

AD Plastik d.d.

Joint-stock company
for automotive plastic components manufacturing

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GENERAL TERMS AND CONDITIONS FOR PURCHASE OF GOODS AND/OR SERVICES

(June 2019 – Edition 1)

of the company AD Plastik Inc., Matoševa 8, 21210 Solin, Republic of Croatia

DEFINITIONS AND INTERPRETATION

1.1 The following terms have the following meanings:

ADP GTC

these AD Plastik's General Terms and Conditions for Purchase of Goods and/or Services (June 2019 – Edition 1);

Customer

AD Plastik Inc, Matoševa 8, 21210 Solin, Republic of Croatia (the party ordering Goods and/or Services from Supplier);

Supplier

the party providing the Goods and/or Services to Customer;

Party

Customer or Supplier, collectively the Parties;

Affiliate

any entity which directly or indirectly controls, is controlled by, or is under common control with a Party;

Contract

a written agreement and/or the Order for the purchase of Goods and/or Services by Customer from Supplier, including any other documents submitted by Customer to form part thereof, such as but without limitation to any specifications;

Customer Dana

any data or information, including Personal Data, acquired by Supplier in preparation of or during the fulfilment of the Contract, irrespective of whether such data or information relates to Customer, its Affiliates or their respective customers or suppliers;

Delivery

delivery of Goods and/or Services by Supplier in accordance with Clause 8;

Goods

the items to be delivered by Supplier in accordance with the Contract and/or all materials, documents, or other deliverables which are the result of Services provided by Supplier under the Contract in any form or media, including but without limitation to data, diagrams, drawings, reports and specifications;

Intellectual Property Rights

(a) patents, utility models, copyrights, database rights and rights in trademarks, trade names, designs, knowhow, and invention disclosures (whether registered or unregistered); (b) applications, reissues, confirmations, renewals, extensions, divisions or continuations for any of these rights; and (c) all other intellectual property rights and similar forms of worldwide protection;

Order

Customer's order issued to Supplier for the purchase of Goods and/or Services;

Personal Dana

any data or information of an identified or identifiable natural person;

Services

the services to be provided by Supplier in accordance with the Contract;

AI

Automotive Industry;

OEM

Original Equipment Manufacturer (AI); for example FORD, PSA, VW, Renault...

Third Party

OEMs and its first and second suppliers (Tier 1, Tier 2) when applicable

Variation Order

a change to the Order such as to alter, to amend, to omit, to add to, or otherwise to change the Order or any parts thereof.

- 1.2 References to clauses are references to clauses of the ADP GTC.
- 1.3 Headings are for convenience only and do not affect the interpretation of the ADP GTC.

GENERAL TERMS AND APPLICATION, ACCEPTANCE OF THE CONTRACT

- 2.1 The ADP GTC govern the relationship between the Parties, which is also, if necessary, governed by Contract that may be agreed by the Parties in writing.
- 2.2 Customer reserves the right to update ADP GTC any time and post it online at www.adplastik.hr, being the Supplier's responsibility to keep itself up to date on the terms.
- 2.3 In the event of conflict between ADP GTC and Contract, the Contract will prevail.
- 2.4 No terms or conditions delivered with or contained in Supplier's quotations, acknowledgements, acceptances, specifications or similar documents will form part of the Contract, and Supplier waives any right which it might have to rely on such terms or conditions.
- 2.5 Supplier shall accept the Contract either expressly by written statement or impliedly by fulfilling the Contract in whole or in part.
- 2.6 Any amendments to the Contract must be agreed in writing.

