

General Terms&Conditions

Terms of cooperation between VT METAL Kft. Electroplating B.U. and its customers

1. General Information:

- 1.1. The Electroplating B.U. is a supplier of metal part manufacturers and/or users. We supply surface treatment services. On separate cost we undertake further activities after coating like mechanical diameter check, 100% sorting or special packaging.
- 1.2. Our strategical aim is to have customers in 99% with annually more than 1 million HUF revenue, long term partnerships with serial production need. Without any other agreement the base of the cooperation is the quotation accepted by the customer and the General Terms and Conditions and any further agreements like quality or logistic. Sometimes it happens to have even more detailed agreements with some customers. Many times our customer requires the signature of an ND, in this case we ask for acceptance of reciprocity.

2. Pricing:

- 2.1. Due to the nature of our customer base VT Metal do not use standard prices. We calculate every customer needs individually. In case the need can be collected in one product family then it makes the calculation easier. During our calculation process we complete feasibility and risk assessment studies. It is mutually beneficial if samples can be provided or there is an opportunity for sample production.
- 2.2. Other costs beside piece price:
 - 2.2.1. Above piece price tooling cost might be needed. We invoice towards our customers only the cost of the manufacturing of the first set of tooling. The cost of design, development and know-how are undertaken by VT Metal. Therefore tools are in the ownership of VT Metal. The tooling production takes about 2-3 weeks after order received. Please take this into consideration at the time of the order.
 - 2.2.2. In case of capacity increase costs might occur the return of which should be guaranteed by individual agreement.

- 2.2.3. Piece price does not contain VAT, shipping, testing and individual packaging costs.
 - 2.2.4. Sample production cost: 50 EUR/part number + piece price.
 - 2.2.5. PPAP document preparation cost: 500 EUR/part number which contains 100 layer thickness measuring. Piece price does not contain any requalification document and further testing.
 - 2.2.6. We reserve the right to change the piece price in the event of a drastic cost increase that occurs independently from VT Metal (energy, labour, raw material cost).
- 2.3. The price calculation generally takes 2-5 working days however in some cases complex cases it may require 2-3 weeks. In case of time pressure or missing data we calculate estimated prices. The quotations that we consider valid are the ones sent in written form by a competent person. The validity of our quotations – in case it is not specified differently in the quotation email- is 30 days. After this period we reserve the right to implement the cost changes.
- 2.4. Payment Terms is generally 8-15 days. In case of bigger automotive customers we work with 30 days. The exact valid payment terms are always indicated in the quotation email. In case of payment delay we reserve the right to apply default interest. Regular drastic payment delay is not tolerated.
- 2.5. If during the sample production or first production, requirements arise that were unknown during the preparation of the quotation, we reserve the right to update our offer.
- 2.6. Generally our prices are serial production prices. In case the customer regularly orders less than the indicated minimum order quantity (MOQ) then we reserve the right to apply new piece prices.
- 2.7. We are open to introduce new technologies in case of high quantity demand. In case it requires high cost investment we need to receive guaranty for the return.
- 2.8. Sometimes we take over low volume, individual coating as well. This is handled by our customer service. In these cases above the piece prices we apply 16000 HUF+VAT/order additional cost. Payment is needed for such order in advance.

