

General Terms and Conditions of Purchase

1. General; Scope

- 1.1 These General Terms and Conditions of Purchase ("**GTCP**") of VARSI, podjetje za proizvodnjo varistorja in sklopov, d.o.o., Stegne 35, 1000 Ljubljana, Slovenia, co. reg. no. 5366275000 ("**Varsi**") apply to all purchase orders, agreements and contracts ("**Contract**") regarding the purchase of any products, materials and/or goods (the "**Products**") from any of our suppliers of Products, whether a company, individual or otherwise (the "**Supplier**"). By agreeing to supply and deliver any Products, the Supplier expressly agrees to be bound and subject to these GTCP (as amended from time to time) of the Varsi issuing the Issued Purchase Order (as defined below). The Supplier also agrees that GTCP are an integral component of the Contract between Varsi and Supplier by its acceptance.
- 1.2 The GTCP, as amended from time to time, shall also apply to future Contracts created by Issued Purchase Orders (as defined below) and future Confirmed Purchase Orders (as defined below) for the purchase of Products with the same Supplier, even if we do not explicitly refer to them again in every single case. In case of amendments to our GTCP, we will inform the Supplier accordingly by sending the Supplier the updated version of the GTCP without undue delay. If the Supplier does not object in writing (letter; email or fax) to the GTCP (as amended) within 5 business days, it is agreed that such amended GTCP shall be binding and applicable to the Supplier and Varsi as of that date.
- 1.3 The purchase and delivery of Products purchases shall be governed exclusively by these GTCP, unless otherwise agreed in writing (letter; email or fax). Any terms and conditions of the Supplier which contradict, supplement or deviate from these GTCP shall be part of the Contract only if and to the extent that we have explicitly approved their application in writing or text form. This approval requirement shall apply even if we accept a delivery of the Supplier without reservation despite being aware of the Supplier's general terms and conditions of business.

2. Offer and Acceptance.

- 2.1 Purchase orders are only valid if issued by Varsi in writing (letter; email or fax) ("**Issued Purchase Order**"). Supplier shall issue a confirmation of the Purchase Order in writing (letter; email or fax) ("**Confirmed Purchase Order**") within two (2) business days of receipt of the Issued Purchase Order. If the Confirmed Purchase Order does not deviate from the Issued Purchase Order then a valid contract is deemed to have been concluded between Varsi and the Supplier. Varsi may withdraw from the Contract without liability, if a written notice is sent to the Supplier before he receives a written confirmation of the Issued Purchase Order. As provided for in clause 1.1 above, by issuing the Confirmed Purchase Order the Supplier expressly acknowledges and undertakes to be bound by and subject to the GTCP, as it may be amended from time to time and communicated to the Supplier. However, the acceptance of the GTCP by the Supplier does not constitute an obligation or commitment of Varsi to place any purchase orders, or to purchase a certain quantity of Products in the future.
- 2.2 Any Confirmed Purchase Order deviating from the Issued Purchase Order shall be treated as an altered offer by Supplier, which needs to be accepted by Varsi. If the deviation concerns a Product's specifications/quality, quantity, delivery terms or prices, such altered offer must be accepted by Varsi in writing (letter; email or fax) in order to be considered a valid modification or amendment to the Issued Purchase Order. In case of other deviations, the altered offer shall be deemed accepted if Varsi does not raise an objection within seven (7) calendar days after receipt of the Confirmed Purchase Order. With regard to general terms and conditions proposed by Supplier clause 1.3 shall apply.

