

# **GENERAL TERMS OF CONTRACT**

For the by ELCOMETAL Fémfeldolgozó Kft.  
(6725 Szeged, Hattyas u. 12/A, Cgj.: 06-09-000141)  
as Customer concluded (general) purchase contracts and individual orders

## **1.) Preamble**

1.1) In accordance with the wording of this General Terms of Contract („GTC”) is the Customer: the ELCOMETAL Fémfeldolgozó Kft., which is a registered company in Hungary, at the Municipal Court as Court of Registration, and the Supplier: his domestic or extraneous contractual partner, which disposes for him - based on the connecting (general) purchase contract, or individual order raw material or other product (in the following: „Goods”) for the purpose of converting in the production process of the Customer. The wording for these persons in the following: the „Party”, or the “Parties”.

1.2) The provisions of this GTC are to apply for the (general) purchase contracts, and for the individual orders, based on the (general) purchase contracts between the Customer and the Supplier. If the Party does not explicit depart from the provisions of this GTC in the (general) purchase contract or in the individual orders, shall the provisions of this GTC be applied for the contractual relationship of the Parties. The, from this GTC departing provisions – included the GTC of the Purchase – can only be and insomuch applied for the contractual relationship of the Parties, if they both that, with the exact denotation of the provision, written explicit agree.

1.3) The Supplier has knowledge, that the supplied Goods are parts of an auto industrial supplying chain. The Party has knowledge, that both the Supplier, and the Customer shall operate on a high technical level, with a high responsibility. Based on the above, the Supplier notes, that the Customer is authorized to control the production and procurement of the Supplier, even in an, with the Supplier agreed appointment (process audit). The Supplier is obliged, to cease the defects and insufficiencies – explored during the process audit – immediately. He is furthermore obliged, to fulfil his developments coordinated with the Customer. He shall be participated in the purchase improvement process, if the Customer keeps it proven.

1.4) The Supplier shall produce or/and deliver the Goods properly for the Customer specified Quality, properly for the Customer specified industrial norm, or properly for the documentation, prepared in connection with the technical parameter of the Goods.

1.5) If the Parties close a general purchase contract, the specified quantities in the contract are for informative nature, and are based on the preliminary estimation of the Customer. In that case will be described the delivery quantity in the individual order. The Customer does not have any delivery duty over the quantities, specified in the individual orders.

1.6) The Preamble is part of the GTC, and makes a legal obligation.

## **2.) Conclusion and Modification of the Contract**

2.1) The (general) purchase contract shall be concluded written. A purchase contract will be concluded based on the individual order, if the individual order will be confirmed written by

the Supplier. The modification of the (general) purchase contract and individual orders can be made written and consensual. The technical provisions can be modified as following:

The Supplier can depart from the technical parameter, specified in the purchase contract, or in the individual order, based on a general purchase contract, including the defined industrial norm or documentation, if the Customer has agreed this explicit and written.

2.2) The Supplier warrants that the Goods are suitable for the technical and other provisions, for the industrial norms, and for the documentation.

2.3) For preparing of a bidding offer, for drafts and concepts and for technical helps pays the Customer a counter value only in the case of a written agreement.

### **3.) Prices**

3.1) The prices, specified in the (general) purchase contract, in the individual order include all cost of the Supplier regarding the Goods (including, but not exclusively: the costs of transport, insurance, permits, wrapping, delivery, loading, and the taxes, fees and other duties).

### **4.) Delivery terms, Delay, Force majeure, Section delivery, Penalty**

4.1) The delivery terms in the purchase contract and in the individual orders are binding. The delivery term is considered to be observed, if the receipt of the goods occurs on the specified place of destination, defined in the purchase contract or in the individual order contractually within the delivery terms.

4.2) The Supplier is obliged, to inform the Customer written and afore regarding the period and reason of the delay that Supplier has foreseen.

4.3) The Supplier is entitled, to suspend the delivery term for the period of the following circumstances: circumstances beyond its control, which are unforeseeable and unavoidable in connection with the operation of the Purchaser (included strikes and walkouts), if he has informed the Customer written immediately over this circumstances. In this case shall be the Customer written and simultaneously informed over the expected delivery date. In that case can the Customer decide, that he withdraws from the purchase contract, or from the individual order. The Customer has no obligation of compensation in this case.

If the above circumstances happen in connection with a general purchase contract, and the delivery period overtakes 60 days, the Customer entitled, to terminate the general purchase contract written.

The Parties lay down, to make most effort that can be expected from them, to ease all the damages, caused by this circumstances.

4.4) The Customer is entitled for a penalty for the period of the delay of the Supplier. The amount of the penalty is: 0,3 % of the net amount of the order for each commenced day of the delay. The Customer is entitled to enforce his overrunning damages against the Supplier.

May the delay of the Supplier overtakes 30 days, the Customer is entitled to withdraw from the purchase contract and from the individual order, or to terminate the general purchase contract without termination period.

## **5.) Delivery place**

5.1) The injury risk will be transferred from the Supplier to the Customer at the delivery place with the receipt by the Customer.

5.2) Shall be necessary an express delivery or an extra small lot supply, its expenses shall be borne by the Party, in whose interest the event giving circumstance did happen.

5.3) The Supplier is obliged to attach a delivery note to each delivery. On the delivery note shall be marked the order number of the Customer and all other datas of the order.

## **6.) Invoicing, payment of the invoice value, Default in payment**

6.1) The payment is specified in the (general) purchase contract. The payment is considered performed, when the Customers bank burdens the account of the Customer irrevocably.

