

ZOP Co. Ltd FORGING PLANT

General Purchase and Ordering Conditions (index C dated 05.03.2015)

1. GENERAL

The legal relations between the purchaser and its supplier shall solely be based on the following terms and conditions, if nothing to the contrary has been agreed. Any changes to these terms and conditions shall be in the written form to be legally binding. Other matters, not included in these terms and conditions, shall be governed by Polish law, including the Polish Civil Code.

Terms and conditions of the supplier, which contradict the conditions of the purchaser as set forth hereinafter, do not constitute part of the order and, consequently, shall not be legally binding.

All actions taken by the supplier on the purchaser's premises shall be subjected to the by-laws of the respective purchaser's plant. The Purchase and Ordering Conditions as well as purchaser's by-laws shall also be applicable to future performances of the supplier. Currently binding General Purchase and Ordering Conditions are available at our web page www.kuznia-zop.pl, under SUPPLIER AREA.

2. MATERIALISATION OF SUPPLY CONTRACTS

2.1 Supply contracts (order and acceptance) and release of orders on call or any amendments and/or supplements thereto have to be in written form in order to become valid and binding. Issuing release orders for goods on call may also be effected by way of remote data transmission.

2.2 All orders placed shall become legally effective for both contractual parties once such orders have been granted on the official ordering form of the purchaser and immediately accepted without restriction by signed confirmation of order on behalf of the supplier. Until the official confirmation by the supplier, the purchaser has the right to cancel the order. Should the supplier supply the goods without prior written confirmation, and the goods are accepted by the purchaser, the contract shall be effective in accordance to the terms and conditions of the purchaser.

2.3 Commissioning third parties to execute purchaser's orders shall not be permitted without purchaser's prior written consent and the purchaser shall be entitled to withdraw from the contract and to demand compensation for damages in the event of violation.

2.4 Extent of supplier's obligations with respect to the supply of material and serial parts.
Purchaser shall be entitled to demand changes to the design and specifications of the delivery item. The consequences, especially with regard to longer delivery dates shall accordingly be mutually agreed between the contractual parties

2.5 Order and release of orders on call shall be based on respective purchaser's orders which may vary. Purchaser therefore expressly reserves the right to changes with respect to quantities and dates within the framework of purchase order.
The purchaser may provide the supplier with a prospective forecast about the quantities required for the coming months. Such forecast shall not be binding and shall also be based on the forecast of the client ordering.

3. DELIVERY

3.1 In the event that nothing to the contrary has been agreed in writing, the delivery shall be done DAP Incoterms 2010, including packaging to the address specified by the purchaser, i.e. the supplier shall carry the cost of transport as well as all other costs connected thereto and carries the risk until the moment of delivery.

3.2 In the event of exceeding scheduled delivery dates, the purchaser shall be entitled to determine the most appropriate means of transportation at purchaser's own discretion. The supplier shall bear all additional transportation costs, which may arise in this regard.

3.3 A valid delivery note has to be issued for each delivery, which shall reflect the order/ call release number, date of order/ call release date, our item number and description, quantity, weight (gross/tare), supplier number and address of supplier.

3.4. Additional special equipment (machining equipment, jigs, special tools etc.) manufactured by the supplier in connection with the supply contract and needed for the manufacturing of the goods shall remain property of the purchaser, upon due payment. Supplier shall mark, maintain and secure the equipment at his own expense.

4. DELIVERY DATES AND DEADLINES

4.1 Agreed delivery dates and deadlines shall be binding. Authoritative for compliance with any delivery date or deadline shall be receipt of goods by the purchaser, certified by a signature and date. In the event that delivery is made by the purchaser and at his own expense, contradictory to the stipulations of Section 3, the supplier shall leave the packaged goods for the purchaser's disposal at least 2 days before expiry of the delivery date and notify the purchaser of such situation via email address or facsimile number specified by the purchaser.

5. DELAYED DELIVERY

5.1 The supplier shall be held liable for compensation of any and all damages resulting due to delayed delivery.
5.2 In the event that the supplier should fall into delay, the purchaser shall be entitled to demand liquidated damages amounting to 1 % of the value of delivery or service per full week, however in total not exceeding 10 % of the value of delivery or service. Both the supplier and purchaser shall have the right to prove that no lesser or higher damages have been suffered as a result of such delay. In the latter case, Purchaser shall be entitled to also assert claims for damages of the higher amount.