SUPPLIER'S RESPONSIBILITIES

- 3.1 All the Suppliers shall deliver the Goods and provide the Services:
 - 3.1.1 in accordance with the applicable laws and regulations;
 - 3.1.2 in accordance with the Order, Contract and all Customer instructions, specifically AD Plastik Group Customer Specific Requirements;

- 3.1.3 free from any design, material or processing defects and from any rights of third parties; and
- 3.1.4 fit for any particular purpose specified in the Contract or, in absence thereof, fit for the purposes for which such Goods and/or Services would ordinarily be used.
- 3.2 Supplier shall ensure that the Goods are packed according to industry standards and in a manner adequate to preserve and protect the Goods.
- 3.3 Additionally, Suppliers specifically from the auto industry acknowledge that they assume all responsibility for ensuring, at its sole cost, that all testing and analysis as is needed to meet IATF 16949 requirements or any other quality certification or other standards that Third side or Customer itself requires on parts, components, materials, systems and processes incorporating or involving any product sold by Supplier to Customer hereunder will be properly completed, and satisfied, whether or not Supplier is or has been certified as meeting such certification requirements apart from this.

The Supplier shall enter the composition details of the products supplied, in the IMDS (International Material Data System) at www.mdssystem.com. The foregoing will constitute a prior requirement for the presentation of Initial Samples.
- 3.4 The Supplier shall provide the Customer with any financial data it may request, to guarantee the Supplier's solvency and, consequently, the adequate performance of the Contract.

QUALITY ISSUES

- 4.1 When Customer identifies quality related issues on the part of Supplier, Customer will notify Supplier thereof.

Suppliers, especially AI Suppliers, are obliged to sign and act according to the Quality Contract, requirements and quality objectives at project stage, before the start of serial production.
- 4.2 The Supplier has to reply to every claim within 24h for containment actions at Customer, 48h for containment actions fully implemented, 10 working days for root cause analysis (for occurrence and non detection), permanent corrective actions defined and implemented. Cost recovery will be communicated, if applicable, with each claim through a cost breakdown. The cost recovery process will include, but is not limited to, contaminated stock at Customer's affected plant, products in transit, OEM assembly plant, non conforming received goods, production line downtime due to delivery or quality related issues, warranty returns, and costs required to analyze and rectify the effects of quality, warranty, launch or delivery issue which result in concern.

A CHANGE IN THE ORDER

- 5.1 Customer may issue Variation Orders to Supplier, and Supplier shall carry out such Variation Orders if it does not exceed agreed capacities. If any Variation Order exceeds the agreed capacities, such potential change may be the subject of subsequent agreement between the Parties. Variation Orders requested by Supplier only become effective after written confirmation by Customer.
- 5.2 Supplier must not suspend the Delivery of any Goods or the provision of any Services.
- 5.3 Supplier assumes full and exclusive responsibility for any occupational accident or disease occurred to its employees and its subcontractors in relation to the provision of the Goods and/or Services.
- 5.4 Supplier is solely and exclusively responsible for any claims and/or lawsuits filed by its employees and/or subcontractors, and shall, without any limitations, defend, indemnify and hold Customer harmless from and against any claim, proceeding, action, fine, loss, cost, damages and expenses arising out of or relating to any such claims and/or lawsuits, and any noncompliance with legislation, regulations, codes of practice, guidance and other requirements of any relevant government or governmental agency applicable to Supplier, its employees or subcontractors. Supplier undertakes to appear in court at its own cost if requested by Customer, acknowledging its status as sole and exclusive employer, and to provide Customer with all requested documentation and information necessary to ensure proper legal defence of Customer in court.

SPECIAL DIRECTED SUPPLIER'S REQUIREMENTS – AUTOMOTIVE INDUSTRY

- 6.1 The Supplier shall comply with the terms and conditions of an Order or other agreement received by Customer from Third Side, if such requirements exist, whereby Customer agrees to supply to the Third Side, goods or services.

- 6.2 Supplier shall be responsible for ascertaining any terms or conditions contained in Third Side Order that may affect Supplier's obligations hereunder.
- 6.3 Supplier shall do all the necessary or desirable and within its control to enable Customer to meet obligations towards Third Side.
- 6.4 Supplier shall simultaneously reduce its price for its components goods or services if such reduction happens to the Customer's prices during the term of Order.

