



## **GENERAL TERMS OF DELIVERY (GTD)**

### **1. Basic agreement**

Kovikor d.o.o. (hereinafter KOVIKOR) demands from its suppliers to follow these General Terms of Delivery (hereinafter GTD).

### **2. General**

The customers expect KOVIKOR to fulfil all their expectations regarding materials and services quality. Therefore, KOVIKOR requires reliable and competent suppliers committed to the common goals and quality. They are fully responsible for the fulfilment of all contractual obligations. Thus, KOVIKOR expects and demands from its suppliers:

- a) their supplied materials and services to comply with the required demands of KOVIKOR,
- b) 100% on-time deliveries,
- c) 0 ppm of nonconforming materials and
- d) to implement modern and efficient quality management systems.

In development, production and all other processes these have to include the principle of "no nonconformities". A stress should be laid to the preventive methods and not to the methods of detecting the nonconformities.

### **3. Materials and services specifications**

**3.1** Requirements represent all the information required for compliant deliveries in terms of all quality requirements. Requirements KOVIKOR prescribes with technical, control, commercial and environmental documentation. The KOVIKOR technical documentation is the procurement, national and international standards, material certificate, PPAP documentation together with PPAP samples and other written documents that determine the characteristics of the supplied materials and services.

**3.2** Both, the supplier and KOVIKOR, can use documents and knowledge acquired through mutual business relations only for the purpose of contractually agreed business partnership and they are treated as confidential. This confidentiality shall be respected also after termination of the business relationship. In the same way, the suppliers are obliged to bind their employees, sub-suppliers and others business partners. The entire technical documentation and data that KOVIKOR gives at supplier's disposal are business secrets and property of KOVIKOR. Top confidentiality is required in their use and maintenance. All the documents shall be returned if KOVIKOR requires so. Production according to these documents is allowed exclusively for the needs of KOVIKOR. The same applies to the supplier's sub-supplier. Transmission of these documents to the others is allowed only by written consent of KOVIKOR.

### **4. Quality assurance**

**4.1** Before the beginning of regular supplies every material has to undergo the PPAP-level 2 procedure (Production Part Approval Process) and initial samples must be approved. The supplier has to manufacture the initial samples that are, as a rule, free of charge, under the conditions and by means of series production. Besides the initial samples, the supplier shall deliver KOVIKOR the entire required documentation that belongs to the samples. The above-mentioned procedure is necessary:

- a) in case of a new supplier,
- b) when there are changes of technology, material or location of production,
- c) after changing the sub-supplier or source of material supply or
- d) after longer interruptions of production.

After inspection of samples and documentation, KOVIKOR decides about:

- a) approval,



- b) temporary approval or
- c) rejection.

KOVIKOR shall inform the supplier about its decision in writing. By approval of the initial samples and documentation, KOVIKOR approves the start of the supplier's regular delivery of the sampled materials. Consequently, regular deliveries can start. However, the supplier's liability and warranty for the quality of regular deliveries is still of the same importance. Quality of these materials and services shall be the same or even better than the one of the approved samples. KOVIKOR and supplier have to keep PPAP documentation and PPAP samples using them for Inspection before shipment (supplier) and Incoming inspection (KOVIKOR).

**4.2** The supplier undertakes to assure the quality of materials and services in line with the requirements. KOVIKOR shall accept the supplied materials based on the trustworthy relationship with the supplier. To this end, the supplier shall inspect the materials before the consignment. Supplier's authorized person has to give a written approval for each delivery and he shall deliver KOVIKOR the material certificate by 3.1 EN 10204:2004 (or the latest issue). This has to include measurement results of all quality characteristics agreed already in the PPAP procedure; in case of claims also all those features that are nonconforming.

**4.3.** KOVIKOR shall reject every nonconforming material. Consequently, all direct and indirect costs (of transport and handling, selecting, extra work, stoppage of production, loss of sales, etc.) shall be charged to the supplier. In case of nonconformities on the supplied materials and services, KOVIKOR shall hold back the payment. In case of hidden nonconformities on the supplied materials that are found out, not sooner than by the customer of KOVIKOR, KOVIKOR shall just as well charge the supplier for all direct and indirect costs (repair, exchange of materials at home and at the customer's, call-off...). All costs are settled by the valid Price List of Claim Costs (it's included into Supplier Quality Manual).

