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*Note:*

*The conditions listed below pertain to all orders and all contracts formed with a supplier or contractor (producer / seller) and the entire range of products/services that SIJ Ravne Systems (the client) d.o.o. orders from the supplier or contractor, unless a different agreement is reached within the framework of a specific contract.*

**1 QUALITY ASSURANCE**

(1) The supplier has as a rule its own system of quality assurance, certified according to the standards ISO 9001 or ISO 3834 parts 2,3, or 4 (as specified in an individual order) and can adhere to the required technical specifications and individual orders. If the quality assurance system is not properly certified as specified herein, the client reserves its right to assess the supplier or contractor according to the standard ISO 9001 (ISO 3834-xx); the client and supplier or contractor bear their own costs in the process.

(2) The supplier or contractor optimises its production and control processes in such a way that 100% quality of the production is assured. The supplier or contractor will assess its products in the framework of its end control in accordance with its control plan (measuring protocols, test reports, lists, etc.). If the client requires checks in accordance with a specific control plan pertaining to the order, the supplier or contractor is obliged to perform this type of control. To this end, the supplier or contractor makes a control/testing plan in accordance with its own quality assurance system, before performing the order. In case of uncertainty, the supplier or contractor immediately consults with the client for clarification.

(3) The supplier may not hand over the contract to another company (subsupplier) without the prior approval of the buyer.

(4) If the supplier or contractor uses third party suppliers for production or quality assurance processes (materials, services, and equipment testing), he will assure the quality of these materials or services

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either with its own means, or by a contractual integration of its suppliers into one of the quality assurance systems described herein.

(5) It is necessary to deliver the list of subcontractors, except those delivering normative and standard parts, to the client if required.

(6) The supplier or contractor is obliged to obtain third party authentication, confirmation, and/or certification, if needed. If the supplier or contractor finds quality flaws in the controlled products, it is obliged to immediately inform the client and suggest necessary corrections.

(7) The client reserves the right for itself, the end customer, or its controlling authority, to control deadlines, as well as perform in-process and end control (including packaging control) and reject incomplete documentation and incomplete materials or faulty contractor services at the offices, production facilities, and warehouses of the contractor and its subcontractors, at any moment during concept preparation, planning, production, and shipment preparation. These controls and checks do not absolve the supplier or contractor of its responsibility for the quality execution of the products or services.

## 2 DOCUMENTATION, QUALITY ASSESSMENT

(1) The supplier or contractor will finish implementing its quality assurance measures, especially measurements and tests, and appropriate records (documents), and deliver the documentation to the client no later than at product delivery. The type and scope of the required documentation and possible samples are described in the order. According to the order, the client reserves the right to receive the documentation before product delivery, or agreeing on a special permit for the release of the delivery of goods/goods on which cooperation was carried out.

(2) The supplier or contractor will – at the client's request – enable the client to inspect the performance of quality assurance measures in appropriate temporal intervals.

(3) If there is significant reason for inspection, the supplier or contractor will enable the client full access to its documentation for the supplied material.

(4) The supplier or contractor is obliged to provide the client with copies of the ISO 9001 or EN ISO 3834 certificates as proof of the adequacy of the process. If the supplier or contractor does not have the relevant certification from a competent institution and the client has not yet performed an ISO 9001 concordance assessment, it must provide a self-assessment questionnaire.

## 3 ERROR RESPONSIBILITY, WARRANTY

(1) The supplier or contractor guarantees for evident and concealed deviations on goods/services for 24 months from the day of the client's receiving the goods or services. If the supplier or contractor does not fulfil its obligations within the prescribed time limit, the client may, either itself or through a third party and at the expense of the supplier or contractor, rectify the inadequacies or damage. The client will notify the supplier or contractor in writing of foreseen incurred costs beforehand.

(2) If during further production, the client discovers deviations not detected at the initial control, the following procedures shall apply:

The client will immediately notify the supplier or contractor in the form of a written or oral complaint. In no less than two working days after receiving the complaint from the client, the supplier or contractor will inform the client of the time required to rectify the error, including providing the information on the time required for repairs or supplying replacement parts, as well as the duration of necessary transports.

(3) If the supplier or contractor does not respond in two working days after receiving the complaint or has provided an unacceptable time-frame for rectifying the errors, the client may – to fulfil its obligations – rectify the errors itself, or incorporate a third party in the process, or obtain flawless products from third parties – all at the expense of the supplier or contractor, and by notifying in writing the supplier or contractor on the amount of the anticipated expenses.

