

GENERAL PROVISIONS

1. These general terms of procurement represent the legal basis for contracting legal transactions between the Supplier and the company AMM Manufacturing d.o.o (hereinafter: "Client"), for the procurement of equipment, materials, products and services (hereinafter "Goods"), for the purpose of conducting regular business. General terms of procurement (hereinafter: "General Terms") apply to all types of purchase orders. They become valid on the day of receipt of the purchase order. The Client reserves the right to specify special conditions in an individual order, which in the case of that purchase order are above the General Terms.
2. The Purchase Order for the delivery of Goods (hereinafter: "Purchase Order") is issued by the Client's Procurement Department.
3. The Supplier confirms purchase orders in writing (e-mail, letter) to the client within 24 hours of receiving the purchase order. Otherwise, it will be considered that the supplier has automatically accepted the conditions defined in the Purchase Order and General Terms. Acceptance of the purchase order also implies acceptance of the General Terms and excludes any different instruction or agreement, unless signed by the Client. Any changes and/or additions to the purchase order will not be considered accepted unless the Client gives written consent to them.

PURCHASE ORDERS

1. Goods whose consumption is regular may be the subject of an open purchase order, which specifies the goods, place of delivery, price and other procurement conditions (packaging, transport, etc.) and only the approximate overall quantity for a certain period. The dates of specific deliveries and quantity of goods are then determined by a purchase order.
2. Purchase orders and delivery plans, their amendments must be in written form (e-mail, letter).
3. If permitted within the given circumstances (in accordance with possibilities), the Client may request from the Supplier a change in the design and manufacture of the delivery item by submitting a written request or technical documentation. In doing so, both parties determine by contract the consequences (influences), especially those concerning increases or decreases in costs, as well as delivery terms.

RIGHT OF USE

1. Regarding the right that the Supplier transfers to the

Client by delivering the Goods, the Supplier guarantees and authorizes the Client to use and transfer these Goods to others, incorporate them into other systems, or dispose of them freely without time, territorial, and other restrictions.

PARITY, DELIVERY DEADLINES AND QUANTITIES

1. The Goods ordered are delivered to the agreed place, determined by the Client in accordance with the clause according to the Incoterms 2020 standard.
2. The agreed delivery deadlines are binding for the Supplier, whereby the purchase order date is authoritative for the beginning of the deadline. Delivery deadlines specified in Purchase Orders, appointments, and delivery plans refer to goods "delivered to the factory or to a specified unloading location". In the case of DAP delivery, the Client may provide the Supplier (together with the Purchase Order) with binding unloading time at the Client's warehouse. They are based on the announced production plans of the Client and must be strictly observed.
3. It will be considered that the Supplier has made the delivery on time if the Goods that are the subject of delivery are handed over to the Client within the agreed deadline and at the agreed place, or it will be considered that the service has been provided on time if the Client has accepted the works for such service within the agreed deadline and in the agreed manner.
4. The Client may change the deadlines defined in the purchase order according to the needs based on subsequently sent Purchase Orders. Long-term forecasts are only the client's estimate and quantities are not binding. They are used only for planning purposes.
5. The Supplier undertakes to immediately notify the Client of any circumstance that could cause a delay or that could affect the quantity of the ordered delivery. The sent notification does not exclude the consequence of delay.
6. In case of delay, obvious impossibility of delivery, or another form of violation of the Purchase Order, the Client has the option to withdraw from the Purchase Order or part of the Purchase Order, as well as to charge the Supplier for the manufacturing of the delivery to another Supplier. In any case, the Supplier is obliged to compensate for the damage suffered by the Client. In determining the compensation, the client will take into account the economic situation of suppliers, the type, scope, and duration of business cooperation, as well as the value of the delivered goods, with a submitted specification of additional costs and damages incurred.

7. Force majeure, actions of authorities, and other unpredictable events that cannot be prevented release both parties from responsibility for the consequences that would arise, for the duration of these circumstances. Both parties must, in accordance with the possibilities, send the necessary information as soon as possible and adapt their obligations to the new circumstances in good measure.

8. The risk of loss or damage to the Goods transfers to the Client at the moment of Quantitative- Qualitative acceptance, and in the case that the Goods in question are installed or mounted, at the moment of the acceptance of such installation or mounting.

CANCELLATION OF PURCHASE ORDER

1. In case of any non-fulfillment of the conditions stated in the Purchase Order or General Terms, and especially in case of delayed deliveries and unsatisfactory quality of Goods, the Client may cancel the Purchase Order by written notice and demand compensation for damages incurred.

ORIGIN OF GOODS

1. The Supplier undertakes that in case of the Client's request, they will immediately issue proof of preferential origin of goods, i.e., credible evidence that the Client considers necessary.

