

## **Forma Ideale d.o.o. – General terms and conditions of purchase of raw materials**

### **1. Implementation**

This document is implemented in order to regulate relationship between the company Forma Ideale d.o.o. (FI) and suppliers of prototype and serial raw materials. The same is implemented for all delivery locations of FI (production sites, distribution centres, warehouses, retail shops).

The document defines and incorporates all mutual rights and obligations of the supplier and FI in terms of logistics, quality, procurement and other relevant processes. FI and supplier may regulate additional aspects of cooperation through separate documents/annexes.

All information relating to the cooperation between FI and supplier and which are exchanged for submission of offers or in other purposes, are considered confidential (unless otherwise specified or legally cannot be considered as confidential information) and cannot be disclosed to third parties without written consent of FI. If necessary, FI may request that supplier signs separate Confidentiality agreement.

### **2. Ethical norms**

The business operations of the company FI are strictly in compliance with all applicable legal standards and high standards of ethics. The company applies the same to its suppliers as one of its most important group of business partners. Accordingly, all activities aimed at achieving business cooperation and benefits which are not in compliance with legal and ethical norms are considered unacceptable by the employees of FI and shall be reported to the top management of the company. The stated actions include automatic termination of cooperation with existing, namely termination of communication with potential supplier.

### **3. Collecting of bids, prices and terms of payment**

FI is committed to open financial policy which makes suppliers obliged to submit the price breakdown with details on all costs and other categories within offer, and at the request of FI. In order to select optimal delivery method, the suppliers' bid should include other options with EXW and DAP parities (the last parities of the International Chamber of Commerce are relevant) where FI notifies the supplier on selected parity at the time of accepting the offer. For suppliers outside Europe, offer should also include FOB parity.

The validity of the offered prices is 3 months from the date of receipt of the offer and is applied to all offers submitted by the supplier to FI (if the offer includes time duration of

the offer which is in disproportion to General Conditions for purchase, the latter shall prevail). FI accepts the suppliers' offer by placing the initial or serial order of FI or by written confirmation through e-mail sent by the Purchasing Sector. The supplier reserves the right to change the prices or other conditions of cooperation agreed with FI, with obligation to continue with delivery in accordance with currently valid conditions, within 6 months. After the expiry of six-month period the new conditions are valid if FI has accepted them, that is, cooperation ceases if FI rejected the offered change of conditions. The supplier is obliged to submit to FI written notice on changed conditions which will be implemented after the six-month period. FI reserves the right not to accept the changed conditions (non-acceptance includes no response from FI or written notice through e-mail or letter). In case of stopping the delivery under the determined conditions within the period shorter than 6 months, the supplier is obliged to compensate FI possible occurred damage. All price offers to FI must be in net amount, accrued tax excluded. The supplier and FI may optionally make a price list for all raw materials/products which FI purchases from the suppliers, as a separate annex/document for more detailed records.

After FI has accepted the offer, the supplier is obliged to deliver all necessary identification data (Decision on Tax ID number, identification number, activity, specimen signatures and other documents requested by FI) in order to verify the supplier and open the order for supplier in its information system. The supplier is obliged to notify FI on every change in relevant identification data (name, registered address, legal form, legal representatives, bank account change, change of activity etc.) within 3 days from the change. The supplier is also obliged to notify FI on change of the business name in case of adding tags "in restructuring", "in liquidation" and in case of all other changes important to FI, within three days from the day of change. Otherwise, the supplier is obliged to compensate FI for the possible damage.

### **4. Terms of payment**

Due date for payment of obligation to the supplier is 60 days from the delivery. The suppliers are free to offer rebates for payment in deadline shorter than 60 days whereby FI decides to accept or reject rebate in accordance with its business priorities. For the suppliers from Serbia with indexed price in euros, the foreign exchange rate for payment is the middle exchange rate of the National Bank of Serbia on the date of invoice. Standard deadline for payment to the foreign suppliers is 90 days.