PAYMENT, INVOICING

- 7.1 In consideration of the Goods delivered and/or the Services provided by Supplier in accordance with the Contract, Customer shall pay to Supplier the purchase price stated in the Contract provided the invoice fulfils the requirements defined by Customer.
- 7.2 Supplier shall submit invoices in an auditable form, complying with applicable laws, generally accepted accounting principles and the specific Customer requirements, containing the following minimum information: Supplier name, address and reference person including contact details; invoice date; invoice number; Order number and Supplier number; address of Customer; quantity; specification of Goods and/or Services; price (total amount invoiced); currency; tax or VAT amount; tax or VAT number; Authorized Economic Operator and/or Approved Exporter Authorization number and/or other customs identification number, if applicable; payment terms as agreed.
- 7.3 Invoices must be sent to the billing address specified in the Contract.
- 7.4 Unless the Parties have agreed otherwise in the Contract, payments by Customer shall be made within ninety (90) days from the end of the month in which the proper invoice is received (in the format as stipulated in the 7.2.).
- 7.5 Services charged on the basis of hourly rates require written confirmation of Supplier's time sheets by Customer. Supplier shall submit such time sheets to Customer for confirmation as may be instructed by Customer but latest together with any related invoice. Confirmation of time sheets cannot be construed as acknowledgement of any claims. Customer is not obliged to pay invoices based on time sheets which are not confirmed by Customer in writing.
- 7.6 Customer reserves the right to set off or withhold payment for Goods and/or Services not provided in accordance with the Contract.

DELIVERY, PERFORMANCE OF SERVICES

- 8.1 All deliveries will be carried out in accordance with the amounts and dates specified in the delivery schedules provided by the Customer. The Customer will not be obligated to pay for any products or services that exceed the amounts specified in the delivery schedules. Unless expressly indicated in the Contract in detail, all transportation costs will be borne by the Supplier.

The Customer, may periodically and in a reasonable manner change the delivery schedules, by providing written notice to the Supplier with sufficient time depending on the change proposed, or may order a provisional suspension of scheduled deliveries, without this entailing a change in the price or in the terms and conditions of the Contract, or entitling the Supplier to any indemnification whatsoever.

The Supplier will be responsible for maintaining the back-up stock established by the Customer in his Orders and/or Contract.
- 8.2 The delivery deadline of the relevant order will be the one established in the Contract's delivery schedule. All delivery deadlines are binding, mandatory and essential, and must be strictly met. No deliveries will be accepted before the deadlines agreed; if such deliveries are received, the Customer will be entitled to return any products at the Supplier's costs received from the Supplier prior to the date agreed or, if it prefers, to accept them, albeit charging the Supplier for any storage costs or any other kind of costs incurred.

The Customer will not be obligated to accept partial deliveries. If the Customer accepts a partial delivery, the Order shall not be finalized until the whole fulfilment of its delivery schedule.

The Customer reserves the right to terminate any order in whole or in part, not delivered within the relevant term, and the Customer may bring a claim against the Supplier for any loss and damage caused by this delay.

If delivery deadlines are not met, the Customer may imposed to the Supplier liquidated damages worked out in a reasonable manner by Customer in amount equivalent to the internal costs derived from the breach.

Should the Third side impose any liquidated damages on the Customer arising from the Supplier's failure to meet the delivery deadlines, the Customer will charge these damages to the Supplier.
- 8.3 Upon Delivery, Supplier (or its appointed carrier) shall provide Customer a delivery note and any other required export and import documents. If Customer has approved partial delivery, such delivery note shall also include the outstanding balance.

- 8.4 Ownership of the Goods passes to Customer at properly made Delivery. To the extent that the Goods contain Embedded Software, ownership of such Embedded Software will not pass to Customer, but Supplier shall grant, or – as applicable – shall procure that the third party owner grants, Customer and all users a worldwide, irrevocable, perpetual, transferable, non-exclusive, royalty-free right to use the Embedded Software as integral part of such Goods and/or for servicing either of them.

