3.3. The place of delivery is defined in the Buyer's order. If the place of delivery is not explicitly specified in the order, the place of delivery is considered to be the Buyer's warehouse. The Supplier assumes all responsibility for the risk and danger of the goods that are traveling to the Buyer.
- 3.4. The goods may be delivered from Monday to Friday between the hours of 7 a.m. and 2 p.m..
- 3.5. The Buyer may reject the delivery of any goods which are not delivered in accordance with the order or the provisions of the purchase agreement, at the Supplier's expense.
- 3.6. The Supplier is obligated to prove the quality and compliance with the technical documentation for each individual order with the appropriate documents. The Supplier is fully responsible for defects in the goods.
- 3.7. When supplying sheet metal and screw welding elements, the Supplier is obligated to indicate the batch number of the material manufacturer on each delivery note.
- 3.8. In any case, the Buyer has the right to choose the method of rectification of defects or deficiencies.
- 3.9. In the event that the delivery deadline is exceeded, the Buyer may fully or partially withdraw from the agreement and/or demand payment of the contractual penalty and compensation for the actual and indirect damage incurred if it exceeds the contractual penalty. The Buyer is entitled to charge a contractual penalty in the amount of 0.5% of the total value of the order for each calendar day of delay, but no more than 5% of the total value of the order.
- 3.10. The acceptance of goods takes place upon delivery of the goods by the delivery check department and/or warehouse of the Buyer. The acceptance of services takes place with the cooperation of both parties and in the manner agreed between both parties.
- 3.11. Upon delivery of technical and technological goods (machines, devices, etc.), the transfer of responsibility between the Supplier and the Buyer takes place with the signing of an acceptance report by the Buyer's representatives.



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- 3.12. The passing of the risk of loss is determined according to the INCOTERMS as agreed upon by both parties. Unless other terms of delivery are agreed in writing, delivery shall be made in accordance with DDP Incoterms 2010 or to a location specified by VAR. In the case of DDP deliveries or if VAR has agreed to cover the transportation costs, VAR has the right to change the delivery condition from DDP to FCA Incoterms 2010. If VAR has changed the terms to FCA, the shipping costs will be deducted from the price. If VAR covers the transport costs, the SUPPLIER must choose the most suitable, most favorable and most frequently used means of transport and packaging, unless VAR itself determines the means of transport and packaging.
- 3.13. The SUPPLIER must promptly notify VAR of any foreseeable delays in delivery which exceed the specified or fixed dates and/or any other obligations of fulfillment.
- 3.14. At the same time, the SUPPLIER must inform VAR about the reasons for and the duration of the delay. The physical acceptance of a delayed delivery of products shall not constitute a waiver of VAR's rights in connection with a delayed delivery.
- 3.15. All suppliers are also subject to the *Quality Manual for Suppliers*, which can be found on the Buyer's website.

4. GOODS HANDED OVER TO THE SUPPLIER

- 4.1. All materials, parts, tools, packaging and other items (hereinafter: items) which the Buyer hands over to the Supplier in order to help the Supplier fulfill his obligation remain the property of the Buyer and are considered to be kept safe by the Supplier on behalf of the Buyer.
- 4.2. The Supplier may use these items only for the purpose of fulfilling his obligation to the Buyer or for any other purpose that the contracting parties have agreed on.
- 4.3. If the Supplier uses the delivered materials and individual parts to manufacture a product, the Buyer acquires co-ownership rights to this product.
- 4.4. The Supplier must carry out in a timely manner all necessary and required maintenance and inspection work on the goods, as well as all necessary repairs, including the provision of spare parts at his own expense when this is necessary to ensure a smooth work process. The Supplier must immediately notify the Buyer of any abnormalities or defects in the goods when such events occur.



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- 4.5. In the event of supply disruptions, any breach of the agreement, actual insolvency proceedings of the Supplier, or termination of the agreement by VAR, the Buyer has the right to demand the immediate return of all goods owned by the End Customer or the Buyer himself. The Supplier has no reserved rights to the goods.
- 4.6. The Supplier may not move the goods to another location without obtaining prior written consent from the Buyer.
- 4.7. The Supplier is obligated to insure for material damage, at his own expense, all goods he received from the Buyer, up to the amount of their base value. The supplier assigns all receivables based on such insurances.