3. Delivery Date and Delay in Delivery

- 3.1 Delivery dates stated in the Confirmed Purchase Order or agreed upon as described in clauses 2.1 and 2.2 are binding and compliance with delivery dates is essential component of the Contract. Unless otherwise

provided by the Contract, the Supplier is obliged to supply Products within 30 days of the conclusion of Contract. The Supplier must inform Varsi without undue delay in writing (letter, email or fax) if it will probably be unable to adhere to delivery dates, whereas such information shall not affect Varsi's statutory claims due to delay. Nevertheless Varsi may retain the Contract in force if after the deadline notifies Supplier without delay that performance of the Contract is demanded. If Varsi demands the performance of the Contract and does not obtain it within a set period, may withdraw from the Contract by way of a simple written notice (letter, email or fax) and charge the Supplier for any and all damages or expenses related to such purchase of substitute Products (including but not limited to, any increases in the price of the Products or any damages related to the Supplier's delay).

- 3.2 Should the Supplier fail to meet its obligations (delivery of goods or provision of services), it shall pay to the Customer the contractual penalty equaling 1% of the value of contractual price for each day of delay, however, not more than 10% of the contractual value. Should Customer suffer damage due to such delay, which is higher than the contractual damage, the Supplier shall be charged with the difference between the actual damage and the contractual penalty.

4. Delivery Terms and Packaging

- 4.1 Products must be delivered by Supplier according to the specific INCOTERMS® 2010 stated in the Confirmed Purchase Order. If the delivery term is not stated in the Issued Purchase Order, the Confirmed Purchase Order will be deemed to contain a clause that ordered Products have to be delivered Delivery Duty Paid (DDP) INCOTERMS® 2010 to the Varsi address provided for in the respective Confirmed Purchase Order.
- 4.2 Each delivery must be accompanied by the necessary documentation including a delivery note and a packing list stating all necessary information for comparison with the Confirmed Purchase Order. For international shipments crossing a customs border the documentation shall include all necessary import and export documentation – including but not limited to – a commercial invoice with HS Tariff Code and purchase order number, the necessary product data sheet(s) and a delivery note. For the avoidance of doubt each shipment documentation must comply with all applicable legal requirements and established business practices. If the documentation is incomplete, Varsi shall not be responsible for any delays in processing or payment attributable thereto.
- 4.3 If and to the extent Varsi provides specific packing instructions, Supplier shall pack the Products according to said instructions. Otherwise Supplier shall be responsible for choosing proper packaging for the Products, which packaging must in all events be adequate for the applicable transportation mode.
- 4.4 Supplier shall cooperate with Varsi in connection with any damage or loss claims against any carriers or insurance providers.

5. Inspection, Rejection

- 5.1 Varsi is entitled to inspect all Products upon arrival at the agreed ship-to address stated in the Confirmed Purchase Order (or as otherwise provided for in clause 4.1), if and to the extent Varsi and Supplier have not agreed otherwise (e.g. inspection of Products at Suppliers' site or at the place of delivery according to the applicable INCOTERMS® 2010).
- 5.2 If the Supplier delivers defective and/or non-conforming Products, Varsi shall be entitled to reject such Products and to require a new delivery within 8 days of receiving Products or discovering the defect. The Supplier is obliged to respond to received complaint from the Varsi, otherwise shall be deemed that defect is accepted and Supplier is obliged to deliver new goods or eliminate deficiencies of goods within 3 days at its own expense.
- 5.3 The Supplier shall compensate Varsi for the administrative costs incurred by compiling and processing the complaint minutes or the

guarantee claims arising from material defects of goods or services ("Processing of guarantee claims"). The administrative costs of Processing of guarantee claims that the Supplier shall be obliged to reimburse to Varsi is determined in the flat-rate amount of EUR 200 + VAT per complaint or request.

5.4 Transfer of ownership of Products from Supplier to Varsi shall be deemed to take place upon successful delivery to the final place of destination. Such transfer of ownership is unconditional and regardless of payment of the price.

6. Price.

The prices for the Products are set forth in Confirmed Purchase Orders and shall comprise delivery according to the INCOTERMS® 2010 stated in the respective Confirmed Purchase Order. If an INCOTERMS® 2010 has not been stated, prices shall comprise a delivery Delivery Duty Paid (DDP) INCOTERMS® 2010 to the Varsi address provided for in the respective Confirmed Purchase Order.

