

GENERAL CONDITIONS OF PURCHASE of Goods and Services by GEM MOTORS d.o.o

1. General

General Conditions of Purchase of Goods and Services (hereinafter »Conditions«) shall apply to all contracts for the supply of goods (hereinafter »Goods«) established between GEM motors d.o.o., Ljubljanska cesta 45, 1241 Kamnik, Company registration number 3690997000, VAT number SI70951772 (hereinafter, »Buyer«) and the Supplier, from the first purchase order onward. The Conditions shall apply mutatis mutandis also to contracts for the supply of services.

Unless expressly otherwise agreed in advance in writing, these Conditions apply to all contracts for the supply of goods and/or services by the Supplier. If the parties have agreed otherwise for a particular contract, the Conditions apply for everything that was not expressly agreed otherwise. The Supplier can see the Conditions of the Buyer any time on the website of the Buyer: www.gemmotors.si.

2. Offer

The offer or a pro-forma invoice (hereinafter referred to as the »Offer«), issued by the Supplier based on the Buyer's inquiry, shall bind the Supplier regarding the deadline, the quantity and the price and shall be valid for at least 8 days.

With the Offer, the Supplier guarantees, that they have all the capabilities and capacities for its full realization in accordance with the current rules of the industry.

3. Order

The Buyer orders the Goods from the Supplier, as a rule with a written purchase order, or a written confirmation of the Offer or a pro-forma invoice or with the payment of the pro-forma invoice. In special cases, an oral or a telephone confirmation is sufficient, but it needs to be substantiated with a written confirmation later on. The Supplier needs to review and confirm each order in writing in 24 hours after receiving the order. The Supplier shall notify the Buyer in writing in case of any rejection of the order. The Buyer may cancel the order to the Supplier, until the Supplier has started with the production of the Goods or until the Supplier has ordered the Goods for the Buyer from his supplier. The cancellation of the order needs to be sent to the Supplier in writing, in which case no costs apply to the Buyer. The conditions for cancellation do not affect the Buyer's right to withdraw from the contract in accordance with the business cooperation agreement concluded with the Supplier.

4. Prices

- The prices, stated in the Order, are fixed, without VAT, unless specified otherwise.
- Any change of the prices is possible only with a written consent by both parties.
- The Supplier is fully aware of the place of delivery, the Supplier's obligations, time frames and deadlines of their operations, so the Supplier shall not claim any payment of costs, compensations or reimbursements that would exceed the price, specified in the Order.

- The flat-rate cost of possible congestion in production on the part of the Supplier amounts to 30% of the order price.

5. Terms of Delivery

The delivery time is specified in the Order as the end date of the delivery or as the number of working days, counting from the day the Order was confirmed. The delivery time can be changed only with a written agreement by both parties. In case the Supplier is unable to deliver the Goods within the agreed time due to force majeure, the Supplier needs to immediately notify the Buyer about this and after the event, take all reasonable measures to continue to fulfil their obligations and agree with the Buyer for a new delivery time. If the delay in delivery exceeds 14 calendar days, the Buyer may terminate the contract. Neither party is responsible for any delays in delivery caused by force majeure. In no case is the lack of financial resources considered to be a cause beyond the control of the Supplier or as force majeure.

If the Supplier does not have all the necessary information and technical documentation to carry out the delivery, despite demanding it from the Buyer (at least 2 times) to submit them, the delivery time is extended for the time period, from the moment when the Supplier calls upon the Buyer to submit these, up to the moment, when the Buyer provides all necessary information and technical documentation. However, if the Supplier does not call upon the Buyer in time (within 24 hours) to provide the necessary information and technical documentation, the delivery deadline cannot be extended.

6. Packaging and Packing

The Buyer and the Supplier agree on the type of packaging, method of packaging and marking of packaging units before signing the contract and this agreement becomes a vital part of the quality standard for the delivered Goods.

The following documents must accompany the delivered Goods:

- a delivery note (bearing the number of buyers Order number of the Buyer) with the code and name of goods, which should be identical as the ones stated in the Order and accompanying information on its net and gross weight and the customs tariff (for imported goods),

Additionally, if needed:

- transport documents according to the type of transport (consignment note, carriage voucher),
- an invoice for imported goods from abroad (bearing the number of the Buyer's order) including information about the weight and customs tariff,
- an attestation / a measurement protocol / a certificate (a certificate of conformity),
- a statement on the origin of goods,
- any accompanying and supporting documents for the identification and quality of goods, which are required for collection of goods.

7. Payment Terms

The Supplier issues an invoice within 8 days after the receipt of the Goods. All invoices shall be sent to GEM motors d.o.o., to the address specified in the agreement, unless the company specifies otherwise. The payment deadline shall not be shorter than 30 days, unless an advance payment has been agreed upon, or if this is the first transaction with the Supplier, in which case the payment deadline can be shorter. Only the items that have been confirmed in the Offer can be listed on the invoice. If any individual items, such as delivery, packaging etc., were not specifically specified in the Offer, they cannot be charged later to the Buyer by the Supplier, which in this case bear these additional costs. After the confirmation of the Order, the Supplier may not change the price in any

case, except in cases in accordance with the Business Cooperation Agreement, concluded with the Supplier.