5. PACKAGING AND HANDLING

- 5.1. The packaging must be in compliance with industry standards and applicable legislation.
- 5.2. The packaging must suit the type of the transport used so that the goods cannot get damaged during transport and their functional value is not diminished. Any and all expenses resulting from inappropriate packaging and unsuitable types of transport are to be covered in full solely by the Supplier.
- 5.3. The packaging must display all of the data required for the acceptance, tracking and storage of goods as agreed with the Buyer; the data must be legible, undamaged and appropriately attached.

6. PRICE AND PAYMENT TERMS

- 6.1. Each invoice must contain all the data specified by the applicable legislation of the Republic of Slovenia. The invoice for a rendered service must also be accompanied by a take-over record.
- 6.2. The Supplier submits an invoice for each delivery, unless the Buyer and the Supplier agree to a collective invoice.
- 6.3. The price agreed between the parties for the goods or services is final; this means that the price also includes any and all taxes and costs, unless otherwise specified in the agreement.
- 6.4. All prices are in Euro, are fixed and cannot be changed for the duration of the agreement, unless otherwise agreed with the Supplier. The minimum payment period is 90 days from



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the delivery date and is set in the purchase agreement. The Buyer may choose to pay the invoice within 15 days with a 3% discount or within 30 days with a 2% discount; the Supplier is obligated to issue a credit note for the amount of this discount, unless otherwise specified in the purchase agreement.

- 6.5. The Buyer will pay the received invoice within 90 days or within another period specified in the agreement, counted from the date of issue of the invoice.
- 6.6. If the goods or services have defects or deficiencies, the payment period begins on the day of rectification of these defects or deficiencies, which must be confirmed in writing by the Buyer.
- 6.7. The invoice may not contain any clauses that are not in accordance with the offer, order, agreement, or the General Purchase Conditions. Otherwise, the Buyer is not obligated to make the payment and/or may reject the invoice; this also applies if the invoice or documentation is deficient or not in accordance with the order, agreement, arrangement or delivery.

7. QUALITY AND COMPLAINTS

- 7.1. The Supplier undertakes to meet all specifications according to the technical requirements or the material list, which will be provided at the first order or at any subsequent change. If we do not receive any comments on the requirements within 3 days, you are deemed to have accepted these requirements.
- 7.2. The Buyer will notify the Supplier in writing of any nonconformities. The following are considered a nonconform product/delivery: damaged packaging, incorrect packaging/transport, inadequate documentation, inadequate labeling, deviations from technical specifications, deviations in quantities and time deviations in delivery.
- 7.3. The Buyer will notify the Supplier of any hidden defects immediately upon discovery, in accordance with the provisions of the Code of Obligations and the Supplier Quality Guidelines.
- 7.4. Once the claim was successfully resolved, the Supplier is by law responsible to issue a credit note to the Buyer within the legal deadline for any costs incurred in connection with the rectification of nonconformities.



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- 7.5. The Buyer has the right to charge the Supplier the costs of the complaint in the amount of EUR 150 per complaint.
- 7.6. The Supplier is obligated to immediately, or no later than within two working days, respond in writing to the Buyer's written complaint, stating the immediate actions (to be) taken. The Supplier is obligated to respond to a complaint within two weeks with a report as required in the complaint record.
- 7.7. All products on which an additional/unplanned operation has been performed (including an additional 100% control) must be additionally visibly marked on the packaging units.
- 7.8. The time required for a claim to be resolved is considered a delay.
- 7.9. If the Supplier is unable to rectify the defect within a reasonable time period, the Buyer may do so on his own or engage a third party at the Supplier's expense. The Buyer is also entitled to rectify minor faults without obtaining the Supplier's consent and at the Supplier's expense.
- 7.10. If the Buyer receives a complaint from the End Customer and it is proven that the responsibility for the complaint lies with the Supplier, all costs related to the complaint incurred by the Buyer and his End Customer are transferred to the Supplier.
- 7.11. The Buyer reserves the right to review the effectiveness of the Supplier's quality management system and to conduct an assessment of the Supplier's production process and the Supplier's financial situation at any time at the Supplier's premises. The Supplier must ensure that his expert staff offers complete cooperation and help.
- 7.12. The Buyer reserves the right to initiate the escalation process in accordance with the internal instructions for this process: Supplier Escalation Process.
- 7.13. Irrespective of the possibility of an inspection by the Buyer, the Supplier must always monitor the quality of the products himself and must carry out inspections of the dispatched goods.
- 7.14. The supplier undertakes to pursue a quality performance improvement strategy with the target of 0 PPM.
- 7.15. The Supplier must be registered in the IMDS system (<http://www.mdssystem.com>) and must submit product information at each initial sampling under the IMDS system.
- 7.16. The Supplier must manufacture, inspect, maintain and test the equipment in order to maintain constant efficiency, without any modifications, unless otherwise agreed in advance.



