

# VT METAL'S GENERAL PURCHASING TERMS AND CONDITIONS

## Orders:

VT Metal Kft will provide the SUPPLIER with the orders with precise product specifications and fixed ordering volumes, as well as, delivery deadlines. Within 3 days after receiving of orders Supplier shall send a written confirmation. If the SUPPLIER does not send written confirmation or does not refuse the order, VT Metal Kft. handles the order as accepted order.

The obligation of VT Metal to buy such goods from SUPPLIER at prices equal to the offered value of the goods plus the occasional transportation, financing, handling and storage costs that shall be mutually agreed upon by the Parties.

## Supply conditions:

The place of fulfilment of the supply obligations is the registered seat of VT Metal Kft, unless the Parties have agreed otherwise in the individual supply conditions. If the SUPPLIER delivers the Products directly to the consignee specified by VT Metal, the place of fulfilment shall be the address of the consignee, and the risk of possible deterioration and destruction of the Products will pass from the SUPPLIER to consignee upon the delivery to the latter.

The delivered goods will be accepted if the goods are without any damage or contamination and the goods meet the technical and quality requirements given in the order or relevant standards.

Partial supplies and supplies in advance are only allowed with the prior written consent of VT Metal Kft. The SUPPLIER is aware of the fact that the Products will be used for the fulfilment of further supply contracts with different end customers. For this reason, the supply deadlines (calendars weeks) as indicated in the orders of VT Metal Kft. qualify as fixed delivery deadlines.

VT Metal Kft, shall be entitled to demand a penalty for delayed deliveries from the SUPPLIER as follows:

Commenced weeks of delay		% of the net invoice value of the concerned consignment
2 <sup>nd</sup>	"	- 3%
3 <sup>rd</sup>	"	- 6%
4 <sup>th</sup>	"	and above, up to max.10%

In case the delay of Supplier causes VT Metal Kft. higher financial damages (either production halt in its production or VT Metal Kft 's customers charge VT Metal Kft with any extra costs resulted from Supplier's delay) Supplier is obliged to compensate VT Metal Kft. this cost

In addition to the right to demand penalty, VT Metal shall have the right to cancel the order for the consignment concerned by the delay if the period of delay attains 2 calendar weeks.

## **Terms of payment**

Payments by VT Metal Kft are made via bank transfer. The normal payment term is 60 days net from receiving the invoice. Payments have to be fulfilled within the agreed number of days in case the respective invoice and its attachment (such as the freight bill and consignment note, Inspection Certificate which confirm the delivery of the Products to the consignee) provided that the invoice and its attachments arrived to VT Metal Kft.

Payments are to be made in the agreed currency.

## **Manufacturing, technical support (in case of part production according to the VT Metal Kft.'s or his customer's design)**

The Products shall be exclusively manufactured according to the specifications and plans indicated by VT Metal Kft. for the respective Products, and according to the procedures that have been authorised by VT Metal Kft. with respect to quality assurance. VT Metal shall remain liable for the direct technical specifications given to the SUPPLIER.

Furthermore, VT Metal warrants that, under due care and diligence, the technology know-how and the processes to be transferred are eligible for the manufacturing of the Products in conformity with the Products' specifications, and, that the testing procedures to be transferred by VT Metal Kft. are eligible for the revelation of non-conformity of the Products.

VT Metal kft will provide the SUPPLIER with technical support. As far as it is necessary to ensure the manufacture of the Products to the agreed quality, VT Metal Kft. will provide the SUPPLIER with the necessary know-how (technological knowledge and experience relating to the manufacturing, quality assurance and quality control of the Products and quality assurance procedures with respect to raw materials) if this is at VT Metal's Kft.'s disposition. VT Metal Kft. will provide technical support for the Products and the quality assurance system free of charge.

