KOPUR
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QUALITY AND PURCHASING TERMS AND CONDITIONS OF KOPUR d.o.o.

By concluding contracts/nominations, the suppliers agree to be bound by these Quality and Purchasing Terms and Conditions of the company Kopur d.o.o.

1.0. General terms and conditions – Scope of contract

1.1. By accepting Purchase Orders and delivery in accordance with terms of the order, the supplier accepts contractual conditions.
1.2. The contract refers to cooperation regarding the purchase of materials, services, equipment, machinery, components and other subject matters related to purchase for the needs of the company Kopur d.o.o.
1.3. This contract lays the foundations for mutual cooperation between the contracting parties to enable ongoing and continuous cooperation.
1.4. The contracting parties will seek to maintain the best possible quality and long-lasting cooperation. The customer will strive to incorporate the supplier into the production process in the shortest time possible. Both contracting parties shall make every effort to fulfil this contract.
1.5. Contracting parties agree to conclude an annex to this contract every business year, specifying rough annual scope of orders and deliveries, their structure, delivery times, price and other commercial terms, in case of any changes to purchase terms and conditions not defined in the underlying contract.
1.6. Quantities and values set out in the purchase contract are indicative only. Their realization will depend on current market conditions. The quantities and values are specified in the form of current delivery schedules.
1.7. General purchasing terms and conditions refer to all purchase orders and enter into force on the day of order receipt.
1.8. The customer reserves the right to set out special terms and conditions applicable for an individual order. Such special requirements will take precedence over these written Quality and Purchasing Terms and Conditions.

2.0. Open orders – delivery schedules

2.1. Orders / Delivery schedules may be submitted via e-mail or through a standardized method of data exchange (EDI). Orders submitted by e-mail must include all information required by the purchase order standard. Fax and orders sent by regular mail will be disregarded.
2.2. Unless otherwise specified, the receipt of any order must be confirmed by the supplier in writing only via email sent to the person who placed an order with the supplier. Furthermore, the delivery time and quantities delivered must be confirmed in writing, too. The order is considered as confirmed (in terms of delivery time and quantity) unless terminated by the supplier within a period of 2 days after receipt of the order.
2.3. The acceptance of the order means the acceptance of the purchaser's Quality and Purchasing Terms and Conditions.
2.4. For deliveries of materials that are still in the development phase and therefore subject to modifications, the status of the delivered material must be clearly indicated by a technical status code (e.g., index number).

2.5. If the supplier identifies any discrepancy between the order information and the development status of the product known at the time of order receipt, the supplier is obliged to promptly inform the customer and provide all relevant explanations before the start of production (SOP) of the ordered material.
2.6. The deliveries are bound to the latest applicable Incoterms.

3.0. Delivery times and quantities

3.1. The delivery times and quantities agreed upon are based on customer's scheduled production programs and need to be observed giving a 100% delivery time performance guarantee. Delivery times and quantities can only be changed by the customer.
3.2. The supplier will immediately notify the customer of any possible issue that might affect the delivery times and quantities to be supplied.
3.3. If the supplier might fail to deliver the ordered material to the customer in due time, the supplier is obliged to inform the customer thereof in due course. Furthermore, he has to agree upon the possible delivery dates, specifying the reasons for non-deliveries, as well as the appropriate corrective measures, possible delivery dynamics and quantities. This agreement must be made in writing and confirmed by the customer. The company Kopur d.o.o. reserves the right to:

- in the case of an early delivery, retain the payment until the delivery time and payment periods agreed upon,
- cancel the order and withdraw from the contract in the case of delivery delays as well as in the case of unacceptable replacement or partial deliveries,
- claim compensation for the loss or damage resulting from improper delivery or non-delivery by the supplier.

3.4. Upon conclusion of the contract, the supplier must provide the customer with a list of contact persons as well as a contingency plan.

4.0. Payment

4.1 Payment periods are defined in the contract/nomination. The payment will be made after receipt of the material, delivery note and the invoice. In case of any derogation between the physical (actual) delivery of goods and delivery notes and/or invoice or other similar derogations, the payment will be retained until the respective derogation is justified i.e. clarified. The invoice must be issued in compliance with the generally applicable accounting standards and provided with all legally required elements.
4.2 In case of wrong or partial consignment, the customer reserves the right that the payment period starts to run the date the complete consignment (no parts missing) is ensured by the supplier.
4.3 Unless otherwise agreed, the minimum excess quantities supplied will not be charged.

