

GENERAL PROCUREMENT CONDITIONS OF LTH CASTINGS GROUP (hereinafter referred to as: GPC)

1. Scope of validity of GPC

1.1. GPC are an integral part of legal transactions carried out by LTH CASTINGS with suppliers of goods and providers of services. Contractual conditions and other supplier's solutions that deviate from GPC are valid only if the company LTH CASTINGS explicitly confirms them in writing in relation to a business deal, and only for the business deal for which they were confirmed to the supplier.

1.2. It applies that people making business deals or accepting orders for the supplier are authorised to accept GPC or to express hindrances, if any, on behalf of the supplier.

2. Entering into an agreement

2.1. Entering into an agreement is legally valid only if the agreement is signed by an authorised representative of LTH CASTINGS. Supplier's quotations, notifications and other communications are binding for the supplier, whereas they do not make LTH CASTINGS liable to enter into an agreement or to bear costs, if any. If the supplier does not object to an order sent by LTH CASTINGS in writing within one working day after having received the order at the latest, it is considered that the agreement is entered into.

2.2. If commercial clauses are used in orders of LTH CASTINGS or in other correspondence with the supplier, they are based on the respective text of INCOTERMS 2010.

3. Order fulfilment

3.1. In the business correspondence with LTH CASTINGS the supplier must list the order number; without this number, it applies, in disputable cases, that notifications have not arrived and invoices cannot be paid.

3.2. If the supplier carries out work according to the agreement at the premises of LTH CASTINGS, the supplier assumes full responsibility for non-material and material damage, caused to the supplier, his employees or his subcontractors, except if the damage is caused by LTH CASTINGS, the employees or authorised persons of LTH CASTINGS on purpose or out of gross negligence.

4. Delivery, delay, force Majeure

4.1. Delivery terms, quantities, division into partial deliveries, if any, are obligatory for the supplier. This applies for manufacturing of the product to be delivered as well as for the production of technical documents, and administrative, dispatch and other documents required. If acceptable to the supplier, LTH CASTINGS has the right to change an order regarding specification, execution and delivery term. The impacts of such changes must be appropriately and amicably settled.

4.2. The agreed upon delivery terms start either on the day of the order or the day of recall if so requested by LTH CASTINGS. The arrival of the goods to the delivery point, specified by LTH CASTINGS, is crucial for meeting contractual obligations in time.

4.3. Partial deliveries are not allowed, they are allowed only if agreed upon in writing by both parties. LTH CASTINGS is not liable to take over or pay for quantities larger than ordered. LTH CASTINGS has the right to either return the shipments that arrived before the agreed upon delivery time at the supplier's costs and risk or to warehouse them.

4.4. Without a written approval, the supplier may not partially or entirely subcontract or transfer to a third person an order issued by LTH CASTINGS.

4.5. In case of delayed contractually agreed upon delivery time, regardless of the reason for the delay, LTH CASTINGS has the right either to fully or partially withdraw from the agreement or to insist on fulfilling the agreement, at his own discretion. In any case, LTH CASTINGS has the right to request from the supplier to fully compensate the damage caused to LTH CASTINGS in case of delayed delivery or no delivery (including the costs of substitute purchase). The acceptance of delayed delivery or service does not mean that LTH CASTING has waived the right to the damage claim.

4.6. If LTH CASTINGS complains about delivery terms, quantities or quality, the supplier is liable to take auxiliary measures and to notify LTH CASTINGS in writing within 12 hours after the reason for such measures was created.

4.7. Force Majeure refers to events that emerge after entering into an agreement and that obstruct the fulfilment of contractual obligations to a great extent. In this sense primarily the following events are considered force Majeure: war, danger of war, blockade, confiscation, embargo, call-up of staff for defence purposes, foreign currency restrictions, export and import prohibition or limitation, bad energy supply, strike, general shortage of labour force, transport and raw materials, shortage of water, fire, floods, storms, blockade of railway transport, non-deliveries, incomplete or delayed deliveries of raw materials and other auxiliary materials required for production, plant dependent reductions or order cancellation by the customer of LTH CASTINGS; as well as other circumstances for which LTH CASTINGS is not responsible. In case of force Majeure LTH CASTINGS has the right to, at his own discretion, postpone the fulfilment of supplier's contractual obligations and at the same time or later state that LTH CASTINGS withdraws from the agreement. Due to postponing the contractual obligations or to terminating the agreement, the supplier has no right to make any damage claims against LTH CASTINGS. LTH CASTINGS will notify the supplier immediately about force Majeure and about his intentions regarding the agreement. In case of force Majeure emerging at a subcontractor, the obligation of notification is met if the subcontractor's notification is forwarded. If required, the supplier must appropriately warehouse the goods, at supplier's expenses and risk, until the receipt by LTH CASTINGS.