### **5. Projections, orders and deliveries**



FI for the purpose of specifying the commercial conditions of cooperation may deliver to the supplier monthly, quarterly or annual projections regarding the quantities of raw materials. Projections delivered by FI are informative and do not oblige FI to send forward orders corresponding to the projected quantities. The offer of the supplier submitted after the delivered projections, means the ability of the supplier to produce entire quantities delivered in projections (with a deviation of up to 30% above projected quantities). FI is obliged to withdraw quantities contained in official orders while reserving the right to change its forward orders or change the term of delivery, if it is caused by the changes in production process. All orders made by FI must be accompanied by forward order in written form and it will accept deliveries based on such orders. Forward order of FI specifies all necessary details regarding the place of delivery, location of delivery and quantity of the requested materials. Deliveries agreed upon orally or by the unauthorised persons are not obligatory for FI. FI sends forward order electronically - by e-mail or fax (in case of malfunction of the internet connection). The supplier is obliged to deliver e-mail addresses for delivery of forward orders, otherwise FI shall send them to e-mail addresses used by the supplier to submit offers and to contact FI. FI sends monthly forward orders to suppliers with planned quantities for the next month and weekly forward orders with fixed term of delivery during the month. The suppliers are obliged to send written confirmation within 2 days from the day of placing order for delivery deadlines of minimum 3 days, namely written confirmation on the same day for the delivery deadlines up to 3 days. In case that the supplier fails to send response it shall be considered that it accepted requested deadline. The supplier is obliged to deliver materials in required quantity, required deadline and with required quality and to the requested location, according to the schedule and/or day of unloading provided by FI (if FI fails to submit schedule the supplier may deliver within the period from 6 to 22h during the planned day). FI reserves the right to reject all deliveries which do not correspond to the submitted term of delivery. In case of delay of delivery in whole or in part, the supplier is obliged to compensate FI up to 3% of the value of total order for each day of delay, maximum up to the value of the goods. In case of delay which causes a hold of production for FI, the supplier is obliged to compensate for the damage to FI according to damage calculation submitted by FI to the supplier. FI is obliged to abide by the delivery deadline term planned in offer of the supplier accepted by FI, or by the deadline defined additionally by agreement between both parties. Purchasing Department of FI may place order to the supplier with delivery term shorter than agreed whereby such forward order shall be valid at the time of confirmation by the supplier. In order to ensure production process of FI, the suppliers are obliged to provide safety stock to be delivered by

express mail at the request of FI. Minimum level of safety stock kept by the supplier for the purposes of FI must be equal to minimum quantity corresponding to the needs of seven-day production of FI in full capacity (information regarding the exact amount of a seven-day stock FI shall forward to the supplier). If there is a need to define safety stock level different from the seven-day level of production of FI, such level of stock must be specified in a separate document. FI reserves the right to cancel the safety stock. For raw materials/products with EU preferential origin or from the countries with which Serbia has determined customs agreements, the suppliers are obliged to deliver the evidence on origin of goods. For the invoices with the amount less than EUR 6,000 the supplier is obliged to provide a Declaration on preferential origin of goods. For the invoices with amount over EUR 6,000 the supplier is obliged to provide EUR1 form. If the supplier fails to submit evidence on origin of goods, it is obliged to compensate FI for all damage, for settlement of obligations towards customs authorities of the Republic of Serbia. FI is obliged to deliver the evidence on the amount of costs to the supplier; the supplier is obliged to compensate that amount.

FI shall not require but shall expect from the supplier to be ready to work in the system of consignment stock, EDI connection for electronic data exchange and readiness to continuously improve the process in order to reduce prices, delivery terms and other relevant conditions.

With this document FI does not require but recommends to the supplier to propose rebate scale depending on the volume of transactions.

## **6. Certification**

For wooden products, a mandatory request for suppliers is to have FSC standard.

FI does not require but strongly recommends possession of certificate ISO 9001. Exceptions are allowed for packaging materials (pallets, boxes, bags and other raw materials which are not an integral part of the final product). The suppliers of raw materials which do not have ISO 9001 standards are subject to possible audit by FI. Purchasing Sector of FI makes decision on audit. The suppliers are obliged to deliver valid certificates to the Purchasing Sector of FI, and Purchasing Sector is obliged to keep records on certificates and to check their validity. The supplier is obliged to deliver REACH statement.

## **7. Delivery of samples**

For verification of samples the supplier is obliged to deliver the samples in its organisation and at its own expense. Procurement of FI forwards the samples to R&D Department for verification and reserves the right to freely dispose of delivered samples. On the basis of delivered samples, the Purchasing Department notifies the supplier

regarding the decision whether the samples are accepted or not, and in the case of acceptance the same shall be considered as referent samples for the purpose of quality control. The supplier delivers along with the samples all necessary technical sheets, safety sheets and other documentations required by legal regulations or FI. For all the samples ordered by FI, the supplier is obliged to submit in advance customs tariff numbers to check customs status of raw materials. The entire technical knowledge developed by the supplier in order to achieve cooperation with FI (technical drawings, models, specifications, tests, etc.) the supplier is obliged to deliver to FI, upon the request. This obligation lasts for 5 years after the termination of cooperation between the supplier and FI.