6.2) The Customer does not recognize with the payment of the invoice the regularity of the delivery, or the soundness of the Goods.

## **7.) Quality examination, Acceptance, Faulty performance**

7.1) The Supplier is obliged, to deliver the Goods in perfect condition, regarding the agreed quality, so in suitable quality regarding the rules of the Customer and of the End Customer, regarding the technical rules, regarding the contractual orders (included the documentation, and the industry norm, and norms specified in the (general) purchase contract or in the individual orders). Shall be prepared a first sample, the Supplier is obliged, to deliver the Goods according to the first sample, without any difference from that. The Supplier warrants, that he produced the Goods in accordance with the Goods intended purpose, from first quality raw materials.

7.2) The Supplier warrants, that the Goods are suitable to the agreed technical parameters.

7.3) In the case, if the Goods are faulty, or does not meet the contractual specifications, and the Supplier has warranted in this respect for the Goods, the Supplier has liability for damages regardless of his fault. The Supplier has liability for third party, as if he has been acted himself.

7.4) Despite of the regulation in point 8.3) shall the Supplier afford a full compensation for damages or for costs of the Customer, - independently of his liability – in every case, when the product, produced as an end item of the auto industrial supplying chain will be recalled by the End Customer, by a member of the supplying chain over the Customer, or by an authority, or by a representative of an auto industrial brand, or one of this party orders a re-examination, or supplement, and in connection with this measure he enforces any claim (damages, repair, replacement) against the Customer. The Customer is entitled to enforce a claim for reimbursement – after the 36-month warranty period has been elapsed – if the ground of the recall is in connection with the Goods. The Customer is obliged to inform the Supplier regarding this issue immediately, if he will be informed regarding a problem, which belongs in this case circuits, by one of the members of the supplying chain, or by a representative of a brand.

7.5) In the case of non-conformity, is the Customer not obliged to make a deadline for the Supplier to exercise of their claims.

7.6) The Customer controls the Goods after the takeover only regarding the following: from outside recognizable, obvious errors, or from outside recognizable obvious discrepancies from

the ordered quantity or specification of the Goods. The Customer complains this discrepancy immediately. The Customer reserves his rights regarding a detailed receipt of the Goods. The Customer notifies the Supplier regarding other faults, when this – by a normal operation - will become apparent. The Supplier disclaims regarding it the objection of the late notification of the fault. The Customer is entitled, to send back the whole delivery in the case of fault, or to sort the Goods on the cost of the Supplier. The Customer shall announce the fault written to the Supplier.

In the case of Supplier delivers faulty Goods to Customer, is Supplier obliged to:

- After delivery latest within 7 workdays (3 if urgent), Supplier shall change all the faulty Goods at new faultless Goods with same type, same size, same coating and with all other same specifications, or
- Whether the Supplier cannot fulfill the above change beyond reason out of his power, he shall repair all faulty Goods on his own expense, or
- Whether the Supplier cannot fulfill the above repair, because he does not have trained personnel, machinery, or others needed, the Customer may fulfill the repair with his personnel and machinery. In this case all expenses arising from repair will be paid by the Supplier.
- In case of above event, Customer is entitled to hold back prorata portion of his debt invoice toward the Supplier, furthermore make other invoice if necessary.

7.7) In the case of the faulty delivery is the Customer entitled to the legal claims. The Customer's right for the above mentioned act is based on the continuation of the delivery capacity and delivery obligation for the End Customer.

7.8) The Supplier shall compensate the Customers' direct and indirect damages and expenses. The expenses include also the cost of the detailed takeover and of the selection of the Goods, if the delivery was partially faulty.

7.9) The Supplier shall compensate all expenses of the Customer against the End Customer or against the other members of the supplying chain, which has been growing from that the Customer shall be liable for problems caused by the faulty delivery of the Supplier, based on a legal order or on a court / magisterial decision.

7.10) If a binding legal or contractual provision, included also GTC does not provide differently, shall the Supplier warrants for faults, which befalls within 36 month after the first registration of the as the result of the supplying chain produced car.

7.11) Shall the Supplier discredit the quality defects, will the Parties inspect the Goods by the expert recommended from the Customer that the Supplier accepts. The expert's decision will be accepted by the Parties as binding and as definitive. The costs of the inspection will be carried by that Party, which provided the ground for it.

## **8.) General Provisions**

8.1) The Customer is entitled, to terminate the (general) purchase contract written, without a termination period, if the Supplier is breaking one of the substantial provisions of the (general) purchase contract (including the provisions of present GTC: particularly the provisions regarding the warranties of the Supplier regarding quality of Goods, the delivery

terms, the Costumer's rights for control and for request information), or if he seems – based on his behaviour – to break these provisions.

8.2) The Costumer is entitled, to terminate the (general) purchase contract written, with a termination period of 2 months. Based on point 1.5 of present GTC, the Supplier is not entitled, to enforce any claim for damages in connection with the termination.

8.3) For the legal relationship of the Parties is the governing law the Hungarian, if the Hungarian is the personal law of both Parties.

8.4) For the case, if the personal law of the Supplier is the Hungarian, undertake the Parties the decision of every disputes, which arises from or in connection with the legal relationship of the Parties, included the disputes regarding the breach of the rules of the legal relationship, regarding the termination of the legal relationship, regarding the validity of the legal relationship, regarding the interpretation of the legal relationship for the exclusive decision of the Stationary Court of Arbitration by the Hungarian Commercial and Industrial Chamber, Szeged (“Magyar Kereskedelmi és Iparkamara mellett szervezett Állandó Választottbíróság, Szeged”). The Court of Arbitration is proceeding regarding its own arbitration rules.