5. Dispatching and packing

5.1. Shipments without dispatch documents required in the order do not fulfil contractual obligations and will be, at sender's costs and risk, rejected or warehoused until the missing documents arrive. If delivered material contains dangerous substances, the supplier is always liable to deliver safety data sheet as well. If shipments are intended for export, the supplier is liable to deliver to LTH CASTING also statement of origin of the delivered objects with the first shipment at the latest. The supplier will mark the objects of delivery in accordance with the instructions of LTH CASTINGS so that it will be possible to permanently identify these objects as his.

5.2. Except in case of a different arrangement in writing, it is required to carry out all shipments "fco factory", listing the delivery point (DDP), including appropriate packing, customs duties, insurance and other costs. The supplier is responsible for any risk regarding destruction of or damage caused to goods until the goods are taken over by LTH CASTINGS or his authorised person at the place where the shipment must be dispatched to in accordance with the agreement. At the delivery point, shipments will be taken over only within regular working hours.

5.3. All shipments must be packed, depending on the method of transport and the type of goods to be transported; relevant instructions by LTH CASTINGS regarding packing must be taken into account. At the request of LTH CASTINGS, the supplier must take back the packing, free of charge, and destroy it in an environment-friendly way. LTH CASTINGS remains the owner of special packing sent by LTH CASTINGS to the supplier. The supplier is responsible for damages caused to or loss of special packing.

6. Prices

6.1. If there is no other written arrangement, the agreed upon prices are unchangeable and fixed and cannot be increased out of any reason.

7. Invoicing, payment

7.1. Itemised invoices must be sent to LTH CASTINGS in two copies when dispatching the shipment, but separately from the shipment. In each invoice, the order number and date must be listed, and VAT as provided by statute must be indicated separately.

7.2. All supplier's invoices become due either in 30 days after the receipt of the invoice or the goods (depending on which event takes place later), with a discount of 3%, or in 90 days after the receipt of the invoice or the goods (depending on which event takes place later) without any discount. The payment is carried out when LTH CASTINGS receives a bank notification regarding the payment remitted to the supplier's account.

7.3. EUR is the currency of payment. If another currency has been agreed upon, it applies that the EUR equivalent is calculated on the day of order. Costs incurred in relation to remittances, collection of documents or documentary letters of credit are covered by LTH CASTINGS as applicable in the country of the registered address of LTH CASTINGS, which places an order.

7.4. If an invoice is paid, this does not mean that a certain shipment corresponds to the agreement and that LTH CASTINGS waives the right to claims due to incomplete or delayed shipment or shipment that does not comply with the order.

7.5. LTH CASTINGS has the right to alienate shipments also before the payment in the course of regular trade, and to process and refine them, and put them on the market.

7.6. Without a written approval by LTH CASTINGS the supplier cannot assign or pledge his claims or otherwise use them.

7.7. In case of delayed payment LTH CASTINGS accepts default interest only up to the level of statutory interest. Costs of overdue notices and of collection are not refunded by LTH CASTINGS.

7.8. LTH CASTINGS has the right to settle the obligation of payment to the supplier on the basis of counterclaims from any business deal, also from other business connections.

8. Guarantees

8.1. The supplier guarantees in the sense of explicitly ensured properties that each shipment meets the requests made by LTH CASTINGS as well as the regulations and standards requested by law, that it is professionally prepared and that it corresponds to the usual properties that are agreed upon or that arise from the nature of the business deal. If LTH CASTINGS deems necessary, the supplier will enter into a quality assurance agreement with LTH CASTINGS. If initial samples are required, the supplier may start serial production only after having received an explicit written permission from LTH CASTINGS. VDA regulation Quality assurance in automotive industry, supplier rating, initial sample testing, is an integral part of the GPC and will be provided to the supplier at his request.

8.2. The guarantee period is 12 months and it starts (i) as a rule when goods are delivered or service provided to LTH CASTINGS, and in case of latent faults when these are discovered, (ii) in relation to devices, machines and equipment on the day of delivery term, specified in the written take-over statement of LTH CASTINGS, (iii) in relation to spare parts, when they are started to be used. The guarantee period is prolonged by the time of checking and/or correcting faults, while the delivered pieces could not be used or could not remain in use. The guarantee period starts again for repaired or substitute pieces. LTH CASTINGS is explicitly not liable to carry out prompt checking; complaints by LTH CASTINGS are in time if they are sent to the supplier in writing within the guarantee period.

8.3. If due to incomplete delivery an excessive acceptance test is required, exceeding the usual extent, the supplier covers its costs.

8.4. In case of a faulty delivery, regardless of whether the error refers to the whole shipment or only to parts of the shipment, if the error is crucial or not, if it can be corrected or not, LTH CASTINGS has the right, at his own discretion, to request a substitute shipment, free of charge, to request the correction of the fault, free of charge, or to request an appropriate price reduction, to withdraw from the agreement fully or partially, to correct, at the supplier's costs, the established faults by himself or with the help of a third party. LTH CASTINGS may request from the supplier to take back, at the supplier's costs and risk, faulty shipments within 8 days after the notification otherwise the warehousing costs can be invoiced to the supplier.