LOGISTICAL REQUIREMENTS

- 9.1 All goods will be adequately packaged and sent in accordance with standard requirements applied to ordinary carriers, in such a way that the protection of the goods is guaranteed with a minimum transportation cost, and without generating additional expenses to the Customer, unless otherwise agreed in the Contract. The Supplier shall insure the goods in transit, unless otherwise agreed. The Supplier will duly mark each parcel according to the Logistic Terms established by the Customer, including the addressee's name.

If several parcels constitute a single delivery, each parcel will also be correlatively numbered, in which case the parcel containing the delivery note will be clearly indicated. This delivery note will describe all the specifications included in the Contract (date, order number, issuer, applicant, amount, reference and product or service name, etc.).

- 9.2 Additionally, Suppliers specifically from the AI are obliged to make a self-rated MMOG/LE questionnaire and deliver it to a Customer once per year. Suppliers who are included in the self-assessment process are:
- Direct suppliers of materials and components for serial production and production of spare parts
 - Value Added Assemblers (VAA) - design and assembly parts manufacturers according to specific requirements
 - Suppliers who combine their resources in mutual business cooperation, for example Joint Ventures (JV's)
- 9.3 Supplier is obliged to sign Logistic Protocol provided by Customer. That document is an assisting working document with contract relations which defines basic principles of usage in logistic terms between the parties.
- 9.4 Certificate of origin: Depending on the commercial agreements in force, the exporting Supplier, at the Customer's request, will provide any certificates of origin that are deemed necessary.

As the case may be, the Supplier will include in each delivery any documentation that is legally necessary and associated to the products and/or services, and any documentation requested by the Customer based on the requirements established. This documentation will be updated and will accurately correspond to the products and/or services; the Supplier must ensure that the documents correspond and are updated.

- 9.5 Supplier is monthly, quarterly and/or annually evaluated by the Customer. Customer shall send a written report to the Supplier regarding the evaluation.

ACCEPTANCE

- 10.1 Delivery of Goods or provision of Services may not be deemed to be accepted by Customer. Customer shall have reasonable time to inspect or test the Goods and/or Services and to report any defects to Supplier. If a defect in the Goods and/or Services was not detectable during the inspection and was detected during the next business operation, Customer shall provide notice of such defect after it has become apparent and/or reject the Goods and/or Services.
- 10.2 The Parties may agree on a certain acceptance procedure, in which case acceptance will be subject to Customer's written acceptance statement. Supplier shall inform Customer in writing within a reasonable time period in advance when the Goods and/or Services are ready for acceptance.
- 10.3 Customer may enforce any available legal remedy for any rejected Goods or Services.
- 10.4 Supplier is obliged to ensure the traceability of raw materials, semi-finished products and finished products within the production process according to the Customer Specific Requirements.

SPARE PARTS

- 11.1 The Supplier shall deliver spare parts at the same price at which the series has been supplied, over a period time required for the Customer from the Third Side, which can last up to 15 (fifteen) years from the end of serial production, unless otherwise agreed.
- 11.2 In the case of a specific investment attached to a project/vehicle (molds, cutting dies, etc.) is the Supplier's responsibility to provide the non-standard components parts during the life of the project, during the serial production and for the period referred to in Clause 11.1.
- 11.3 In the case of capacitive investments (presses, injection molding machines, etc.) is the Supplier's responsibility to provide the non-standard component parts during the life of the project, during the serial production and for the period referred to in Clause 11.1.

DELAY

12. If the Delivery of Goods or the provision of Services does not comply with the agreed date(s), Customer may:
 - 12.1 terminate the Contract in whole or in part;
 - 12.2 refuse any subsequent delivery of the Goods or provision of the Services;
 - 12.3 recover from Supplier any expenses reasonably incurred by Customer in obtaining the Goods and/or Services in substitution from another supplier;
 - 12.4 claim damages for any cost, loss, expenses and liquidated damages incurred by Customer which are attributable to Supplier's delay;
 - 12.5 claim any direct and indirect damages.