5.0. Delivery: packaging, documentation

5.1. The prices are defined in the contract/nomination and corresponding annexes. The delivery under the terms and conditions specified in the offer is allowed, if previously confirmed by the customer. Any price changes are possible only when previously mutually agreed between the supplier and the customer.

5.2. Each delivery must be provided with the delivery note specifying all essential elements (ID Number, price, quantity**,** number of packaging units and packaging quantity), as well as with a corresponding invoice. The delivery must be provided with the requested material certificates.

5.3. The delivery must be made with respect to the shipping method and the place of delivery, as agreed upon by the contract/nomination and as provided in the order. Any additional costs which may arise from the failure to comply with this provision will be borne by the supplier. All deliveries must be made during traditional trading hours of the company.

5.4. The supplier is held responsible for appropriate packaging, marking of the consignment, securing of the delivery as well as for the appropriate shipping /transport. Any loss or damage to the consignment during transport, or resulting from improper packaging, shall be borne by the consignor. Any consignment damaged during transport will be returned to the supplier by Kopur d.o.o. at the supplier's expense.

5.5. Goods will only be supplied if the supplier operates in accordance with Council Directive 2008/117/EC, Council Directive 2009/69/EC and Council Regulation (EC) No. 37/09 and in compliance with tax law.

5.6. The supplier will provide the customer with the certificate of origin and certificate for the material according to EN 10204.3.1.B as well as other documentation required by the customer in the purchase order, for all deliveries, based on the applicable business arrangements.

5.7. The supplier is obliged to ensure traceability of the delivered products, and label the packaging units with the following data: the consignee, address of the consignee, product ID, change status, number of pieces, weight, name of the goods, delivery note number, date of production and batch number as well as with other specific labels, where appropriate.

5.8. The supplier must comply with any existing legal provisions applicable for the ordered goods and provide corresponding statutory documentation and records.

6.0. Acceptance of goods – Quality & Quantity

6.1. The acceptance of goods will take place at the customer's factory, if this is the agreed delivery term (Incoterms 2010). The acceptance of goods delivered by the supplier will take place in the warehouse of the company Kopur d.o.o. The supplier must demonstrate 100% quality and ensure consistency with respect to delivery times and quantity. The signature and seal of release will not be considered as final acceptance. Any inappropriate or incomplete deliveries recognized subsequently will be returned to the supplier at the supplier's costs.

6.2. The supplier warrants the authenticity of the consignment. Any visual defects or deviations in weight can be reported to the supplier after they have been detected. The consignments must be delivered in accordance with security measures and regulations applicable during the consignment delivery at the unloading place. In the event of incomplete consignment, the company Kopur d.o.o. reserves the right to:

a) refuse the consignment and demand a replacement (i.e. acceptable) consignment. If the supplier fails to ensure the replacement consignment, Kopur d.o.o. will be entitled to acquire the replacement consignment from a third party. Any additional costs that may arise in such a case will be borne by the original supplier,
b) provide the repairs of the consignment under claim by himself or with a help from a third party; the repair costs will be charged to the supplier,
c) request the reduction in retail price,
d) cancel the order,
e) charge the costs arising from the non-conforming consignment to the supplier based on the resulting damage.

If the non-conforming consignment cannot be repaired at the place of delivery or during the production process of the company Kopur d.o.o., the costs of transport will be borne by the supplier.

7.0 Prices

7.1. Prices are defined in the purchase agreement and its annexes and cannot be changed unilaterally.

8.0. Quality

8.1. The supplier's mission is to be one step ahead of its customers' wishes, employees, shareholders and the environment. To meet this requirement, Kopur d.o.o. employs a preventive approach which ensures that its products meet the customers' specifications, laws as well as ISO 9001 and ISO 14001 quality standards. The quality policy followed by the Kopur d.o.o. is available at www.kopur.si. Our goal is to operate under the principle of "zero defects". The same approach is expected from our suppliers.

