

GENERAL PURCHASING CONDITIONS OF PF PLASTY s.r.o.

In case of colision Czech and Anglich version is valid original Czech version.

These general purchasing conditions are valid for all purchase contracts, in which is company PF PLASTY s.r.o., **Masarykova 144, 747 24 Chuchelná** as buyer (hereinafter referred as the „buyer“).

General purchasing conditions (hereinafter referred as the „conditions“) have precedence over any conditions contained in the documents of seller. In case that the contract between the buyer and the seller does not explicitly referred to other provisions, it is considered that is governed by the content of these conditions. General purchasing conditions are valid for all purchases of raw material, goods, ie. the services, software, machinery equipment and the other.

General purchasing conditions can be complemented by concluding the “Agreement about quality“, “Agreement on the amount of PPM“ or other agreement according to the character of purchase with individual suppliers.

I. CLOSURE OF PURCHASE CONTRACT

a) Purchase contract means binfing order of the buyer, which is made in written or electronic form. The order must contain all the particulars, especially the identification of the seller and buyer (VAT number, place of business, authorized person), type, price and the quantity of required goods according to the seller’s catalog, delivery time of the goods and any other terms of delivery, if they should be different from these conditions. If the order does not contain sufficient specification, buyer complete the order to the call of the seller, which is made within two days of receipt of order.

b) Seller is obligated to confirm its acceptance in the written form or with the stamp and signature of the seller’s authorized person on the copy of the order within two working days. With the delivery of the acceptance is concluded the purchase contract. If the order os not accepted in this way, it is understood, that the purchase contract was not concluded and no legal relationship arose between the parties.

c) If the seller indicate changes or additions to the buyer’s data in the order confirmation, this order confirmation is considered as the proposal of the new purchase contract. The purchase contract will be concluded only in case that the buyer confirms acceptance of these changes and additions within two days from receipt. Then, the form of acceptation is similar to the requirement on the formo f acceptance by the seller.

II. DELIVERY CONDITIONS

a) The seller undertakes to carry out the delivery of the goods in accordance with the laws relating to such delivery and due to the character of the goods. Delivering the goods means the delivery of ordered goods in the required quality, quantity, design and the agreed price, in accordance with the law and these terms and conditions.

b) If the seller is not able to deliver the ordered goods properly (ie. in required quality, quantity, design, price and with required documents), he is obligated to immediately notify the buyer, concurrently is obliged to inform the buyer about the reason of the delay and its duration. Delay is considered as substantial breach of purchase contract and the buyer is entitled to withdraw from the contract in this case. This does not affect other rights of the buyer and the seller is aware of its responsibility for the delay in delivering the goods.

c) The seller is obligated to pack the delivered goods properly and secure it for the transport with regard to the character of the goods in a way to minimize the negative impact to the enviroment so as to secure the maximum protection and preservation of goods during transport.

d) Delivery place for the goods is the buyer's area which is used for goods receipt. The delivery note will be attached to the delivery which will contain, among other things, the purchase order number, part number and delivered quantity.

e) The seller is obligated to pack the goods in the appropriate way, ie. in the way which corresponds to the product type and the form of transport as so not to damage the products.

f) Delivery term for the purchase of the tool is EXW, or other parity after agreement, according to Incoterms 2010 and it is specified in the purchase contract.

III. FIRST SAMPLES

a) The seller is obligated to submit first samples before completing first order.

If it is not specified differently in agreement, the first sample means: 6 sets of reference samples, 6 shots from the tool, at least 5 kg of mass + mers, material protocol (Material Safety data sheet in Czech language – for bulk materials, mass and chemicals) to the delivered first samples. The seller is obligated to provide all this for free and repeatedly in case of any technological, design and material changes.

b) In case of the purchase of the tool, the price of the tool includes 20 shots pieces from each testing.

c) The seller undertakes to deliver in accordance with approved samples negotiated terms and documentation (drawings, technical data sheets, material data sheets).

d) The buyer prefers the processing of the documentation according to VDA regulations eventually PPAP (also applies to the tools).

e) Supplier makes a record in IMDS and its continuous update on the special request of the buyer.

IV. DOCUMENTATION

The seller is obligated to hand over to the buyer the documents, which are necessary for the acceptance and use of the goods, as well as documents stipulated by these conditions. The seller is obligated to hand over to the buyer with the first delivery of the ordered goods (according to the character of the goods):

1. Material data sheet
2. Safety data sheet
3. Declaration of conformity or CE certificate
4. Inspection certificate according to EN 10204 standart 3.1.
5. Confirmation of compliance safety conditions

V. PRICE

a) The product price is according to the price list, catalog or the seller's offer, if it is not specified with other purchase contract.

b) The tool's price contains 20 shots of first pieces from each testing and creation the documentation according to PPAP and VDA in the level stated by the purchase contract.