7. Invoice and Payment.

7.1 All invoices shall contain the following information: the purchase net price, the VAT and VAT identification number (if applicable), the purchase order number, the invoice number, the Product or item number, description of each Product or item, sizes, quantities and unit prices, due date for payment as agreed in the Confirmed Purchase Order in accordance with the provisions of section 7.2 below and any other information reasonably requested by Varsi.

7.2 Payments by Varsi shall be made according to the payment terms set forth in the Confirmed Purchase Order (or per clause 7.3), whereas the stated payment period shall in no case commence prior to receipt of a proper invoice (clause 7.1) and delivery and acceptance of non-deficient Products according to the applicable INCOTERMS® 2010 and these GTC.

7.3 If the payment terms have not been set forth in the Confirmed Purchase Order, Varsi will pay within 60 calendar days and shall receive a 3% discount if payment takes place within 10 calendar days.

7.4 Varsi at its option may make payment by bank transfer payable to a designated Electronic Funds Transfer or wire address, with Supplier solely responsible for any fees or charges associated with this form of payment.

8. Software License.

8.1 Unless otherwise agreed in writing (letter; email or fax), with respect to software Products (or any Product which may have software for operational or support purposes) provided by Supplier, the Supplier hereby grants a royalty-free, non-exclusive world-wide license to Varsi to use, copy, operate and process the software products and related documentation for Varsi's internal business purposes and/or to the extent necessary for the Products to properly operate for their intended purpose. The Supplier represents and warrants that it is the rightful owner of such software and/or it has the right to grant the above license to Varsi.

9. Supply of custom-made machines

If the Supplier produces for or supplies to Varsi a machine made according to Varsi's instructions or using Varsi's intellectual property, particularly copyrights, invention, patent rights, technical knowledge, experience, know-how and similar ("intellectual property"), the Supplier shall be obliged to protect Varsi's intellectual property as business secret and may not manufacture the same machine or a machine produced by using Varsi's intellectual property for itself or for third parties, unless the Supplier has first obtained Varsi's explicit written approval. If Varsi issues a written approval for the manufacture and sale of such machines, the Supplier shall be obliged to pay Varsi 10% of the turnover generated by the Supplier with such machine. In case of violation of this article contractual Parties agree on contractual penalty in amount of 20% of machine's value.

10. Force Majeure.

Supplier may delay delivery of Products for causes beyond the control of Supplier such as strike, fire, riot or war, provided that Supplier notifies Varsi promptly in writing (letter; email or fax) of the occurrence of such cause and the expected delay. If Varsi upon receipt of such notice determines that the expected delay will cause irreparable harm or inconvenience to Varsi, or frustrate Varsi's purpose in entering into this Confirmed Purchase Order, Varsi may terminate this or any related Confirmed Purchase Order, in which case Varsi and Supplier shall have no financial or other obligations to each other with respect to such Confirmed Purchase Order provided that Supplier shall return to Varsi any payments which may have been made already with respect to the Confirmed Purchase Order.

11. Compliance with Laws.

11.1 General Compliance

Supplier shall comply with all applicable laws, ordinances, codes, and regulations of any governmental agency having jurisdiction over the subject matter of any Confirmed Purchase Order or supplied Products, and shall obtain any and all required permits and licenses for fulfilling any such Confirmed Purchase Order or the supplying of any Product. All Products shall be manufactured, packaged, marked and shipped by Supplier in compliance with all laws, rules and regulations of any applicable governmental or regulatory authorities.

11.2 Hazardous Materials.

In particular, Supplier warrants that Products do not and will not contain any hazardous compounds or other substances that may be restricted by applicable governmental or regulatory authorities for use in electrical and electronic equipment. Supplier shall promptly notify Varsi in writing (letter; email or fax) if any Products, or components of any Products, are deemed hazardous under the laws, rules or regulations of any applicable governmental or regulatory authority, including but not limited to EU Regulation 1907/2006 in its current version (REACH Regulation).