8.2. The supplier's location of production must be registered in accordance with standards recognized by the automotive industry. ISO 9001 is the minimal requirement, while the possession of ISO 14001 and IATF 16949 is also desirable. The suppliers are obliged to provide copies of their quality certificates to their customer. The supplier is obliged to inform the customer of a possible loss of his quality certificate.

8.3. If the supplier has no quality system assessment, the customer can perform a process audit and give an opinion about the supplier's capabilities.

8.4. The supplier must employ the Automotive Industry Action Group (AIAG) procedures for MSA, APQP, SPC, FMEA and PPAP or VDA 2 (EMPB) in their work. Furthermore, the supplier is obliged to observe and control all of his products and process characteristics. Full traceability and "zero error" guarantee must be assured for all safety characteristics.

8.5. The supplier is fully responsible for his product, including the financial aspects related to any product irregularities or imperfections and their consequences. In the event of issues related to the quality of the product, or any other issues, the supplier is obliged to respond to the customer within 24 hours. The supplier will provide the final solution, including a root cause analysis and systematic problem solving (8D), to the customer within 5 days of the problem's occurrence.

8.6. The supplier will analyze the materials on a regular basis and keep records of the results.

8.7. The supplier will deliver to the customer, upon request, first samples of the product, together with the sampling documentation required from the customer (technical documentation and purchase order), for every new product and in other cases where this is agreed.

8.8. No technical changes can be made without the customer's consent. In particular, the supplier is obliged to give the customer prior notice of any transfer of production, use of a new tool or a new process. Any change will result in the repetition of the sampling procedure.

9.0 Supplier evaluation

Suppliers will be subject to evaluation according to the supplier evaluation system. First evaluation of suppliers not listed on the Approved Supplier List will be made prior to final nomination. Approved suppliers will be subject to periodic evaluation on a yearly basis.

9.1. SUPPLIER EVALUATION CRITERIA – FIRST EVALUATION

Suppliers not listed on the Approved Supplier List will be evaluated according to first evaluation criteria. Only A suppliers can be listed on the Approved Supplier List.

New suppliers will be evaluated according to form **OBR-OcDOB-03 – First Evaluation of Supplier**.

First supplier evaluation will be made on the basis of the following criteria:

a) quality management system (ISO 9001, ISO 14001, IATF 16949)
b) supplier risk assessment
c) compliance to technical requirements
d) supplier's references
e) commercial terms and conditions (terms of payment).

9.2. NEW SUPPLIER'S RISK ASSESSMENT

In addition to evaluating the supplier's product conformity with Kopur's technical and quality requirements, the following criteria are also considered when selecting and approving a new supplier:

a) assessment of company's quality indicators
b) assessment of the on-time delivery (OTD) indicator
c) external quality management system assessment
d) business share in the automotive industry (absolutely and as a percentage of total business)
e) financial stability

9.3 SUPPLIER ASSESSMENT CRITERIA - PERIODIC ASSESSMENT

Suppliers listed on the Approved Supplier List who deliver on a regular schedule are evaluated based on periodic assessment.

Approved suppliers included in our supply chain are evaluated using the **OBR-OcDOB-04 – Periodic Supplier Evaluation** form.

Suppliers are assessed based on the following criteria:

a) Quality and risk assessment (adequate product quality and positive risk assessment results)
b) Quality system (possession of ISO 9001, ISO 14001, IATF 16949 certificates)
c) Service (flexibility, on-time delivery, handling of complaints and communication, adequacy of documentation)
d) Commercial conditions (payment terms)

The goal of the periodic supplier evaluation is for 75% of all evaluated suppliers to achieve an A-rating.

Suppliers rated B1, B2, B3 or C must submit corrective actions in the form of an 8D Report within 14 days of receiving their evaluation.
Suppliers rated C may be removed from the Approved Supplier List.