2. For products originating from the EU or originating from countries that have signed a free trade agreement with the Republic of Serbia, the supplier is obliged to provide proof of origin. For deliveries below 6000 euros, the supplier submits a Declaration of preferential origin of goods. For deliveries above 6000 euros, the supplier submits the EUR1 form.

3. The Supplier must immediately announce the origin of subsequently accepted delivery items or a change in the origin of goods to the Client, without a special request from them. The Supplier is responsible for damages that the Client would suffer due to improper or late issuance of proof of preferential origin of goods. If necessary, the Supplier must prove their data on the origin of goods.

PACKAGING, MARKING, TRACEABILITY

1. The Supplier must, unless otherwise agreed, professionally package and ship the Goods according to commercial customs, or at the request of the Client, ship it according to their instructions in appropriate packaging. The Supplier is responsible for damages resulting from poor packaging or packaging with defects.

2. The Supplier is obliged to ensure the traceability of goods and to mark the packaging units with the following

data: recipient of goods, recipient's address, goods code, revision level, number of pieces, net/gross weight, name of goods, purchase order number, delivery note number, date of manufacture, batch number, and if necessary, special markings.

3. Goods that the Supplier has shipped to the Client must be accompanied by appropriate shipping documentation and visibly stated Purchase Order number.

QUALITATIVE AND QUANTITATIVE RECEPTION

1. Inspection and acceptance of goods is carried out in accordance with the Purchase Order or subsequent agreement on the acceptance of goods in case of change for justified reasons. Signature or stamp of delivery does not mean that the reception is completed. Inadequate or inappropriate deliveries are returned by the Client to the Supplier and charged for the costs. The Client reserves the right to demand compensation for these inadequate deliveries, which will be invoiced under the same conditions.

2. The Client and supplier specifically agree on one of the following forms of acceptance: classic acceptance (in the required quality, quantity, and on time, without bulk cargo, packaging damage, with identification labels that are readable, unsoiled, and undamaged), acceptance according to "Certificate" or acceptance according to the supplier's product quality guarantee (AQP). In each of these cases, the client performs random testing, systematically checks the quantity, accompanying messages, packaging condition, and marking.

3. In case of rework, waste generation during processing, or mandatory sorting from a certain percentage considering the type of Goods, the Client reserves the right to charge the Supplier for the costs of processing, rework, or sorting, as well as, based on their own assessment, to demand a price reduction or to demand that the Supplier remove the defects themselves.

4. The Supplier assumes full responsibility for costs that have arisen as a result of quality deviations, whose cause is with the Suppliers, for costs that have arisen at the Client's, at the Client's customer, or at the end user. Costs as consequence of not meeting quality are: administrative costs when filing a complaint and actual costs associated with quality problems (downtime, sorting, repair, return of goods) and costs during the warranty period.

5. The Client will notify the Supplier of any identified deficiency of the Goods within 30 days from the day of



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MANUFACTURING

fulfillment, or from the day of starting to use the Goods throughout the entire warranty period, its installation, further processing, or from the moment when the deficiency was noticed.

6. If the Supplier does not respond within 48 hours of receipt of the complaint by the Client, the Client will consider that the Supplier has accepted the complaint and all associated costs.

7. The Supplier is responsible for all defects that are noticed or manifested within two years from the date of delivery of the Goods or reception of works, unless a longer period is provided by a special regulation or the requirement of the end customer. If the end customer requires a longer warranty period, the same length of warranty period is transferred to the Supplier.

PRICES

1. Prices include all costs in accordance with the clause determined by the Client (according to the Incoterms 2020 standard).

2. Packaging costs are included in the prices.

3. Except in cases where otherwise specified in the Purchase Order, all prices are fixed and cannot be unilaterally changed.

ISSUING INVOICES FOR PAYMENT

1. The Supplier's invoices must comply with the current legislative regulations of the Republic of Serbia at the time of issuing the invoice, and at the same time contain the following information: purchase order number, goods code, delivery note number, place of delivery, parity, Gross/Net weight, and number of packages.

2. Payment is made upon the agreed receipt of goods and arrival of the correct and reviewed invoice.

3. Unless otherwise specified by the Client, all payments are made within 60 days, for the amount stated in the Supplier's invoice.

4. In case of delivery with defects, the Client has the right to withhold payment or part of the payment, proportional to the share of the value of the defective goods, until proper fulfillment.

5. The Supplier does not have the right, without obtaining written consent from the Client, which must not be refused without a well-founded reason, to assign their obligations to the Client or to transfer them to a third party.

QUALITY, COMPLIANCE, PROCESS AUDIT

1. The Supplier must, for all delivered Goods, attach to the invoice a control report, attestation, and, if necessary, all

test results-certificates, as required by the Client or end customer.

2. The Supplier is responsible for the quality of delivered goods and establishes a quality control and management system that corresponds to the criteria that apply to the rail vehicle industry. It is recommended/desirable that the Supplier proves the effectiveness of the quality management system through Audit assessments conducted at the Supplier by the Client or by a certificate according to ISO 9001 standards.