8.5. The supplier is liable also in case of minor negligence for all the damages caused to LTH CASTINGS due to incorrect or delayed fulfilment of contractual obligations. The supplier explicitly understands that LTH CASTINGS is a sub-supplier of large industrial factories with diverse working processes and that, due to delayed or faulty shipment of a supplier, LTH CASTINGS can receive damage claims from these customers, by far exceeding statutory and usual guarantee obligations. If the supplied goods or services are intended, unchanged, processed or after-treated, to be sent to such customers, it applies that guarantee and compensation conditions agreed upon with the relevant customers are an integral part of the contractual relation between LTH CASTINGS and the supplier. At the supplier's request, LTH CASTINGS will always allow the supplier, at his request, to see the guarantee and compensation conditions of the relevant customers. In case of delayed, incomplete or otherwise unsuitable shipment, the supplier will, regarding well-founded claims of such customers, always consider that LTH CASTINGS is not liable for damages and the supplier explicitly waives the right to a complaint that he could not foresee such consequences.

8.6. When entering into the agreement, the supplier is liable to insure, in the agreed upon amount, all the requests that would arise from the guarantees for the product given by LTH CASTINGS or third persons, and, at the request of LTH CASTINGS, also to produce evidence about this.

9. Withdrawal

9.1. LTH CASTINGS has the right to fully or partially withdraw from the agreement without the supplier having any requests in relation to this if (i) any of his customers cancels or reduces his order placed with LTH CASTINGS as a result of a new model or of other design and technical changes or of other reasons that cannot be influenced by LTH CASTINGS or the supplier, if (ii) the supplier does not fulfil contractually agreed upon quality, or if (iii) a bankruptcy proceeding or compulsory settlement is carried out over the property of the supplier or of one of his subcontractors.

10. Foundations for production, moulds, tools, devices

10.1. Samples, models, plans, printing plates and other instruments as well as moulds, tools and devices given to disposal remain the material and intellectual property of LTH CASTINGS, available to LTH CASTINGS at any time, and thus must be properly marked. Such instruments and devices can only be used to fulfil orders placed by LTH CASTINGS and they must not be available or put at the disposal of others, primarily of other third persons. Such instruments and devices must be insured by the supplier at the purchase price and must be returned to LTH CASTINGS at the supplier's costs, in a faultless condition, taking the regular wear and tear into account. The supplier is not allowed to retain them.

10.2. The supplier guarantees that, with the delivery, acceptance, application and other use of the ordered goods or services, rights of third persons at home and abroad will not be infringed and that the supplier will always discharge LTH CASTINGS from such claims by third persons. If this guarantee provision does not apply, it applies that products in accordance with the agreement are faulty, which results in legal consequences stated under item 8 of GPC.

11. Secrecy

11.1. The supplier is liable to protect against anyone and to keep in greatest secrecy the agreement and work arising from it as well as related procedures and technical and commercial documents and equipment unless it is absolutely necessary to do otherwise in

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order to fulfil the agreement. The supplier will bind all third persons included in fulfilling the agreement with the same obligations of secrecy as assumed by the supplier.

12. Place of performance, applicable law, jurisdiction

12.1. Place of performance of contractual obligations is the registered address of LTH CASTINGS or a place where all current and future contractual obligations must be fulfilled.

12.2. For all agreements with the supplier and for all the requests arising from them, the substantive law applies, applicable at the registered address of LTH CASTINGS, which is the ordering company, or, if so chosen by LTH CASTINGS, the substantive law that applies at the registered address of the other unit of LTH CASTINGS. The provisions of the United Nations Convention on Contracts for the International Sale of Goods are excluded.

12.3. It is agreed upon that all current and future claims arising from the agreements with the supplier fall exclusively under the territorial and subject matter jurisdiction of the court competent for the registered address of LTH CASTINGS, the ordering company. LTH CASTINGS as the ordering party has the right to enforce a claim against the supplier also before the court with territorial and subject matter jurisdiction at the supplier's registered address.

12.4. If arbitration is chosen to settle disputes, any discrepancy, dispute or claim arising from the agreement or relating to the agreement or arising from the infringement, termination or invalidity of the agreement will be finally settled by a panel of three arbitrators or by a single arbitrator appointed on the basis of arbitration procedure regulations before the Permanent Court of Arbitration at the Chamber of Commerce and Industry of Slovenia. In relation to the content of the dispute Slovenian law will be used. During the arbitration procedure, Slovenian language will be used.

13. Validity

13.1. General purchase conditions enter into force on 1. January 2011.