10.0 Tools and devices

All tools and devices ordered on our own behalf and to our own account are the property of the company Kopur d.o.o. from the moment of their production onwards. If the tools physically remain at the supplier's production site for manufacturing purposes, the supplier will treat them with due care and diligence. Furthermore, the supplier will be held responsible for any damage to, destruction or theft of the tools and devices; he is obliged to have the adequate insurance coverage for such cases. The tools in ownership of the company Kopur d.o.o., when used in the Kopur's production process, must be specially identified with inventory tags, clearly indicating the ownership of the tool. When performing the annual inventory in the company Kopur d.o.o., the supplier must provide a confirmation about the physical presence of the tool concerned in his production process. Such tools may not be used by the supplier for his own behalf or for behalf of third persons without explicit consent of the company Kopur d.o.o. In the event of the supplier's bankruptcy, the tools in property of the company Kopur d.o.o. will be eliminated from the bankrupt's estate of the supplier. The company Kopur is entitled to perform the physical takeover and removal of the tools as soon as the conditions for the undisturbed deliveries in the supplier's production have been terminated.

11.0 Warranty

11.1 The supplier is responsible for any visible and hidden defects of their supplies, including those the production of which was fully or partially trusted to a third party.

11.2 The supplier will take all the necessary steps to promptly notify the customer of any actual or alleged defects of their products or clerical errors, which he is aware of to limit any subsequent harmful consequences.

11.3 The supplier warrants to observe all environmental law and other environment-related obligations in the process design phase, during production process and during product delivery to the customer.

11.4 Breach of warranty gives the customer the right to terminate the contract / cancel an order and claim reimbursement for the loss incurred in accordance with rules governing contractual obligations and in accordance with general rules governing liability for damage.

12.0. Confidentiality statement

The supplier agrees to handle all commercial, technical, and other information provided or disclosed during the business relationship in accordance with the confidentiality clause, and to protect such information from public disclosure or misuse by third parties. The supplier must manage all documented information and data in accordance with Kopur d.o.o.'s Information Protection Policy, available on the company's website. Upon request, the supplier shall sign a Non-Disclosure Agreement (NDA).

All data, models, technical drawings, and samples provided to the supplier during the business relationship remain the property of Kopur d.o.o. The supplier may not use them for its own purposes or those of third parties unless explicitly agreed with Kopur d.o.o. Any breach of this agreement may result in termination of the contract and a claim for compensation for damages incurred by Kopur.

13.0. Sustainability, Social Responsibility and Code of Ethics

Kopur is committed to sustainable development and requires its suppliers to respect environmental, social, and ethical principles. These requirements must be implemented and passed on throughout the entire supply chain, in line with globally accepted guidelines.

13.1. Kopur expects its suppliers and sub-suppliers to adopt sustainable environmental practices that promote the conservation of resources and raw material, and comply with ISO 14001, the UN Sustainable Development Goals, and applicable EU and national legislation. Suppliers are expected to use materials and natural resources efficiently, manage waste responsibly in line with the "zero waste" approach, support the circular economy, and implement measures to mitigate climate change, including the gradual decarbonization of production and operations with the goal of carbon neutrality. The suppliers, their business partners, and their own supply chains must ensure that their products do not contain conflict materials or substances of very high concern (SVHC) listed under EU REACH and must declare that all supplied products comply with legal product safety requirements.

13.2. Kopur d.o.o. recognizes its social responsibility toward employees and expects its suppliers and sub-suppliers, including labour agencies, to respect the Universal Declaration of Human Rights. Suppliers must not use forced labour, child labour, or discriminatory practices. They must comply with internationally recognized regulations on human rights, fundamental freedoms, and labour law.

13.3. Code of Ethics
Kopur d.o.o. requires suppliers to uphold the highest standards of corporate ethics and to operate responsibly, lawfully, and transparently. These standards must also be applied across the supplier's entire supply chain. The Kopur d.o.o. Code of Ethics is available on the company's website.

14.0. General provisions

In the event on the infringement of the provisions in concluded contracts/nominations and in the corresponding Quality and Purchasing Terms and Conditions, the Slovenj Gradec Local Court will be competent to decide on the matter, unless otherwise regulated by law.
If any of the parties determines that a part of contractual provisions of these Quality and Purchasing Terms and Conditions cannot be realised for any reason, the counterparty will be promptly informed thereof. Such provisions will be subsequently substituted by other, more appropriate provisions.
If individual parts of this contract become invalid, the remaining parts of the contract remain valid in an unchanged form.
The latest version of Quality and Purchasing Terms and Conditions is available at:
https://www.kopur.si.

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