WARRANTY AND REMEDIES

- 13.1 Supplier warrants that the Goods and/or Services comply with the Contract, including but without limitation to Supplier's responsibilities as defined in Clause 3.
- 13.2 The rights and remedies available to Customer under the Contract are cumulative and are not exclusive of any rights or remedies available at law or in equity.
- 13.3 The warranty period for delivery items shall be 5 years.
- 13.4 For delivery items which will be incorporated into products for vehicles and/or a different Customer product, the Supplier shall ensure satisfaction of Customer's spare parts requirements during and fifteen (15) years after the end of the Customer's series production.

INTELLECTUAL PROPERTY RIGHTS

- 14.1 Subject to Clause 14.2, Supplier hereby grants Customer, or undertakes to procure that Customer is granted, a worldwide, irrevocable, transferable, non-exclusive, royalty-free license to use the Intellectual Property Rights in the Goods, including Embedded Software, if any.
- 14.2 Supplier herewith assigns to Customer full ownership rights in any Intellectual Property Rights in Goods resulting from the Services. Supplier further agrees, upon Customer's request and at its cost, to take all further steps necessary to perfect Customer's ownership to the Intellectual Property Rights.
- 14.3 Intellectual Property Rights in any Goods created by or licensed to Supplier prior or outside a Contract (Pre-Existing IPR) will remain vested in Supplier (or the third party owner). To the extent that Pre-Existing IPR are embedded in any Goods resulting from the Services, Supplier grants, or undertakes to procure that the third party owner grants, Customer and its Affiliates a worldwide, irrevocable, transferable, non-exclusive, royalty-free license to use the Pre-Existing IPR as part of such Goods, including the right to improve, develop, market, distribute, sublicense or otherwise use such Pre-Existing IPR.
- 14.4 Supplier must specify in writing and prior to Delivery all open source software contained in or used by Embedded Software, if any, and request Customer's written approval. Supplier agrees to replace at its own cost any open source software components rejected by Customer with software of at least the same quality and functionality.
- 14.5 If any claim is made against Customer that the Goods and/or Services infringe a third party's Intellectual Property Rights, Supplier shall at its cost, but at Customer's discretion (i) procure for Customer and Customer's clients, as the case may be, the right to continue using the Goods and/or Services; (ii) modify the Goods and/or Services so they cease to be infringing; or (iii) replace the Goods and/or Services by non-infringing equivalents. Otherwise, Customer is entitled to terminate the Contract and to reclaim all sums which it has paid to Supplier thereunder.

COMPLIANCE, INTEGRITY, SUSTAINABLE DEVELOPMENT

- 15.1 Supplier shall provide the Goods and/or Services in compliance with all relevant laws, regulations, and codes of practice.
- 15.2 Any statement made by Supplier to Customer (whether directly or indirectly) with regard to materials used for or in connection with the Goods and/or Services will be deemed to be a representation under the Contract.

