

“SAPONIA kemijska, prehrambena i farmaceutska industrija d.d.“, having its registered office at Matije Gupca 2, 31000 Osijek, Croatia, here represented by Ms Dajana Mrčela, as Chairman of the Board of Management (hereinafter referred to as SAPONIA)

And

“.....” having its registered office at, here represented by, as *Managing Director* (hereinafter referred to as “.....”).

Concluded on 2022

CONTRACT OF PROCUREMENT no. 2/22
of manufacture, delivery and put into operation of fully automatic
linear Labelling machine for cosmetics products

I. SUBJECT AND SCOPE OF CONTRACT

Article 1

Subject of this contract is procurement, delivery, mounting and putting into operation of fully automatic linear Labelling machine type.....as follows:

1. Linear labeller designed to work:

- Two (2) labels applied on both side of oval, pyramidal and rectangular plastic bottles
- One (1) label applied on cylindrical (round) plastic bottles

2. Linear labeller consists of:

- Machine base frame, cover AISI 304, EC safety guards
- Transport conveyor L 4000 mm, W min 82 mm, motor drive with inverter
- Conveyor working height 950 +/- 50 mm
- Product flow from Left to Right, signal exchange with machines before/after in the line
- Two (2) Labelling stations type with low label detection each
- Two (2) Adjustment supports for the Labelling stations with 5 adjustment axes
- One (1) Wrapping unit with motorized belt H 100 mm for label appl. on cylindrical bottles
- Product aligning device with motorized chains, product spacing belts
- Synchronized upper stabilization belt
- Label dispenser blade and wiping brush for label smoothing
- Photocell for transparent labels
- Start label sensor, downstream build-up photocell
- Possibility for conveyor lateral connections with upstream and downstream machines
- Control unit PLC with Ethernet port, operator panel....., multilingual, touch screenon swing arm 180°
- Remote diagnosis and maintenance access
- Indication three colour lamp
- Electricity supply max 4 kW
- Two (2) bottle formats (oval and round)



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3. Linear labeller technical features:

- Labeller capacity; 90 b/min for format 500 ml
- Label dispenser speed; 60 m/min
- Bottle Ø min-max; 25 - 120 mm
- Bottle height min-max; 50 - 290 mm
- Label length min-max; 20 - 200 mm
- Label height min-max; 20 - 200 mm
- Web height; 200 mm
- Reel internal diameter; Ø 45 - 75 mm
- Reel holder diameter; Ø 300 mm
- Web paper rewinder diameter; Ø 200 mm

4. Packing and delivery

- DAP Saponia, Matije Gupca 2, 31000 Osijek, CROATIA.

5. Commissioning and SAT

- One (1) technician during 5 days. Transport cost, air ticket, internal transfers, meals and accommodation - all included.

All according to the Offer no.....from .. 2022 and Layout no..... from .. 2022.

Equipment has to be equal or better than characteristics in this contract and aforementioned documentation.

II. PRICE AND METHOD OF PAYMENT

Article 2

“.....” undertakes to manufacture, deliver, mount and put into operation the Labelling machine at price of € (in writing:EUR).

The aforementioned price includes an DAP Saponia (Matije Gupca 2, 31000 Osijek, Croatia) FAT, delivery, mounting, as well as final checks/commissioning (SAT) and start up at “SAPONIA” and all costs for trip, accommodation and working hours of “.....”s technician.

The contract price is fixed and unchangeable. “.....” waives the right to ask for a price increase for any reason whatsoever - including the change of price of material, equipment, services, employees` wages etc.

All bank charges outside Croatia will be at the account of supplier “.....”.

Article 3

“Saponia” shall pay the contract price of EUR as follows:

- % of the contract price i.e.EUR shall be paid after signing of present contract, upon receipt of a written request for advance payment and issuing an advance payment guarantee in favour of Saponia.

The payment shall have form of an advance payment. As security for possible claim for the refund of advance payment “.....” has obligation to transfer to “Saponia” a Bank guarantee, issued



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by swift and forwarded to Saponia through „BANK“.

Bank guarantee must be unconditional, irrevocable and payable on first written demand and must be valid minimum 30 days longer than agreed time of delivery of equipment.

For advance payment, „.....“ will issue „Proforma Invoice“.

- % of the contract price i.e. **EUR** shall be paid by irrevocable Letter of Credit issued by „BANK“ as follows:

- % of the contract price i.e. **EUR** payable against presentation to the Bank of the following documents:

- One (1) original Commercial Invoice and three (3) copies,
- CMR - copy for sender,
- Packaging List (3 copies),
- Factory Acceptance Test Protocol (FAT) handwritten signed by both parties.

- % of the contract price i.e. **EUR** payable against presentation to the Bank of the Site Acceptance Testing Protocol (SAT) handwritten signed by both parties.

If „Saponia“ fails to provide a carrying out of the Site Acceptance Testing Protocol (SAT), (whether equipment are not positioned on its place, electrical connections are not prepared, no bottles for testing..) longer than 60 days from the shipping date (CMR date), „.....“ is entitled to charge last part of payment against presentation to the Bank of the „Statement about the impossibility of testing equipment“ signed in handwritten signature by both parties.

„Statement about impossibility of testing equipment“ must not be issued before expiration of sixty (60) days after the shipping date (CMR date).