(4) If the client and supplier or contractor fail to agree on the quality of the claimed goods, quality assessment is done by a third party. The third party will be an independent control and quality assessment institution not in the organisational structure of the client or supplier and is agreed upon by both parties. The costs of the quality assessment are covered by the party that had caused the error.

(5) If the supplier of the service caused errors on the product that can be repaired, the client and supplier of the service agree on one of the following courses of action:

- a) The product is still with the supplier: the supplier of the service obtains a repair permission from the client.
- b) The product has been delivered to the client:
  1. The client performs, upon a preliminary agreement with the supplier, a full inspection and sorting of the products, and a safe return transport of the disputed products at the expense of the supplier of the service. The organisation and execution of the transport may be performed by the supplier of the service.
  2. The client performs a full inspection and repair of the products, but at the expense of the supplier of the service.
  3. The supplier of the service, at its own expense, performs a full inspection and sorting of the products and ensures a secure return and finishing of the products.

(6) For partially accepted products, the client may claim a discount from the supplier or may subsequently claim a complaint, when the end buyer is unable to give a clear opinion on an identified error in advance.

(7) The supplier or contractor is obliged to bear all expenses pertaining to faulty products, coming from the replacement, repair, or a new purchase, including testing, transportation, travels, labour and material costs, regardless of whether the costs were incurred by the client or a third party, and regardless of whether or not the supplier or contractor only provided the service or the full supply of products.

(8) Alongside the specified and guaranteed properties, the supplier also guarantees for the completeness and adequacy of goods and services.

(9) Generally, the client will perform only the acceptance of documentation. The assurance of material quality will only be performed in special cases, or when the end buyer's production specifically calls for it. The client is not obliged to control the supplies and services of the supplier before start-up or use.

(10) With replacement supplies or repairs, the warranty period begins anew.

(11) An officially issued claim obliges the supplier or contractor to pay a flat-rate amount of 50€ per claim for an individual complaint log.

#### **4 PACKAGING AND SHIPPING**

(1) With shipments with critical deadlines, an agreement must be obtained from the client before implementing special modes of transport (e.g. air shipment, express delivery), otherwise the supplier or contractor will bear these costs.

(2) The supplier must present a valid preferential proof (e.g. a confirmation of the traffic of goods, certificate of origin, etc.).

(3) If the contracted goods qualifies as a hazardous material, a safety data sheet must be delivered to the client along with the order confirmation.

(4) When delivering hazardous goods, the supplier is obliged to adhere to existing legal regulations, especially Regulation (EC) No 1272/2008, Directive 2008/68/EC, and Council Directive 95/50/EC.

(5) The supplier ensures that the supplied goods adheres to all health and environmental protection regulations, and applicable EU legislation.

(6) The costs for damages resulting from incorrect packaging are carried by the supplier or contractor.

#### **5 CONTRACTED ITEM RIGHTS**

(1) The supplier or contractor ensures that the supplied goods and services will in no way be restricted, or violate legal restrictions (embargo, boycott, etc.), or violate the rights of a third party (trademarks, patterns, patents, protected areas, etc.).

(2) Submitting an offer includes the agreement that all technical documentation pertaining to the offer may be submitted to a third party (engineering partner, buyer, etc.), in the required range, without any claims towards the client. The offer documentation is not returned.

(3) If the client supplies material or parts required to fulfil the service, the supplier of the service is obliged to employ good management practices when handling them.

#### **6 INFORMATION SECURITY**

(1) The supplier or contractor must handle all information, especially drawings, suggestions, models, tools, documentation, photographs, testing equipment, software, and other data carriers given to the supplier or contractor by the client as confidential, and not reveal them to third parties or reproduce them, unless within the scope necessary for the performance of the contracted services. The supplier or contractor will require its employees to maintain information security in accordance with this agreement.

- (2) The client reserves all ownership rights and copyrights for information and items listed in paragraph 1.
- (3) The supplier or contractor may advertise its business relationships with the client only with a written consent given by the client beforehand.
- (4) The products produced in accordance with the client's requirements, drawings, or models, fully or partially paid for by the client, are not to be offered/supplied to third parties, nor may they be presented as a sample without a previous explicit consent from the client. The same goes for drawings, models, samples, etc., made available by the client.
- (5) Subcontracting key items of the products or services to third parties is allowed only with the client's written consent.

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