- 15.3 Supplier represents and warrants that it is and will remain fully compliant with all applicable trade and customs laws, regulations, instructions, and policies, including, but not limited to, satisfying all necessary clearance requirements, proofs of origin, export and import licenses and exemptions from, and making all proper filings with appropriate governmental bodies and/or disclosures relating to the provision of services, the release or transfer of goods, hardware, software and technology.
- 15.4 No material or equipment included in or used for the Goods and/or Services must originate from any company or country listed in any relevant embargo issued by the authority in the country where the Goods and/or Services will be used or an authority otherwise having influence over the equipment and material forming part of the Goods and/or Services. If any of the Goods and/or Services are or will be subject to export restrictions, it is Supplier's responsibility to promptly inform Customer in writing of the particulars of such restrictions.
- 15.5 Both Parties warrant that each will not, directly or indirectly, and that each has no knowledge that other persons will, directly or indirectly, make any payment, gift or other commitment to its customers, to government officials or to agents, directors and employees of each Party, or any other party in a manner contrary to applicable laws (including but not limited to the U. S. Foreign Corrupt Practices Act, the UK Bribery Act 2010 and, where applicable, legislation enacted by member states and signatories implementing the OECD Convention Combating Bribery of Foreign Officials), and shall comply with all relevant laws, regulations, ordinances and rules regarding bribery and corruption. Nothing in the Contract will render either Party or any of its Affiliates liable to reimburse the other for any such consideration given or promised.
- 15.6 Supplier herewith acknowledges and confirms that Supplier has received a copy of Customer's Code of Business Conduct and Policies or has been provided information on how to access Customer's Codes of Business Conduct and Policies online under [www.adplastik.hr/en/30/-](http://www.adplastik.hr/en/30/). Supplier agrees to perform its contractual obligations in accordance with Customer's Codes of Business Conduct and Policies.
- 15.7 Corporate social responsibility towards employees and society as a whole is one of the strategic objectives of Customer.
Customer establishes as a general rule that all Suppliers must operate in accordance with national legislation, and through their business integrate care about workers, society and environment.
- 15.8 The Supplier is informed of UNO Global Compact principles and commits to be in conformity with it. The following principles are particularly important: preservation of human dignity and human rights, prohibition of discrimination on grounds of religion, race, national origin, age, disability, marital status, sex, sexual orientation, political affiliation, union or similar, retention of adequate social working conditions, compliance with existing laws and regulations, industry, health and safety standards..
- 15.9 The Supplier commits especially to refuse child labor (I.L.O 138) and forced labor (I.L.O. 29&105) and to implement a policy of occupational risks prevention in consistence with above principles.
Furthermore, the Supplier informs its own suppliers of this clause and its commitments to Customer.
- 15.10 In the process of everyday work operations, the Supplier agrees to use rationally and optimally needed resources (especially materials, energy and water) and to effectively reduce environmental impact to a minimum (especially with regard to waste, waste water, air pollution and noise).
If the Supplier does not have a certified environmental management system in accordance with the requirements of ISO 14001 or acknowledged and certified environmental management system derived from ISO 14001, he is required to make his best efforts to align his operations with the requirements of this standard.

CONFIDENTIALITY, DATA SECURITY, DATA PROTECTION

- 16.1 Supplier shall keep in strict confidence all Customer Data and any other information concerning Customer's or its Affiliates' business, their products and/or their technologies which Supplier obtains in connection with the Goods and/or Services to be provided (whether before or after acceptance of the Contract). Supplier shall restrict disclosure of such confidential material to such of its employees, agents or subcontractors or other third parties as need to know the same for the purpose of the provision of the Goods and/or Services to Customer. Supplier shall ensure that such employees, agents, subcontractors or other third parties are subject to and comply with the same obligations of confidentiality as applicable to Supplier and will be liable for any unauthorized disclosures.
- 16.2 Supplier shall apply appropriate safeguards, adequate to the type of Customer Data to be protected, against the unauthorised access or disclosure of Customer Data and protect such Customer Data in accordance with the generally accepted standards of protection in the related industry, or in the same manner and to the same degree that it protects its own confidential and proprietary information – whichever standard is higher. Supplier may disclose confidential information to Permitted Additional Recipients (which means Supplier's authorised representatives, including auditors, counsels, consultants and advisors) provided always that (i) such information is disclosed on a strict need-to-know basis, and (ii) such Permitted Additional Recipients sign with Supplier a confidentiality agreement with terms substantially similar hereto or, where applicable, are required to comply with codes of professional conduct ensuring confidentiality of such information.

- 16.3 Supplier must not (i) use Customer Data for any other purposes than for providing the Goods and/or Services, or (ii) reproduce the Customer Data in whole or in part in any form except as may be required by the Contract, or (iii) disclose Customer Data to any third party, except to Permitted Additional Recipients or with the prior written consent of Customer.
- 16.4 Supplier shall install and update at its own cost adequate virus protection software and operating system security patches for all computers and software utilized in connection with providing the Goods and/or Services.
- 16.5 Supplier shall inform Customer without delay about suspicion of breaches of data security or other serious incidents or irregularities regarding any Customer Data.
- 16.6 The foregoing will not apply to any information which the Supplier can prove:
- a) belonged to the public domain,
 - b) was transferred by a duly entitled third party, not bound by a duty of confidentiality,
 - c) was already known before it was communicated.
- 16.7 Supplier agrees that Customer may provide any information received from Supplier to Affiliates of Customer and to third parties.