11.3 Ethical Business Practices.

Supplier is committed to a policy of fair, honest and ethical business practices and conduct, and to full compliance with all applicable laws and governmental regulations; Supplier accepts the foregoing policy as a governing principle of its supply relationship with Varsi. Varsi prohibits its employees from using their positions for personal financial gain, or from accepting any personal advantage from anyone under circumstances which might reasonably be interpreted as an attempt to influence the recipients in the conduct of their official duties. Supplier and its employees shall not, under circumstances which might reasonably be interpreted as an attempt to influence the recipients in the conduct of their duties, extend any gratuity or special favor to employees of Varsi.

11.4 Environment

Supplier shall comply with environmental regulations, customer requirements regarding prohibition or restriction of specific substances and standards applicable to Supplier's operations, and shall implement measures contributing to the protection of the environment. Therefore, it should strive to minimize the adverse environmental impact of its products and services during the whole product life-cycle (conception, development, production, transport, use and disposal, and/or recycling) in all locations where Supplier operates. Environmental pollution and the use of raw materials and resources shall be minimized and protection of the environment shall be improved continuously. An environmental management system according to ISO 14001 or any equal system has to be implemented.

12. Warranties.

12.1 Supplier represents and warrants to Varsi that all Products or services furnished under a Confirmed Purchase Order shall have the agreed quality. The Supplier represents and warrants to Varsi that the Products comply with Varsi's respective quality standards, product specifications, samples, drawings, and descriptions referred to in the Confirmed Purchase Order or otherwise agreed upon with Supplier, and that the Products are new, merchantable and suitable for their intended purpose as well as free of any liens, encumbrances or restrictions of any kind (either under law, contract or otherwise).

12.2 Supplier warrants that the minerals (tantalum, tungsten, tin, gold) used for or contained in Products are not conflict minerals, i.e. originate only

from smelters or refiners that are compliant with the relevant Conflict-Free Smelter Program assessment protocols of the "Conflict-Free Sourcing Initiative".

- 12.3 If and to the extent the quality or specifications have not been agreed upon specifically, Supplier represents and warrants to Varsi that all Products or services furnished under a Confirmed Purchase Order are suitable for the uses intended by Varsi, are state of the art and comply with the relevant product descriptions of or referred to by Supplier or Varsi, as applicable.
- 12.4 Supplier warrants that any software Products (or any Product which may have software for operational or support purposes) provided hereunder shall perform substantially in accordance with their applicable specifications and shall be suitable for their intended purposes.
- 12.5 For a period of not less than five (5) years from the date that Varsi accepts the Products, Supplier warrants that the Products shall be free from all defects.
- 12.6 Supplier shall at Varsi's option and at Supplier's expense repair or replace any Products not conforming to this warranty promptly when requested by Varsi. In the event of Supplier's failure to repair or replace nonconforming Products within the timeframe set by Varsi, Varsi may make such repairs or replacements and charge Supplier for the cost incurred, and Supplier shall refund to Varsi any payments previously made by Varsi to Supplier with regard to the respective Confirmed Purchase Order. The Supplier is obliged to guarantee to Varsi appropriate repair and spare parts for supplied Products at least 5 years after the last supply of certain Product. Supplier is in any case obliged to inform Varsi about termination of serial supply at least 2 years before intended termination.