For the purpose of controlling the compliance with the quality assurance directives of VT Metal Kft. in the manufacturing of the Products by the SUPPLIER, VT Metal kft. and the representative of its customers are entitled to inspect the SUPPLIER's manufacturing processes and – in the case of necessity - to make suggestions and give instructions. However, VT Metal Kft. is not obliged to make such inspection, nor can it be made liable for the omission of the same. The costs relating to such inspections are to be borne by VT Metal Kft., with the exception of the operational costs of the SUPPLIER. Such inspections and reviews shall not release the SUPPLIER of its liability towards customers, whereas VT Metal shall remain liable for the design of the Products, for the technological know-how and for the direct technical instructions given to the SUPPLIER.

## **Tooling and Equipment:**

TOOLS and EQUIPMENT provided or paid by VT Metal Kft. shall remain the absolute property of VT Metal Kft.. SUPPLIER shall accordingly ensure that all of the TOOLS and EQUIPMENT is properly and securely retained and identified as the property of VT Metal Kft., and shall not part with possession of it, or make it available to any third party.

VT Metal Kft. shall render technical assistance for the installation and start up of the said TOOLS and EQUIPMENT, as well as for all process-related alteration and installation of the pieces of TOOLS and EQUIPMENT that are unique to VT Metal Kft.'s sole use.

The SUPPLIER shall inform VT Metal Kft. immediately in written form in case of any damage of the TOOLS and EQUIPMENT.

The SUPPLIER shall send monthly report in written form to VT Metal Kft. about the usage of the TOOLS and EQUIPMENT in the given month.

SUPPLIER shall not have or acquire any right or title to the TOOLS and EQUIPMENT, apart from the right to use the TOOLS and EQUIPMENT in accordance with VT Metal Kft's approval. SUPPLIER undertakes that no third party shall acquire any right or title to the Tools and EQUIPMENT, except by or with the express prior written consent of VT Metal Kft..

SUPPLIER will provide their staffs with the appropriate skills for the correct maintenance of the TOOLS and EQUIPMENT. VT Metal Kft has the right to select third party maintenance service provider if and when necessary. Replacement or repair of the TOOLS and Equipment, which is either lost or damaged due to Suppliers gross negligence or wilful action while in the possession of SUPPLIER, will be at SUPPLIER's expense. The costs of TOOLS and Equipment required due to normal wear and tear as well as the costs of repair and maintenance will be the part of the manufacturing expenses and such spare parts will only be purchased by SUPPLIER only upon receipt of VT Metal Kft's prior approval. SUPPLIER will not be held responsible for delivery delays resulting from delayed purchase approval by VT Metal.

Should a repair or replacement due to a major defect or a major overhaul of the TOOLS and Equipment become necessary, for which no third parties can be made liable and no reimbursement of these costs from third parties can be achieved, the Parties shall agree on the replacement or repair.

SUPPLIER shall furnish and maintain in force a property damage insurance for the TOOLS and EQUIPMENT, which will cover at least damage, theft, fire, loss and other related perils. A copy of the insurance contract and certificate will be sent to VT Metal Kft..

Repairs and maintenance of the TOOLS and EQUIPMENT shall only be carried out by trained employee of SUPPLIER who have been previously authorised to carry out repairs and maintenance of the TOOLS and EQUIPMENT by VT Metal Kft. or by third party service provider accepted previously by VT Metal Kft.

SUPPLIER shall not implement any changes to the TOOLS and EQUIPMENT without VT Metal Kft's prior written consent. VT Metal Kft. will automatically obtain the ownership title to any new parts, modifications, additions or changes to the TOLS and EQUIPMENT.

SUPPLIER shall use the TOOLS and EQUIPMENT carefully. SUPPLIER shall comply with the relevant legislation regarding the possession, use and/or maintenance of the TOOLS and EQUIPMENT including for the avoidance of doubt health and safety legislation. In the course of the initial equipment installation process, SUPPLIER's responsibility is to specify the local health and safety requirements, the costs to meet such requirements shall be borne by VT Metal Kft. SUPPLIER shall use the TOOLS and EQUIPMENT only in connection with SUPPLIER's normal business activities. SUPPLIER shall be liable for the acts or omissions of any person that uses, repair, maintains, moves and stores the TOOLS and EQUIPMENT. If the above mentioned omission or act is committed by a service provider, which was accepted previously by VT Metal Kft.,

VT Metal Kft. will assist the SUPPLIER in the enforcement of claims against that service provider.