#### **8. The logistics requirements**

All raw materials must be packed in the manner which provides safety of raw materials/products during the transport, in the warehouse or during loading/unloading. All costs due to inadequate packaging as well as possible penalties of the competent inspections because of the inadequate labelling of packing – packaging and managing of waste packaging shall be borne by the supplier. With each delivery the supplier delivers to FI the delivery note and invoice. The delivery note and invoice may be delivered collectively for all raw materials/products which make an integral delivery. Identification sheet contains the code, name, unit of measure, name of the supplier and the origin country of the delivered product should be put by the supplier, in an adequate manner, directly on the packaging of each delivered product (or package of the same products), so that there can be no separation, splitting or deleting. If the agreed conditions of delivery include entry of the supplier and its vehicles in the factory, distribution centre or retail store of FI, the supplier is obliged to respect all visible notifications of FI as well as rules defined in rulebooks and procedures of FI (FI is obliged to notify the supplier in advance on relevant rulebooks and procedure which must be respected in the area of FI, primarily on rulebooks for protection of safety and health at work). The supplier is obliged to respect the term of delivery and unloading of raw materials delivered by the relevant Department of FI (Purchasing, Logistics and Production). In case that the supplier fails to respect the term of delivery of raw materials to the warehouse of FI, it is obliged to pay lump sum penalty in the amount of EUR 50 in RSD counter value. In addition to the above-stated logistics rules, FI may deliver to the supplier additional logistics requests which shall be regulated in the separate document.

#### **9. Warranty and acceptance control**

The supplier guarantees that all raw materials are in accordance with the requests of FI and applicable laws and

relevant international regulations for which it is obliged to have valid certificates and attestations and to submit them upon the request of FI. FI may request for certain materials separate certificates from the supplier, which shall be subject to the separate document. Warranty for delivered raw materials is valid for 24 months from the moment of the receipt of the raw materials (the moment of the receipt includes moment of transfer of responsibility to FI in accordance with agreed transport clause). The warranty includes all physical, functional and aesthetic deficiencies as well as all deviations from the reference sample and valid documentation which were caused by inadequate production process, inadequate manipulation or transport of raw material. FI shall perform qualitative and quantitative entry control. In case of incompliance of raw materials with the requests of FI, FI reserves the right to reject and make complain regarding the delivery, in whole or in part; the Minutes shall be prepared and delivered to the supplier, and FI shall request analysis of the causes of the complaint and defined corrective and preventive actions. FI shall deliver complaints to the supplier in the reasonable time period from the moment of receipt of raw materials and in the case of hidden deficiencies the complaint must be made within one year. The supplier is obliged to deliver its response on complaint within 2 working days and to resolve it in the next 7 days by delivery of the replacement raw material or delivery of the credit note (depending on the decision of FI). In case that the supplier requests the return of the complained raw materials/products the costs of the return shall be borne by the supplier. If due to complain occur delays in the production process of FI, the supplier is obliged to compensate for the damage incurred.

#### **10. Analysis of the supplier**

FI reserves the right to audit the quality system and business processes of the existing and potential suppliers, through visits to the supplier and through analysis of documents and data delivered by the supplier. The supplier is obliged to enable FI a free access to all necessary data. Audit of quality systems and business processes is obligatory for all potential suppliers of FI. Based on the results of analysis FI decides on whether the potential supplier is approved supplier of FI and entered onto the "List of approved supplier of FI".

#### **11. Exclusion from the List of suppliers**

The supplier may be excluded from the List of the approved supplier in the following situations:

- Inadequate evaluation of performances (FI evaluates performances of the suppliers on a monthly and annual basis. Annual targets and escalation rules are submitted to the supplier after the nomination and prior to serial deliveries);

- Failure to fulfil contractual obligations;
- Financial problems – risk of liquidation and bankruptcy;
- Technical problems and production problems.

## **12. Force Majeure and Jurisdiction**

In case of Force majeure which prevents delivery to FI, the supplier is obliged to immediately notify FI. If the circumstances of Force majeure last longer than 15 days or can be expected to last more than 15 days, FI shall notify the supplier on the decision to cancel the delivery and to accept the new term of delivery.

Force majeure, in terms of this agreement includes: procedures, rules and regulations of any state authority, natural disasters and other unforeseen reasons which are beyond the control of any of the party, and which prevent, partially or completely, the fulfilment of the obligations by the supplier to FI.

All possible disputes arising from the cooperation between the supplier and FI shall be resolved before the competent court at the place of seat of FI. Rights and obligations confirmed by this document shall be applied during the cooperation between the supplier and FI.

## **13. Miscellaneous**

All details of business and technical cooperation which are not included by this document are the subject of the separate written agreement between the supplier and FI. Separate documents/annexes to the General conditions of purchase define, in particular, the following areas of cooperation:

- Establishment of consignment stock
- Quantity and other rebates
- Price lists
- Level of safety stock different from the level planned by this document
- Logistics requirements of FI
- Other specific requests of FI which have not been included by Logistics requests or this document.

General Conditions for purchase are obligatory for all suppliers in the supply chain of FI and shall be applied since the date of signing by the supplier until the expiry of one year after the termination of cooperation between the supplier and FI. The supplier is obliged to deliver to FI two signed copies of the General Conditions for purchase.

**We hereby confirm that we agree with the General Conditions for purchase,**

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**Supplier**