3. Quality:

- 3.1. Our coating service is 60% for the automotive industry. It is very important to already know in the RFQ phase whether the customer requires automotive standards or not. Any retrospective information leads to the review of our quotation.
- 3.2. Generally it is important to know all the customer requirements in the RFQ phase because the conditions (like pricing) is influenced by many factors (yearly quantity, lot size, required leadtime, etc.).
- 3.3. We have some requirements towards incoming goods. In case a claim is connected by VT Metal to raw material deviations the claim is rejected.
 - 3.3.1. We accept the amount of contamination that is general in the metal industry (flowing oil or rust is not accepted).
 - 3.3.2. Extra dirt and deviations due to welding (e.g. soot, "glassy" seam, etc.) or sticky lubricants which also require mechanical intervention before our "general" chemical and electrochemical surface cleaning procedure can be particularly problematic.
 - 3.3.3. The parts must also not have adhesive tape, paint or paint-based marking felt that cannot be removed by the line pre-treatment.
 - 3.3.4. In case of KTL painting in order to avoid edge corrosion the raw material must be burr free.
 - 3.3.5. Raw material cannot be damaged or deformed.
 - 3.3.6. Magnetized parts are not accepted for coating.
- 3.4. Coated parts go through quality check during production and before delivery. The exact method of quality check is stated in the quality agreement or internal manuals.
- 3.5. During surface treatment it cannot be avoided that a certain proportion of the parts might be damaged irreparably. Generally it is 1-3% depending on the product and technology. Within this scrap rate we do not accept any compensation request. In case of need we are open to have a stricter agreement however only in case of special pricing.
- 3.6. Sometimes there are needs for repair of parts that are already coated by other suppliers. As the old coat cannot be guaranteed to be 100% removed, in these cases we cannot take responsibility for any surface damage due to removal process.

4. Logistics

4.1. The incoming goods are handled by the customer service:

- 4.1.1. Responsible for the unloading and incoming inspection.
- 4.1.2. Store the incoming and coated parts.
- 4.1.3. Plan the production based on customer needs.
- 4.1.4. Prepare deliveries.
- 4.1.5. Incoming delivery notes are considered as POs in case they are according to our quotation or agreement. A
- 4.1.6. Our customer service prefers email communication in case of daily communication (call-offs, confirmations).

4.2. In case of regular customers we provide 20% higher capacity than the expected weekly demand and we work at least 5-7 working days. In case shorter leadtime is required by the customer then we can provide the following conditions:

- 4.2.1. It does not cause drastic additional cost: we complete free of charge.
- 4.2.2. Request can be fulfilled, however only with additional cost: we complete the request on extra cost after agreement.
- 4.2.3. Request cannot be fulfilled: if there is a possibility then we offer including sub suppliers on extra cost applied toward the customer. In case we do not find any solution then we reject the request of shorter leadtime.

4.3. Due to the fact that we have 150 active customers, the forecasts together with direct written communication support the security of the supply.

4.4. The incoming parts usually arrive in bulk or organised in a container, put into boxes or fixed on pallets. In case parts arrive in individual packaging, the unpackaging has additional costs. It might be a problem if the size of the incoming package is too big for our current shelf system. In this case preliminary communication is needed.

4.5. The packaging material and packaging specification are provided by the customer. The incoming packaging must be suitable for return. Packaging material must insure the proper conditions, quality, easy handling, identification and quantity check of the incoming and outgoing parts. The quantity check of the outgoing parts are usually made by weight measurement. Claims that VT Metal connects to wrong packaging concept are rejected.

4.6. In case of high quantity the customer is obliged to provide additional packaging which helps the storage during production.

4.7. In case the type of the incoming packages is the same and there is one part number/package then we insure the quantity check by pieces. In case of mixed packages and/or in one package there are more part numbers then the quantity check is based on the gross weight of the incoming and outgoing parts.

- 4.8. After more than 3 working days after delivery, we do not accept any quality or quantity claims.
- 4.9. In case invoices have a calculation mistake between +/- 100 HUF, then we do not issue a modification invoice due to the low financial difference. We ask for your understanding and technical acceptance.
- 4.10. The delivery contains the agreed documentation. To every delivery we attach the printed test certification.
- 4.11. Delivery Parity: EXW Székesfehérvár.
- 4.12. Unless otherwise agreed we do not take any liability responsibility for stored parts in case of fire, explosion, earthquake or other force majeure.
5. The basis of invoicing is the delivery note and the currently valid quotation or mutually agreed supplier agreement.
6. VT Metal Kft. Electroplating Business Unit considers the above terms and conditions to be the guiding principles in its customer relations and applies them in the absence of a different agreement.

Székesfehérvár, 09.03.2023