3. The Supplier's Goods must comply with specifications, drawings, and all other documents that define the Goods and that were available to the Supplier, and for undefined characteristics with a possible type sample or standard.

4. The Supplier proves the compliance of the contracted Goods with currently valid documentation:

- By delivering the contracted goods in accordance with the Technical documentation,
- With quality records of the delivered goods (Measurement protocols, Test report, Supplier certificate for special processes, if applicable).

5. If applicable to the Purchase Order, for each new item of delivery, as well as in cases where it is specifically agreed, the Supplier must, at the Client's request, provide a sample of goods that will fully correspond to the planned production. Pieces of goods must be in accordance with the definition, correspond to the intended function, and meet the requirements of applicable regulations. The Purchase Order will be firmly sent only after confirmation of the conformity of type pieces (samples) by the client.

6. The Supplier is responsible for the required documentation, who also keeps (archives) "Quality Records". The supplier keeps the documentation until the expiration of the warranty period of the Goods.

7. Without the written consent of the Client, no technical change may be made, even a minor one. The Supplier is obliged to previously inform the Client about any transfer of production, use of a new tool, or application of a new procedure. Each of the mentioned changes means repeating the process of confirming initial samples by the Client's Quality Control Service or the Client's Procurement Service (depending on the nature of the Goods).

8. The Client reserves the right to regularly audit the Supplier's process. In that case, the Supplier will provide them with unhindered access to all spaces participating in the audit and will make available competent persons for

cooperation in conducting the audit.

ENVIRONMENTAL POLICY

1. The Supplier is obliged to harmonize their activities related to environmental protection with the client's policy, which means that they guarantee that they respect the system of monitoring environmental legislation and implementing appropriate measures to meet its requirements, and that procedures for environmental protection are determined and there is appropriate equipment for its execution.

INDUSTRIAL PROPERTY, PROTECTION OF BUSINESS SECRETS

1. The Supplier undertakes to protect the mediated data. They are obliged to take all necessary measures to prevent the spread of data received for the execution of purchase orders. Drawings, documentation, plans, models, and samples that the Supplier has received, or with which they are familiar, are and remain the property of the Client.

2. The Supplier and the Client undertake to treat and keep all commercial and technical details with which they have become acquainted during the business relationship as a business secret.

3. Drawings, documentation, models, templates, samples, and similar objects must not be given to unauthorized third parties, nor allow them access in any other way. Reproduction of such objects is permitted only within the framework of business requirements and provisions of regulations governing copyright and industrial property rights.

4. Tools, samples, models, gauges, etc. that were ordered from Suppliers or from third parties for the Client, or that the Client made to give or leave at the disposal of the Supplier, are entirely the property of the Client. The Supplier who is responsible for the execution of the delivery of Goods assumes responsibility for maintenance and repairs. The Supplier must keep up-to-date records of tool maintenance and repair.

5. The Supplier must not, for a third party, based on the Client's drawings, tools, and models, make any piece without prior written approval from the Client. Otherwise, the Client will understand this as an act of unfair competition, for which they reserve the right to demand compensation from the Supplier. Without prior written approval from the Client, it is forbidden to change the tool, mediate it to a third party, or destroy it.

6. The Supplier assumes responsibility and costs that would arise in case of damage, destruction, or theft of items to which this item refers.

WARRANTY

1. The Supplier is responsible for obvious and hidden defects in all their deliveries, including those whose production they have entrusted in whole or in part to a third party. The Supplier undertakes to cover damages even in the case that such damages are requested from the Client by the end customer or user, due to the Supplier's error. The Client reserves the right to withdraw from the contract and/or to cancel the purchase order, and to demand compensation according to regulations governing contractual relations and general rules on liability for damages.

2. The Supplier will take all measures to immediately inform the Client about any actual or possible non-compliance of their products or about an actual error that they are aware of, in order to reduce possible harmful consequences.

3. For Goods installed in vehicles, for which after putting the vehicle into operation it would turn out that they have a defect, the Supplier must compensate the Client for costs according to the price list of spare parts within the warranty conditions, which the Client is obliged to respect towards their customers. In addition, they must cover all costs, damages and compensation for damages, as well as all costs that were directly or indirectly caused by this error.

4. The Supplier will protect the Client from all claims that third parties would address in connection with the delivered goods due to patents, licenses, trademarks, and models.

COURT JURISDICTION

1. The Client and supplier will try to resolve all possible disputes in a friendly manner and with understanding. If an agreement could not be reached, the parties agree that the court with jurisdiction in the Client's headquarters is competent for resolving disputes, regardless of the specifics of delivery conditions.

2. Legal transactions are concluded and the law of the Republic of Serbia applies to them, unless otherwise agreed.

3. In case of disagreement and interpretation of the Serbian and English versions of this document, the Serbian version takes precedence.