13. Indemnification.

- 13.1 Supplier shall indemnify, defend, and hold Varsi harmless from and against any and all debts, duties, obligations, liabilities, suits, claims, demands, causes of actions, damages, losses, costs and expenses (including, without limitation, reasonable legal expenses and attorneys' fees with respect to the same or to enforce this indemnity) incurred by reason of or in connection with (a) any claims of infringement of patent, trademark or other intellectual property rights, or unfair competition, arising out of Supplier's sale of Products under the Confirmed Purchase Order; and (b) any act or omission of Supplier or its suppliers or subcontractors, or Supplier's failure to perform its obligations under the Confirmed Purchase Order.
- 13.2 If the Supplier is responsible for a product defect, it must indemnify Varsi from claims of third parties if and as far as the cause lies within its sphere of control and organization and it is liable itself in relation to third parties. In addition, the Supplier must reimburse Varsi for all expenditures resulting out of or in connection with being called to account by third parties, including legal fees, court costs as well as any recall actions carried out by Varsi.

14. Access to Manufacturing Records and Facilities.

Varsi, at its expense and with reasonable advance notice to Supplier shall have the right while any Confirmed Purchase Order is pending to inspect Supplier's Product manufacturing records and the facilities where the Products are manufactured. Supplier shall retain such records for a minimum of seven years following acceptance of Products by Varsi.

15. Notices.

All notices to be given by either party to the other shall be in writing (letter; email or fax; withdrawal from contract however only by letter or

fax) and may be delivered in person, or sent by receipted courier, facsimile transmission, express mail, email, or postage prepaid certified mail return receipt requested, and addressed to the party for whom intended at the addresses set forth in the Confirmed Purchase Order. Notices sent by facsimile transmission or email require tangible confirmation of receipt from the addressee. Either party may change its address for notice by giving written notice to the other party as provided in this paragraph.

16. Protection of business secret

- 16.1 The Supplier undertakes to protect as business secret all mutual agreements, information and documents, which are the subject matter of Issued Purchase Orders and Confirmed Purchase Orders, as well as all other information they might have access to, when exercising them (the Information), and not to use them to its own benefit or disclose them to third parties, which are not involved in the implementation of Confirmed Purchase Orders. This commitment obliges the Supplier for the duration of business relations with Varsi and for another ten (10) years following its termination, except in cases, when the Supplier is obliged to disclose such information to the Court or other competent authorities on the basis of applicable regulations or official mandates in the framework of court and other official proceedings, providing that the Supplier thereof informs the Varsi in advance in writing, in order for the Varsi to exercise an adequate legal remedy with the court or competent authority.
- 16.2 Varsi is entitled to monitor, if the Supplier complies with the obligations in relation to safeguard the Information as stipulated in these GTCP. If so required by the Varsi in writing, the Supplier may immediately return to the Varsi or, at Varsi's choice, destroy all confidential information received from Varsi (as well as all existing copies), and not to use any such information either directly or indirectly. In the event of destroying confidential information, which the Supplier received from Varsi, the Supplier is obliged to submit a written certificate of destruction.

17. Governing Law, Disputes.

- 17.1 Slovenian law shall apply to these GTCP's and all contracts concluded between Varsi and the Supplier by Issued Purchase Orders and Confirmed Purchase Orders excluding all international and supranational (contractual) legal systems, in particular the United Nations Convention on Contracts for the International Sale of Goods (CISG). The exclusive – also international – place of jurisdiction for all disputes arising out of this contractual relationship is Ljubljana, Slovenia.

18. Miscellaneous.

- 18.1 Supplier may not assign or subcontract all or any part of its claims or obligations without the prior written consent of Varsi.
- 18.2 The invalidity of any portion of a contract shall not invalidate any other portion of the contract and, except for such invalid portion; this contract shall remain in full force and effect. In any such case the Varsi and Supplier shall agree on a valid substitute provision which, in economic terms, resembles the invalid as closely as possible.
- 18.3 No modification of a contract, or waiver of any rights under a contract, shall be effective unless agreed upon in writing by Varsi and Supplier. This shall also apply to this form requirement.
- 18.4 No failure or delay by either party in enforcing its rights under a contract shall be construed as a waiver of the right to enforce subsequently any of its rights whether relating to the same or a subsequent matter.