**4.4.** KOVIKOR shall in case of any nonconformities (of the accompanying documentation, packing, labelling, quantity or quality of a material) file a claim. The supplier has to respond to any kind of a claim (telephone, fax, e-mail, Claims minutes) not later than in 24 hours and during this time he has to:

- a) give the permission to select nonconforming materials, resulting from the inconsistent supply of material,
- b) inform the sender in writing about all possible actions for assuring undisturbed production in KOVIKOR,
- c) inform the sender about the cause for nonconformities and actions that have been carried out to prevent recurrence of nonconformities.

All further activities shall be carried out through the purchaser of goods in KOVIKOR. In case of requirements for corrective measures, the supplier of KOVIKOR has to send a written plan of permanent elimination of nonconformities (8D report) not later than in a week.

**4.5** After the material approval, KOVIKOR requires that the supplier does not make any changes. This refers to the technical requirements, documentation, supplier's own supply sources, technology, process, and location of production. The foregoing can only be changed after prior written consent of KOVIKOR.

**4.6** KOVIKOR performs audits and delivery evaluation system to evaluate the efficiency of the supplier's quality management system. In case of detected nonconformities, the supplier has to prepare, present and carry out the corrective actions. KOVIKOR evaluates the suppliers and their supplies once a year. Good evaluation gives priority to suppliers regarding the new requirements of KOVIKOR.

**4.7** Assuring quality of the final material demands also quality of all those materials that are bought at the supplier's sub-supplier and built in the materials for KOVIKOR. Therefore, KOVIKOR requires from the supplier to set the same requirements to his sub-suppliers as KOVIKOR does to him.

**4.8** The Supplier guarantees the quality and functionality of the contractual materials in the same range and time as KOVIKOR guarantees for his materials.

**4.9** For the purpose of preferential trade, the supplier is obliged to issue a certificate about the origin of goods that is in line with the applicable Decree on the qualification criteria for identifying and proving the origin status of goods.

## **5. Logistics**

**5.1** The supplier shall provide for the packaging material, packaging and identification as well as a suitable transport method to prevent from the damaging of material. All packaging units shall comply with the requirements, retain their shape all to the place of use, allow machine handling, include the goods of the same supplier, materials with the same part number, same date of production, same lot, and shall not endanger the workers' safety. Each packaging unit shall carry a label. Its contents have to comply with the KOVIKOR requirements and have to meet the requirements regarding traceability. The following information shall be stated there: name of the manufacturer, name of a material, amount in the unit, lot marking, date of production, outgoing inspection stamp. The supplier is liable for the additional costs or loss of material as a consequence of deficiencies in identification, packaging or transport.

**5.2** If not otherwise agreed, the deliveries are planning according to orders.

**5.3** In case of delay in delivery (excluding force majeure), KOVIKOR has the right:

- a) require the supplier to supply part or all of the supply and, unless otherwise agreed, charge 0.5% of the value of the quantity ordered for each day of delay or
- b) order products / services from another supplier at the supplier's expense

## **6. Acceptance of goods**

**6.1** Reception of the supplied material and its payment do not indicate that the delivery has actually been accepted. The acceptance is carried out in accordance with the decision of the competent service and according to the specially specified methods. The supplier is fully responsible for a quantitatively conforming delivery, complying with the agreement and delivery documents. In case of nonconforming quantity of the delivery at the acceptance of goods, KOVIKOR has the right to:

- a) accept the delivery and change the quantities of further orders – the difference accordingly,
- b) reject the excessive delivery at the supplier's expense or charge the supplier for the expense of storage if quantitative deviation has not been specifically agreed,
- c) require from the supplier immediate delivery of the deficient goods with all additional costs to be at the supplier's expense or
- d) charge the supplier, if not otherwise agreed, for 10% of the value of the missing goods.

KOVIKOR shall notify the supplier about the claim referring to the nonconforming quantity within 30 days after the delivery date, by sending him the claims record.

## **7. Prices**

The prices to the agreed quarter price lists and other terms of delivery defined in this GTD are fixed and therefore any unilateral change is excluded. For each change in price, the supplier has to deliver to KOVIKOR an offer in writing. The change is accepted and in force only after the written approval of KOVIKOR.

## **8. Invoices, delivery notes and payments**

**8.1** If not otherwise agreed, the invoices are issued for each individual order/call-off. The invoices shall included: the number of order, the number of delivery note, KOVIKOR's identification number for each delivered article, the quantity and the unit of measure. The unit of measure has to be the same on the invoice and the delivery note as well as on the order. In cases when this is not possible, the ratio of units shall be indicated (e.g. x meters = y kg).

