

## **General Terms and Conditions.**

### **VT Metal Kft's Terms and Conditions of Co-operation with the Customers**

1., The Surface Treatment Business Unit is a supplier of metal parts manufacturing and/or buyer enterprise. The subject of the „supplies” is the service treatment service we provide. Our strategy target is to make relationship with customers in among whom there are in 99% those who mean several million HUF of turnover for us, ordering medium or high series and this way they could be our reliably co-operating partners on long term.

2., In general, the base of the co-operation is a satisfactorily detailed quotation, as well as, other supplementary (ex. Quality) agreements belonging to it. Sometimes, with some of our customers, of course, we also enter into a more detailed sub-contracting agreement in an appropriate form.

In some cases, our customers may ask for signing a declaration to protect confidential information. We also request our partners to accept it on mutual principles.

3., The rate of our supplies to the Automotive Industry is around 50%. Already, at the time of quoting it is very important for us to know if the customer insists on requirement of the Automotive Industry. We must inspect our quoted prices if it turns out only later. For example, during galvanisation in turning drums, due to the technology, it's natural that minimum 1-3% of the Finished Goods are defective in some respects (in most cases, aesthetically).

If the target is 0 PPM, 100% sorting out will be required that means extra cost.

4., We must be exactly informed in the enquiry about all demands, too, because the undertaking costs (ex. price) depend on many elements. For example, annual quantity, minimum demand of delivery requested lead-time, the thickness of coating, corrosion test and esthetical requirements, defined outgoing PPM level, etc.

5., At our company – due to the demands of our customers – there are no general guiding prices. We separately calculate each customer's demand. If the demand can be included in a product family, it will be more simple. We calculate the costs on the base of a feasibility study and risk analyses. A sample piece can help us or if we have the possibility to make sample production or trial production in advance. It is mutually advantageous.

Besides the surface treatment price, the cost of first tooling may emerge, also, the investment costs to increase the capacity, the returns of which we can ensure by special agreement.

6., We need 2-5 days to prepare our quotation. In more complicated cases we might need 2-3 weeks. In lack of time or not exactly circumscribed demands, we can give only guiding prices. Our company considers to be valid only written quotations issued by competent persons.

The validity of the quotations, if otherwise stated, 60 days.

After the expiry of this time, we have the right for correction due to the changes of purchasing prices or other constituents in the meantime.

At the same time, we strive, and it is our practice, to have stable calculable price agreements with both our suppliers and customers on the long run and we could counteract price increases by measures if it is possible.

7., We make demand certain requirements on the incoming untreated products:

We consider the usual contamination in industry to be acceptable.

There must not be visible injuries and deformations on them. Now, it is typical that the parts arrive at our premises for surface treatment either in bulk or put in container or case of fastened to a pallet. If the goods arrive in special packaging, unpacking will come along with extra costs.

8., Incoming goods are handled by the staff of our Customer Service including:

Carrying out unloading, material reception and incoming quality inspection.

Storing the untreated and surface treated products.

Scheduling the production of the Surface Treatment Business Unit.

Preparing shipping out.

When it is necessary they organise the transportation

We accept incoming Shipping Notes as orders, unless, those are contradictory to our quotation or the content of the valid agreement in force.

9., In general, we ensure 20-30% higher production capacity for our regular customers than the broken-period part of their demand for a week and strive to reach lead-time of max. 5 working days.

When our customer requests shorter lead-time than we agreed upon, we have the following possibilities:

10., The surface treated products go through quality control during production and before shipping out. Its concrete form is defined in quality agreements and different regulations of our company.

11., If it does not cause significant extra cost for us: We are pleased to fulfil the wish, free of charge.

We can comply with the wish, but comes along with emerging extra costs: We ask for paying extra cost, and fulfil the wish, after an agreement.

The wish cannot be complied with, because our other earlier commitments do not make it possible: If it is feasible, we will offer to involve a subcontractor, we will get the work done, and charge our customer with the emerging cost. If there is no solution, we will not be able to accept shorter lead-time. Our Customer Service prefers e-mails during the daily communication with the customers (demand of deliveries, confirmations).

As presently we have more than 200 regular customers, satisfactory serving can be supported by a forecast, or should the demand unexpectedly change, by the clear written communication from the customer' side.

12., Due to the characteristics of surface treatment technologies, the possibility of irrevocable damage or destruction cannot be precluded at some proportion of the surface

treated parts. In general, depending on the product and technology, it occurs in 0.5-4 %. In case of scrap or shortage in such volume we cannot accept claim for compensation according to our presently applied general price calculation. On demand we conclude a special agreement on the stricter requirements, but we calculate its prices in a different way. Concerning scraps above the accepted percentage, we are responsible to the extent of the material cost and direct production costs, if otherwise stated in another written agreement.

13., If there is no different written agreement, we will accept complaints about missing quantity within 10 days after delivery.

14., If the issued invoice results in a change of less than +/- HUF 100 due to rounding or small quantity difference, we do not issue a corrective invoice, please technically accept and take this into account.

15., We also undertake to carry out some further operations after surface treatment: Ex. testing the mechanical dimensions, 100% sorting out, unique packaging.

16., We attach the documents on which we agreed with the customers in advance to the delivered products.

17., Presently, almost all of our customers make or organise the transportation themselves. If it is requested, we will undertake to organise the transportation of the goods.

18., If there is no special agreement, we will not take any liabilities for the damages on customers' material in case of fire, explosion, earthquake and other vis major while in our premises.

19., The base of invoice is the signed Delivery Note attached to the shipment, as well as, valid quotation or subcontracting agreement. We accept to fulfil single orders under the value of 40,000 HUF only on cash terms. Terms of payment is typically 8-15 days with regular customers or ordering medium and higher volumes, mostly in the Automotive Industry, we allow 30 days. We charge interests on overdue payments, but we cannot tolerate the regular and significant payment delays.

20., Normally, we quote for producing series. If regularly smaller quantities arrive from our customer than the mentioned minimum demand of delivery in our quotation, we will have the right for recalculating the new costs. If one demand of delivery at each product is under the value of 5,000 HUF, we will automatically invoice 5,000 HUF setting cost, too.

21., We are also open to introduce new coatings, presently, cannot be found in our selection supposing there seems to be a demand with enough volume. In this case, also, if we need to make heavy investments, we will have find some guaranties for the return of the costs.

22., We also undertake the surface treatment of non-series, smaller volumes. This is handled by our Customer Service within their full competence. Presently, the lower limit of an order can be min. 16,000 HUF + VAT. Payment by cash at reception. In case of more simple sample productions, sample pieces production, or infrequent special orders, besides the surface treatment costs we charge 8,000 HUF preparation cost.

The Surface Treatment Business Unit of VT Metal Kft. considers the above Terms and Conditions as a standard in the relationship with its customers and applies these if there is no other agreement.

Székesfehérvár, 23.08.2018