III. TIME OF DELIVERY AND MOUNTING OF EQUIPMENT

Article 4

„.....“ undertakes to start the manufacture of the stipulated unit forthwith after signing this Contract. Advance payment will be covered by supplier „.....“ by means of „Bank guarantee“ as security for possible claim for the refund of advance payment.

A period which is needed for issuing bank Guarantee, cannot prolong a time of manufacture and delivery stipulated in this contract.

Before delivery „.....“ undertakes to execute Factory Acceptance Test (FAT) of the self-adhesive linear Labelling machine at their factory in the presence of „SAPONIA“'s representatives.

„.....“ guarantees to manufacture, pack and deliver the Labelling machine **no later than five (5) months from the signing of this contract.**

The deadline for the completion of commissioning (SAT) and start up of equipment at „Saponia“, i.e. deadline for the implementation of the Contract **is six (6) months from the signing of this contract.**

Article 5

Factory Acceptance Test (FAT) in „PACKLAB“ includes:

- Functionality of all parts of the machine
- Test runs for defined two different formats
- Quality of applying labels on oval and cylindrical bottles
- Capacity of 90 pcs/min
- Signalization

- Documentation
- Readiness for delivery.

FAT will be run with "SAPONIA"'s products, bottles and labels.

The representatives of contracting parties shall sign **Factory Acceptance Test Protocol** after successful testing.

Article 6

Upon delivery of units "....." undertakes to start mounting of the linear Labelling machine within five (5) days period following the receipt of notice that the preparation for mounting at "SAPONIA" have been finished.

The price of mounting and all costs of trip and stay technicians are given in the price writing in Article 2 of this Contract.

The Labelling machine will be tested at "SAPONIA" plant (SAT) in continuous work during 8 hours for each format.

The representatives of contracting parties shall sign a **Site Acceptance Testing Protocol** after successful acceptance testing.

Article 7

Site Acceptance Test (SAT) in "SAPONIA" includes checking of:

- Functionality in continuous work
- Quality of labels applying
- Capacity with all labels and bottles
- Time for format change
- Frequency intervention of the technicians
- Waste labels
- List of the spare parts
- Documentation.

IV. GUARANTEE

Article 8

"....." gives guarantee for a proper working of linear Labelling machine typeand quality of parts and material of used parts for a period of **18 months following the signing of the Site Acceptance Testing Protocol (SAT)**.

"....." undertakes to react - during the guarantee period - at any and all unit troubles within five (5) days following the notice of defect.

If "....." shall be in default with the repair of the defect within 30 days following the notice, "SAPONIA" is entitled to - at the cost of supplier "....." - hire a third party the repair of the unit. This does not apply to defects caused by improper handling or negligence of the employees of "SAPONIA".

If the delivery time of a particular spare needed to solve the defects, should be more than 30 days "....." apply itself to communicate immediately the delivery time of the spare required by "Saponia".

Article 9

“.....” gives guarantee for Labelling machine type.....:

- Labelling capacity of **90** pieces per minute for two (2) defined formats
- Bottle dimension: Ø min-max 25 - 120 mm / height min-max 50 - 290 mm
- Label dimension: length min-max 20 - 200 mm / height min-max 20 - 200 mm
- Work with self-adhesive label, proper application on oval and cylindrical bottles
- Waste labels below 1 %
- Label/support material specification:
 - Paper / silicon paper
 - PP transparent / PET
 - PP full coloured / silicon paper
 - PE / silicon paper
 - PE / PET
 - Laminated label.

All according to the Offer no.....from ... 2022 and Layout no..... from ... 2022.

V. CONTRACTUAL PENALTY AND TERMINATION OF CONTRACT

Article 10

If “.....” shall be in default with the delivery of the machine, “.....” must be pay to “SAPONIA” a contractual penalty to the amount of 0,5% per day of the total contract price. However, the total amount of penalty may not exceed 10% of the contract price.

If “.....” shall be in default with delivery of the machine and/or in default with the mounting of the machine more than 30 days, or if the equipment is not fulfilling the performances and functionality stipulated in this Contract, “SAPONIA” is entitled to terminate the Contract.

VI. DOCUMENTATION

Article 11

“.....” shall supply the following technical documentation in English and Croatian language with the stipulated machine complete on two (2) paper and one (1) CD-ROM version:

- Mechanical drawings of the equipment with main dimension (dwg format)
- Installation, Operation and Maintenance manual (plus 1 copy on CD)
- Drawing of electrical and pneumatic installation and connection (dwg format)
- Material certificates, complies EU regulations
- List of spare parts.

All aforementioned requirements are part and already included in the service hand book (manual).

VII. FINAL PROVISIONS

Article 12

Components of the present contract is the Offer no.....from ... 2022 and Layout no..... from ... 2022.

Article 13

All disputes arising out of this contract or related to its violation, termination or nullity shall be finally settled under the Rules of Arbitration and Conciliation of the International Arbitral Centre of the Austrian Federal Economic Chamber in Vienna (Vienna Rules) by one arbitrator appointed in accordance with these Rules.

The contracting parties agreed as follows:

- The number of arbitrators shall be one.
- The substantive law of Austria shall be applicable.
- The language to be used in the arbitral proceedings shall be English.
- The place of arbitration shall be Vienna, Austria
- The appointing authority shall be the International Arbitral Centre.

Article 14

The present Contract is executed in four (4) identical copies in English, two (2) of which for each contracting party.

SAPONIA d.d.

Chairman of the Board of
Management

.....

Managing Director

Dr. sci. Dajana Mrčela, dipl. oec.