6. PAYMENT, ACCOUNT AND DELIVERY NOTE

6.1 Purchaser shall have the right to select whether to pay by bank transfer.

6.2 If nothing to the contrary has been agreed, payment shall be made 60 days following the delivery after receipt of goods and receipt of due and proper account.

6.3 In the event of accepting premature delivery, due date shall be calculated in accordance with the agreed delivery date.

6.4 In the event of partial delivery, the purchaser shall be entitled to withhold payment to the proportionate value until full accomplishment of performance.

6.5 The supplier shall not be permitted to make available to a third party any correspondence or documents, or allow a third party to modify them in any way, without prior written consent of purchaser.

7. CONFIDENTIALITY

7.1 The contractual partners undertake to treat all business and technical details, which are not publicly known, which they should obtain knowledge of on the basis of the business relations between the parties as business secrets.

7.2 Drawings, models, templates, samples and similar objects, may not be passed on or made accessible to any third party since they shall remain property of the purchaser. Copying such objects shall only be permitted within the framework of operational requirements and the provisions set forth under copyright law. Goods manufactured on the basis thereof may not be assigned to any third party as raw, semi-finished or finished goods. The same shall apply to parts, which the supplier is to process or manufacture in terms of the purchaser's specifications.

7.3 The same obligations have to be imposed on subcontractors.

7.4 The contractual partners shall only be permitted to publicize their mutual business relations after the prior written consent has been granted by the purchaser.

7.5 Correspondence between the supplier and purchaser's customers concerning the respective objects ordered shall be strictly prohibited without express written consent as given by the purchaser.

8. QUALITY AND DOCUMENTATION

8.1 All deliveries by the supplier shall be carried out in compliance with the acknowledged rules of technology, all safety regulations and the available technical data. Modifications to the delivered objects have to be approved in advance by the purchaser.

8.2. Supplier shall comply with the requirements of the Quality Requirements for Suppliers, constituting an integral part of the order and available on www.kuznia-zop.pl web page. Irrespective thereof, the supplier shall be under the obligation to continuous quality control. The contractual partners shall mutually inform each other with regard to any quality improvement possibilities.

8.3 In the event that the nature and extent of such inspections as well as the testing equipment and methods have not been bindingly agreed between the supplier and the purchaser, the purchaser upon supplier's request shall be prepared to discuss the inspections with the supplier within the framework of his knowledge, experience and possibilities in order to determine the respectively required standards of testing equipment. In addition, if the supplier should request to be informed on the pertinent safety regulations, the purchaser shall furnish the supplier with such information.

9. CLAIMS, WARRANTIES / LIABILITY, TERMS OF LIABILITY

9.1 The purchaser shall not be obliged to carry out any incoming goods inspections; the purchaser shall conduct random checks and examine the goods as regards visible defects. The quantity, weight and measure values determined by the purchaser shall be decisive.

9.2 Claims shall be deemed as having been notified in due time, if visible (obvious) defects have been reported to the supplier at the latest within 10 working days as of receipt of goods. the purchaser shall also be entitled to give notice of hidden or concealed defects, i.e. within 10 working days after detection and establishment of defect.

9.3 The supplier is obliged to provide the purchaser with the goods free from material defects or deficiency in title.

9.4 Material damage shall be deemed as being prevalent if upon passing of risk the goods do not possess the agreed characteristics and/or should not be suitable for use in terms of the prerequisites as set forth in the contractual agreements between the parties and/or should not maintain its characteristics and/or usability for the customary life cycle.

9.5 The supplier guarantees that all goods delivered comply with the specifications stipulated in purchasing order as well as with the accident prevention regulations.