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7.17. The Buyer regularly evaluates his Suppliers and ranks them into quality classes. If a particular Supplier receives a poor assessment, the Buyer may request improvement measures from the Supplier, which the Supplier must submit within 14 days.

8. DANGEROUS GOODS AND HAZARDOUS MATERIALS

- 8.1. The Supplier is liable for any damage that may occur to the Buyer due to the delivery of an ecologically questionable item or inappropriate packaging.
- 8.2. The Supplier undertakes to provide a safety data sheet in the Slovenian language for each initial delivery or any subsequent change of a delivery; this safety data sheet is to be prepared in accordance with Article 31 of the Regulation (EC) No 1907/2006/EC concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), including all of its changes and amendments.
- 8.3. For every initial delivery or subsequent change, the Supplier undertakes to provide to the Buyer technical data sheets or technical instructions in the Slovenian language, which contain the information regarding the use and preparation of chemicals.
- 8.4. The Supplier ensures that the supplied goods do not contain any chemicals of very high concern (SVHC) as specified in Annex XIV of Regulation (EC) No 1907/2006/EC concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). 7, including all other changes and amendments.

9. SPARE PARTS AND WARRANTIES

- 9.1. The Supplier is obligated to inform the Buyer in time before the cessation of production or sale of goods, i.e. at least 1 year before the cessation. At the request of the Buyer, the Supplier must continue to supply the goods to the Buyer until the Buyer has another appropriate solution.
- 9.2. The Supplier is obligated to supply the Buyer with spare parts for at least 15 years.
- 9.3. The Supplier gives a 24-month warranty for the goods and its parts supplied or for the services rendered, unless a longer period is specified by regulation. This period begins with the transfer of risk to the Buyer, after the confirmation of acceptance of the machine or device, or after the rectification of defects or deficiencies.



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9.4. The Buyer can demand a 24-month warranty on the basis of URDG 758.

10. CONFIDENTIALITY AND DATA PROTECTION

10.1. The Supplier undertakes to protect the information about the Buyer and about the Buyer's intention that he obtained in connection with the order, if this information is not generally known.

10.2. The Supplier will protect all business and technical documentation with which he has become acquainted with the Buyer as a business secret. The Supplier may not pass this documentation to third parties without prior written consent of the Buyer.

11. FORCE MAJEURE

11.1. Force majeure excludes any liability of the party claiming force majeure. Force majeure covers events that are independent of the will of the contracting party, occurred after the conclusion of the agreement, and include the occurrence of unforeseen and unavoidable conditions.

11.2. Force majeure is understood by both parties as meaning any cause that prevents any party (Supplier or Buyer) from fulfilling any or all of their obligations and that can be attributed (or arises due to) acts, events, omissions, or accidents that are beyond the reasonable control of and cannot be reasonably prevented by the contracting party who is prevented from fulfilling their obligation; this includes strikes, closures or other labor disputes (which either involve the workforce of the contracting party who is prevented from fulfilling their obligation, or any other person), natural disasters, wars, riots, civil disorder, intentional damage, compliance with the provisions of any law or government order, policy, regulation or order of any competent authority, floods or storms. Neither party shall be liable in any way to the other for any failure or delay in fulfilling its obligations due to force majeure.

11.3. Any contracting party wishing to invoke force majeure must notify the other party within 15 (fifteen) days by registered mail with return receipt stating the nature, date of commencement and probable end of the event of force majeure.

12. LIABILITY INSURANCE



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- 12.1. If the Buyer incurs any costs due to the Supplier's liability (litigation costs, costs of product recalls from the market), these costs are borne by the Supplier of the goods or services.
- 12.2. The Supplier must take out appropriate liability insurance if the contracting parties so agree. At the Buyer's request, the Supplier must provide appropriate proof of compliance with this requirement.

13. OTHER

- 13.1. In case a dispute cannot be settled, the District Court of Murska Sobota has exclusive jurisdiction over the matter.
- 13.2. Governing law: Slovenian law.
- 13.3. The General Purchase Conditions apply above all other terms and/or contracts signed by the Buyer and the Supplier, unless explicitly stated otherwise in writing.
- 13.4. These "General Purchase Conditions" are written in three languages. In case of ambiguity/inconsistency, the Slovenian version shall prevail.
- 13.5. These "General Purchase Conditions" shall apply until they are amended. The Supplier is obligated to follow/track amendments on their own at www.var.si.