**8.2** The supplied material shall always be accompanied by delivery note. The following indications shall be given on the delivery note: the name and number of the supplier, the name of material and dimension, the number and the date of order, the delivered quantity and lot number, the number of packaging units (colli).

**8.3** KOVIKOR is obliged to settle the obligations to the supplier within the agreed time and in the agreed way, in sequence for each individual invoice separately. The supplier is obliged, unless otherwise agreed, to issue invoices for supplies or services carried out together with the supply of goods or after the service has been carried out. Time

of payment is, unless otherwise agreed, counted from the date of delivery of goods/services. If the delivery does not comply with the agreed requirements, KOVIKOR has the right to stop payments in total or diminish the payments to the supplier for the delivery or part of it.

## **9. Agreement or order rescission**

9.1 When the supplier does not meet the contractual obligations:

- a) does not supply the goods within the required time of delivery,
- b) does not eliminate nonconformities of corrective actions that are acceptable to KOVIKOR and are within the required period of time,

KOVIKOR has the right to resign from the agreement/order or only part of it without prior period of notice and further obligations to the supplier. KOVIKOR informs the supplier about this decision in writing. Costs resulting from this (Force Majeure excluded) shall be charged to the supplier.

9.2. KOVIKOR has the right to resign from the agreement/order without special explanation and without period of notice. It shall inform the supplier about this in writing. In such case, KOVIKOR undertakes to accept the already manufactured goods/services (charged at the applicable price) in accordance with the ordered quantity.

9.3 Without further obligations to the supplier KOVIKOR can resign from the agreement also when it is obvious that the supplier will not be able to fulfil the order within the agreed period of time (declaring bankruptcy of the supplier, illiquidity, disposal of operational resources...).

## **10. Environmental requirements**

To meet the requirements regarding the environment, KOVIKOR recommends to the suppliers certificate to ISO 14001. Not certificated supplier is in charge to make environmental activities for ambient saving based on his own program. KOVIKOR requires that every three years sends fulfilled Environmental Questionnaire. Materials that are produced by the supplier and sold to KOVIKOR have to be manufactured in line with value issue the European Directive RoHS and REACH Directive.

## **11. Health and safety**

A supplier must assure that delivered goods are fulfil all valid legal and other demands concerning safety and health at work. In accordance with law on safety and health at work (Ur.l.RS No. 43/2011 or newer versions) supplier has to enable to own employees to insight statement on safety with risk assessment for their company.

## **12. Social responsibility**

For a client is extraordinary meaning to consider social responsibility towards employees and society as a whole. This applies to client and his suppliers. A client and his suppliers have common goal of activity in accordance with guidelines UN Global compact (Davos, 01/99) and principles and rights written in declaration on basic principles in rights at work (Geneva 06/99) determinate by International Organisation of Work (IAO). Next principles are especially important:

- a) Keeping of human dignity, human rights and ban of child and enforced work
- b) Perform of equal possibility and family's kindly policy.
- c) Ban of discrimination because of nationality, race or ethnic origin, national and social origin, gender, skin colour, state of health, disability, religion or belief, sexual orientation, family condition, syndicate membership, state of property.
- d) Ban of bribery and blackmails.
- e) Maintenance of suitable working conditions.
- f) Conformity with rules for safety and health at work.

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g) Conformity with valid laws and regulations.

### **13. Transitory and final provisions**

**13.1** If the conditions regarding the legal specifications, agreements with customers and banks, change, KOVIKOR has the right to change the contractual terms and conditions and has to notify its contractual party about it in writing.

**13.2** By signing order confirmation or signing the agreement the supplier confirms that he knows and agrees with the obligations that are defined in the General Terms of Delivery. For those mutual relationships that are not included in the General Terms of Delivery or other written agreements, provisions of Obligations Act, Trade Act and other provisions in effect including Incoterms apply. If KOVIKOR and the supplier define in the agreement otherwise than it is specified in these GTD, the provisions of the agreement apply.

**13.3** In case that any provision of this contract proves to be invalid or unenforceable, either in whole or in part, it shall in no way affect the validity or enforceability of any other provision of this contract. In such a case, statutory provisions apply if the parties do not agree on another legally permissible provision.

**13.4** General Terms of Delivery are published on [www.kovikor.si](http://www.kovikor.si).

**13.5** The Supplier and KOVIKOR shall strive to settle all disputes arising out of these General Terms of Delivery in an amicable way. If this proves impossible, the disputes shall be submitted to the jurisdiction of the court of the KOVIKOR's domicile.