Protection of Personal Data

- 16.8 If Customer discloses Personal Data to Supplier, Supplier shall comply with all applicable data protection laws and regulations.
- 16.9 Supplier shall apply appropriate physical, technical and organizational measures to ensure a level of security of Personal Data appropriate to the respective risk and the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services.
- 16.10 Supplier agrees that it will not withhold or delay its consent to any changes to this Clause 16 which in Customer's or its Affiliates' reasonable opinion are required to be made in order to comply with applicable data protection laws and regulations and/or with guidelines and advice from any competent supervisory authority, and agrees to implement any such changes at no additional cost to Customer.
- 16.11 Supplier acknowledges that the processing of Personal Data in accordance with the Contract may require the conclusion of additional data processing or data protection agreements with Customer or its Affiliates. To the extent such additional agreements are not initially concluded as part of the Contract, Supplier, its relevant Affiliates or subcontractors shall upon Customer's request promptly enter into any such agreement(s), as designated by Customer and as required by mandatory law or a competent data protection or other competent authority.

LIABILITY AND INDEMNITY

- 17.1 Without prejudice to applicable mandatory law, Supplier shall, without any limitations, indemnify and hold harmless Customer for all liabilities, damages, cost, losses or expenses incurred by Customer as a result of Supplier's breach of the Contract. Supplier shall, without any limitations, indemnify and hold harmless Customer for any claim made by a third party against Customer in connection with the Goods and/or Services, including but without limitation to claims that such Goods and/or Services infringe a third party's Intellectual Property Rights. Upon Customer's request Supplier shall defend Customer against any third party claims.
- 17.2 Supplier is responsible for the control and management of all of its employees, suppliers and/or subcontractors, and it is responsible for their acts or omissions as if they were the acts or omissions of Supplier.
- 17.3 Customer reserves the right to set off any claims under a Contract against any amounts owed to Supplier.

TERMINATION

- 18.1 Customer may terminate the Contract for convenience in whole or in part by giving Supplier thirty (30) calendar days written notice. In such event Customer shall pay to Supplier the value of the delivered but unpaid Goods and/or Services and proven direct cost reasonably incurred by Supplier for the undelivered Goods and/or Services, however in no event more than the price for the Goods and/or Services agreed under the Contract. No further compensation will be due to Supplier.
- 18.2 In case of breach of the Contract, Customer is entitled to enforce any or more of the following remedies at its discretion and at Supplier's expense:
- 18.2.1 to give Supplier another opportunity to carry out any additional work necessary to ensure that the Contract is fulfilled, and/or to obtain prompt repair or replacement of the defective Goods and/or Services;

- 18.2.2 to carry out (or to instruct a third party to carry out) any additional work necessary to make the Goods and/or Services comply with the Contract;
- 18.2.3 to refuse any further Goods and/or Services;
- 18.2.4 to claim such damages as may have been sustained by Customer as a result of Supplier's breach of the Contract;
- 18.2.5 to terminate the Contract; in such event Customer has no obligation to compensate Supplier, and, at Customer's option, Supplier shall pay back to Customer any remuneration received from Customer for the Goods and/or Services and take back the Goods at Supplier's own cost and risk.
- 18.3 Customer may terminate the Contract with immediate effect by notice in writing in the event that (i) an interim order is applied for or made, or a voluntary arrangement approved, or a petition for a bankruptcy order is presented or a bankruptcy order is made against Supplier; or (ii) any circumstances arise which entitle the court or a creditor to appoint a receiver or administrator or to make a winding-up order; or (iii) other similar action is taken against or by Supplier by reason of its insolvency or in consequence of debt; or (iv) there is a change of control of Supplier.
- 18.4 Upon termination Supplier shall immediately and at Supplier's expense return to Customer all Customer property (including any Customer Data, documentation, and transfer of Intellectual Property Rights) then under Supplier's control and provide Customer with the complete documentation about the delivered Goods and/or Services.