### **Warranties and liabilities (general)**

The SUPPLIER shall guarantee that

- the delivered Products are entirely conformed to the specifications defined by VT Metal in the order or the public Product information of the SUPPLIER.
- the Products are free from any hidden defect

The SUPPLIER shall repair or change the delivered goods in case of VT Metal Kft's reclamation according to the Hungarian law.

In case the defect of the delivered goods causes any extra cost at VT Metal Kft. Supplier is obliged to compensate VT Metal Kft. this cost.

### **Warranties and liabilities (in case of part production according to the VT Metal Kft.'s or his customer's design)**

The SUPPLIER shall manufacture the Products in full compliance with the technology know-how and processes, technical specifications, plans and other written instructions as indicated by VT Metal Kft.. Supplier should be qualified upon the next quality assurance systems: ISO 9001 (2000), ISO 14001 (2000), ISO TS 16949. The Products shall entirely conform to the specifications defined by VT Metal (quality directives, volume, tolerances, supply time-limits, documentation etc.) to the greatest accuracy possible. Any matters that are unclear and any possible doubts in relation to indications and instructions have to be verified by the SUPPLIER immediately with VT Metal. The SUPPLIER warrants accordingly that the Products manufactured by it are free of defects of material and workmanship and meet the technical specifications, plans and other instructions indicated by VT Metal. The warranty period is 10 (ten) years from the date of delivery.

Warranty claims shall be submitted by VT Metal to the SUPPLIER together with a documentation that provides evidence that the defect of the product is attributable to a defect of material and/or workmanship. The SUPPLIER, however, shall be released from warranty obligations for defects of workmanship that appear despite that the SUPPLIER has complied with all instructions included in the manufacturing know-how and processes that have been transferred by VT Metal Kft.

The SUPPLIER shall not be liable for the defects of the raw material that will be taken over from the stock of VT Metal for the initial production as well as for the design and for the feature whether the Products suit for the purpose as intended by the end customer.

### **Secrecy, exclusivity**

For the protection of the know-how relating to the manufacturing and design of the products, the SUPPLIER is not allowed to disclose any technological and commercial information and documentation (inspections, prototypes, data, records, documents, sketches, notes, etc., hereinafter: confidential information) obtained from VT Metal Kft. to third Parties. The SUPPLIER is obliged to preserve the obtained confidential information in such a manner that third Parties may not inspect them. The SUPPLIER shall oblige all of its staff or employees (hereinafter referred to as "representatives") as well as all subcontractors to whom confidential information is disclosed and who acquire confidential information to keep such information strictly confidential. The SUPPLIER shall be made liable that the subcontractors take on this confidentiality obligation as defined herein through a contract before such confidential information are communicated to them.

The obligations for confidentiality do not apply to such information,

- a. that is already accessible to the public at the date of the access to the information,

- b. that has become publicly known through publications on behalf of third Parties without any assistance of the SUPPLIER after the date of communication,
- c. that is transferred to the SUPPLIER lawfully and without restriction by third Parties,
- d. that was demonstrably known to the SUPPLIER before the transfer of information provided that this shall be proved by the SUPPLIER by written notes or in another way and no obligation defined in this agreement is infringed.

The SUPPLIER is obliged to pay the damage - actually incurred and proven - to VT Metal Kft. for each case of infringement of the above confidentiality obligation. In the case of a breach of the aforementioned provisions, the SUPPLIER bears the burden of proof that the respective individual pieces of information were previously known.

**Governing law and arbitration clause**

This Agreement is governed by Hungarian law.

Date: 20/05/2008

VT Metal Kft.