9.6 In the event of material defects or deficiency in title and other violation of obligations, purchaser's rights and claims shall be governed by the Polish Civil Code. In addition to the statutory rights, the following is agreed: In the event that the supplier should not meet his obligations with regard to subsequent performance within an adequate period of grace set by the purchaser, the purchaser shall be entitled to arrange for a third party to carry out subsequent performances at the cost of the supplier. If in the case that subsequent performance should be necessary (e.g. sorting, rectification) on Purchaser's premises, the supplier shall be obliged to carry all the costs in connection thereto. In order to avoid assembly line stagnancy, an extra deadline for such performances shall be arranged immediately. If this is not the case, the purchaser and/or those concerned within the delivery chain shall be entitled to carry out such performances at the costs of the supplier or arrange for same to be carried out.

9.7 In the event that defects to goods should be established upon commencement of production (processing or installation), the purchaser shall grant the supplier the opportunity to sort and deliver subsequent performance (rectification or subsequent performance); otherwise the purchaser shall be entitled to rectify such defects by themselves and to charge all costs arising in this regard to the supplier. In the event that such defect should only be detected after going into production, the before mentioned shall be applicable, with the proviso that the purchaser shall be entitled to demand further compensation for additional expenditure.

9.8 Purchaser's claims based on material defects or deficiency in title as well as other contractual violations by the supplier shall become statute barred at the earliest 5 years as of installation, unless if otherwise provided for by statutory regulations or deviating deadlines agreed in individual cases and subject to the regulations set forth in 9.9 and 9.10. This limitation period shall be

extended by the time periods during which the statute barring period has been suspended. The aforementioned provisions shall constitute a modification, i.e. extension of supplier's warranty liability and prolong the deadline, until which the purchaser may make assert his warranty claims.

9.9 In the event that claims against purchaser should be raised due to material defects or other contractual violations which is constituted in any sphere related to the supplier's obligations, the supplier shall indemnify purchaser from any and all claims raised by purchaser's contractual partners or any other third party. Should the claims result from material defects or contractual violations by purchaser, purchaser shall indemnify them.

Claims for compensation of damages and indemnification from all damages and expenses exceeding the liability/statute barring limitation periods remain legally effective till the purchaser waives them. Claims based on violation of obligations by the supplier shall become statute barred at the earliest 3 months after delivery date.

9.10 Claims and extended statute barring limitation periods pursuant to the binding product liability law based on tort, malicious acts and arising from warranties shall remain unaffected.

10. PRODUCT LIABILITY, INDEMNIFICATION AND INSURANCES

10.1 The supplier shall be held responsible for the damages caused by the goods and shall not be indemnified from purchaser's claims towards third parties. This shall in particular apply to such claims, which are asserted against the purchaser in terms of the laws pertaining to liability for defect products or similar local or foreign legal provisions.

10.2 Within this framework, the supplier shall also be obliged to compensate for any expenses which may arise for auxiliary actions. The purchaser shall inform the supplier with regard to the content and extent of such recall action and grant the supplier the opportunity to deliver his statements on the circumstances.

10.3 The supplier undertakes to maintain product liability insurance for the entire sum, which remains to be agreed separately.

11. THIRD PARTY RIGHTS

The supplier shall guarantee that the goods ordered/services rendered are free from any and all third party rights and that the goods can be used or resold without violating any third party rights. In the event that any third party should assert rights as regards the goods delivered/services rendered, in particular industrial protection rights, the supplier shall lend the utmost extent of support in any possible actions of legal defense and make available to the purchaser all necessary documentation, as well as compensate all the costs and expenses related thereto.

12. CONCLUDING PROVISIONS

12.1 In the event that one of the contractual partners should cease payment, and the delay amounts to more than 90 days, or circumstances suggesting possible insolvency of this party arise, the other contractual party shall be entitled to rescind the part contractual performances not yet accomplished.

12.2 In the event that one or several provisions set forth in these Conditions or any other contractual arrangements concluded between the parties should be invalid or become invalid, the remaining terms and condition of the rest of the contract shall become invalid as well. In order to avoid provisions becoming invalid as well as filling legal gaps, the ambiguous contractual provisions should be duly discussed by the parties.

12.3 To matters not regulated by these terms and conditions, solely the laws of the Republic of Poland shall be applicable.

12.4 Place of performance and venue of jurisdiction for the disputes arising from the execution of contracts and orders shall be the seat of the respective purchaser.