FORCE MAJEURE

- 19.1 Neither Party will be liable for any delay or failure to perform its obligations under a Contract if the delay or failure results from an event of Force Majeure. **Force Majeure** means an event that was not foreseeable by the affected Party at the time of execution of the Contract, is unavoidable and outside the reasonable control of the affected Party, provided that it cannot overcome such event despite all reasonable efforts, and that it provides notice to the other Party within five (5) calendar days from occurrence of the Force Majeure event.
- 19.2 If a Force Majeure event exceeds thirty (30) calendar days, either Party may terminate the Contract forthwith by written notice without liability. Each Party shall use reasonable efforts to minimise the effects of the Force Majeure event.

ASSIGNMENT AND SUBCONTRACTING

- 20.1 Supplier may neither assign, nor transfer, encumber nor subcontract the Contract, nor any parts thereof (including any monetary receivables from Customer) without prior written approval of Customer.
- 20.2 Customer may assign, transfer, encumber, subcontract or deal in any other manner with the Contract or parts thereof to its Affiliates.

INSURANCE

21. The Supplier undertakes to purchase and maintain appropriate insurance coverage with regard to his obligations, with coverage and the amount agreed in an individual Contract. Proof of this insurance is to be shown to Customer before the Contract is finalized both in reference to the scope of coverage and amount insured in the form of a written confirmation by the insurance provider. Supplier shall annually submit proof of the existence of this coverage without being requested in the form of written confirmation by the insurance provider.

NOTICES

22. Any notice must be given duly signed by registered mail, courier, fax or by e-mail to the address of the relevant Party as stated in the Contract or to such other address as such Party may have notified in writing. Email and fax require written confirmation of the receiving Party. Supplier's reply, correspondence, information or documentation related to the Contract must be provided in the language used in the Contract.

GOVERNING LAW AND DISPUTE SETTLEMENT

- 23.1 The Contract is governed by the laws of the country (and/or the state, as applicable) where Customer is registered, however under exclusion of its conflict of law rules and the United Nations Convention on International Sale of Goods.
- 23.2 If Customer and Supplier are registered in the same country, any dispute arising in connection with the Contract which cannot be settled amicably shall be submitted for resolution to the jurisdiction of the competent courts at Customer's place of registration.

- 23.3 If Customer and Supplier are registered in different countries, any dispute arising in connection with the Contract which cannot be settled amicably shall be finally settled according to the law agreed in the Contract, and if the legal frame is not agreed in the Contract, the dispute shall be solved under the Rules of Arbitration of the Permanent Arbitration Court at the Croatian Chamber of Economy (Zagreb Rules), by one arbitrator appointed in accordance therewith. Place of arbitration shall be Zagreb. The language of the proceedings and of the award shall be English.

SEVERABILITY

24. The invalidity or unenforceability of any term of the Contract will not adversely affect the validity or enforceability of the remaining terms. The Contract will be given effect as if the invalid or unenforceable term had been replaced by a term with a similar economic effect.

SURVIVAL

- 25.1 Provisions of the Contract which either are expressed to survive its termination or from their nature or context it is contemplated that they are to survive such termination will remain in full force and effect notwithstanding such termination.
- 25.2 The obligations set forth in Clauses 14 (Intellectual Property Rights), 16 (Confidentiality, Data Security, Data Protection) and 17 (Liability and Indemnity) exist for an indefinite period of time and survive expiration or termination of the Contract for any reason.

ENTIRETY

26. The Contract constitutes the entire agreement between the Parties and replaces any prior agreement between them with regard to its subject.

LANGUAGE

27. This document has been made in two languages, Croatian and English. In case of disagreement between the two, the Croatian version shall prevail.