If the invoice does not comply with the Order or the confirmed Offer, the Buyer may reject the invoice within 8 days of its receipt.

8. Quality Guarantee of Goods

The Supplier shall deliver the Goods in accordance with the Order and all accompanying documentation and in compliance with international, national, and internal technical standards. The Supplier shall maintain the level of quality of ordered goods in their business system, in accordance with the quality requirements of the Buyer, which shall be achieved through an effective quality management system. The Supplier agrees to enable the Buyer to check the operation of the quality management system at the Buyer's request. If the Buyer issues a checklist (a measurement protocol) to the Supplier, the Supplier shall comply with it and complete it. If the checklist (the measurement protocol) is not issued, the Supplier shall establish a system, by which the Supplier shall fully control the Goods or samples of Goods and issue relevant measurement reports.

The Supplier shall deliver samples to the Buyer before starting regular deliveries and at any time, at the request of the Buyer. The Buyer shall inspect these samples and inform the Supplier about their findings.

9. Warranty

The Supplier guarantees the quantity and quality of the Goods for at least 1 year from the receipt of the Goods. The Supplier undertakes to repair or replace the Goods within the specified period, in case of any defect, fault, hidden or blatant defect or technical failure.

If the Buyer notices a defect, the Buyer shall send the Supplier a complaint report within 30 days from the day the Buyer notices this defect. The Buyer lists the identified defects in the complaint report. The Supplier shall respond to the complaint within 24 hours after receiving the complaint report and shall immediately, or no later than 48 hours from the receipt of the complaint report, begin resolving the complaint.

The Supplier shall resolve all eligible complaints within 15 days at the latest. If the Supplier is not able to resolve the complaint within this period of time, the Supplier shall notify the Buyer about this in writing no later than 8 days from the receipt of the complaint and inform the Buyer about the method of resolving the complaint and the new delivery deadline.

If a defect is discovered during the Buyer's production process, the Supplier shall be charged for the costs of production downtime resulting from that defect. The Supplier bears the costs of both, the Goods and the services rendered. The Buyer has the right to repair any defects on the delivered Goods at the Supplier's expense in the following cases:

- if in case of a complaint report the Supplier does not replace the faulty Goods with new ones within the agreed period of time, which may differ from case to case,
- if the Supplier does not follow the mutual agreement and/or provisions or if an agreement with the Supplier cannot be reached,
- if the Supplier does not respond to a Complaint Report in 24 hours from the receipt of the complaint.

In exceptional cases, when an agreement regarding the existence of the defect in the Goods cannot be reached, a proof of quality of the Goods may be issued by a third party, which is chosen by the Buyer. A third party is considered to be an independent institution or a legal entity qualified for the quality control and testing, which is not controlled by the Buyer or the Supplier. If this third party establishes that the complaint is justified, the Supplier shall bear these costs of assessment. All costs related to the complaint, especially costs of returning the Goods to the Supplier, costs of handling

the complaint and costs of inspections and testing, and costs of delivery of faultless Goods, shall be borne by the Supplier.

The Supplier undertakes to take out, at its own expense, the necessary liability insurance for any incurred injuries or material and consequential damage, resulting from the performance of the contract.

10. Transfer of proprietary rights and transfer of risks

Unless otherwise specified in the contract, the ownership of the Goods is transferred to GEM motors d.o.o. when the company receives the Goods or after the completion of services, at the agreed place of delivery. The risk of destruction of and damage to the Goods is also transferred with the ownership. .

11. Confidential information

Both parties shall treat shared information relating to this Agreement and its annexes as confidential, as a trade secret and in accordance with provisions of the applicable Trade Secrets Act (Official Gazette of the Republic of Slovenia, No. 22/19, ZposS) and the signed Non-Disclosure Agreement (NDA). The Supplier shall not send any documents obtained for the purpose of preparation of the Offer to any third parties, except with a written consent from the Buyer.

12. Remaining provisions

- If one or more provisions of these General Conditions of Purchase are or become invalid, such provisions shall not affect the validity of the remaining provisions. The parties shall substitute such provision(s) with (a) new one(s), which shall better serve the original intent of the parties.
- In case of any disputes, which cannot be resolved by mutual agreement, the competent court of jurisdiction is the Slovenian court, which has territorial jurisdiction over the registered office of the Buyer. The law of the Republic of Slovenia applies without any provisions of private international law. In case of international sale of Goods, the application of the Vienna Convention on the International Sale of Goods shall be completely excluded.
- These General Conditions of Purchase are published on the Company's website: <https://gemmotors.si/> and are valid from 15.6.2020 onwards until revoked or amended.