VI. RESPONSIBILITY FOR DEFECTS

a) Responsibility for defects is arranged in accordance with the provisions § 2161 et seq. Civil Code, the parties agree that potential responsibility for defects will be solved at the base of this statutory provisions, if there will be no other process stated by these conditions or purchase contract.

b) The seller is responsible for defects in goods, if the goods is not delivered in ordered quantity, quality and design, inc. type of transport. The seller is responsible for the defect, which the goods has at the time hen the

risk of the damage of the goods goes to the buyer, even the defect becomes apparent only after that time. The seller is not responsible for the defects in goods, about which the buyer knew at the time of conclusion of the purchase contract (ie. acceptance of order) or oversights to the circumstances under which was the legal relationship closed, he had to know, unless the defects are concerning to the characteristics of the goods, which the goods should have according to the purchase contract.

c) The buyer is obligated to notify the defects by the written form (8D Report) to the seller, without unnecessary delay after they were detected later than the end of the agreed warranty period.

d) Buyer's claim for defective goods:

- 1) require the removal of defects by the delivery of replacement goods for the defective goods, delivery of missing goods and require the removal of defects
- 2) require the removal of defects by the repair of the goods if the defects are removable
- 3) require an appropriate discount from the purchase price
- 4) withdraw from the contract
- 5) compensation of the damage
- 6) repair the goods to the buyer and these cost charge to the seller

e) If the delivered goods are defective, the buyer is not obligated to pay the purchase price eventually the unpaid part of the purchase price, until the defects are completely removed or delivered replacement goods. The same applies if delivered less than the agreed quantity of goods.

f) The buyer reserves the right with the suppliers to conclude the documents: „Quality agreement“ and „Agreement about PPM“. The Purchaser reserves the right to claim when detecting a single faulty piece in the delivery. Set target annual Ppm value is: $Ppm < 100$, unless the document "Agreement on PPM" stated otherwise.

h) Upon the occurrence of defective delivery the seller is obliged within 24 hours after receiving the complaint - 8D Report in a written form, provide immediate corrective action in 8D Report and completed 8D Report send to the buyer. The seller is obligated to remove the defect immediately, either repair or replacement of defective parts with new ones, on their own account, incl. transport cost and payment of expense of seller's workers which were sent to repair, irrespective of whether it was possible to find out the defect earlier. It is the obligation of the seller to complement the other points of an 8D report by the deadline set in 8D Report and the complete report sent to the buyer.

i) If the seller would not be able to repair the claimed subject by fulfilling at the place, will be subject of fulfillment repaired at the seller and seller's expense. The seller will be informed about the preliminary amount of cost in advance and the seller undertakes to defray these cost. All provable incurred costs because of bad quality of delivered goods will be charged at the supplier. For the issue of justified claim PF PLASTY CZ charges an administrative fee of 100 EUR. - See the charged rates.

Charged rates:

- _ Repair and sorting defective products (100% control) at the rate of 15 EUR / hr
- _ For downtime (machine downtime + operator) EUR 20 / hr
- _ Administrative fee for issuing justified complaint: 100 EUR

j) The damage, covered by the product responsibility belong also damage claimed by the third party to the buyer, e.g.: damage caused by manufacturers in the automotive industry and the damage caused to the end user and damage caused during the returning action.

k) In cases where a complaint is claimed by a third party, and applied to the goods during the warranty period and is demonstrably caused by supplier's products and the defect could not be found by the buyer (if it is a hidden defect or defect that could not be revealed by scrutineering according to ISO 2859-1 performed by an input inspection according to control documentation), the supplier undertakes to reimburse the cost demonstrably incurred to the third party related to the claim.

VII. SELLER'S AUDIT

(These are the suppliers of raw materials, intermediate products and services linked to production program of the company and have influence on the final product quality). The buyer is entitled to perform an audit of the seller's quality system after an advanced written agreement and seller's approval. Deficiencies identified during the audit will be written down and in case that the deficiencies won't be removed in the agreed time may be deemed as a serious breach of the contract.

The buyer requires from the seller to create and implement a quality system which meets the requirements and standards of ISO 9001 in the current version.

VIII. WARRANTY

a) The seller is obligated to deliver the goods (service) in the quantity, quality and design according to accepted order. Goods and the service must meet the technical requirements stated by the legal regulations of Czech Republic and the EU. In case that the buyer has technical-quality requirements which were announced to the seller, no later than with the order and these were accepted, the seller is obligated to deliver the goods according to these technical-quality requirements.

b) The seller is obligated to secure necessary atests or permits, approval of state authorities of the country of origin and the Czech Republic.

c) Parties of acceptances of order agreed, that the seller is obligated to provide the buyer a minimum warranty period of 24 months from the expiration date by the end customer. The seller is also obligated to transmit the warranty list to the buyer together with the goods.

IX. ENVIROMENT

The seller is obligated to provide that the delivered goods and the packaging has always been in compliance with laws and regulations relating to environmental protection.

X. TERMS OF PAYMENT AND BILLING

The seller issue an invoice with a maturity of 30 days unless the contracting parties agree otherwise.

Terms of payment for the purchase of tools are as follows:

- 30% after sending the first pieces
- 70% after the transmission of the required documentation and approval of reference samples

Terms of payment for the purchase of machinery, pheripherals are as follows:

- 100% after the takeover of fully functional device

Terms of payment for the purchase of SW are as follows:

- 100% after the takoever of fully functional SW

Terms of payment for creating the technical documentation (eg. for tools or its parts) are as follows:

- 70% of the work's price with the submision of the komplete technical documentation
- 30% of the work's price with the evaluation of the first tool's testing

Terms of payment for the purchase of the other material, intermediate products and other services are as follows:

- 100% after delivery, eventually takeover of the service

XI. CONTRACTUAL FINE

By accepting the order, the seller is obligated to pay the contractual fine in case that he is in delay with the delivery of the goods, realization of the service in the amount of 0,5% of the good's price, realized service for each day of such a delay. The buyer is entitled to charged a contractual fine against a receivable due of the seller. Buyer's right to ask the seller for a replacement for the damage in the full extent is not prejudice by the claim for the contractual fine.

XII. CONFIDENTIALITY OF INFORMATION

a) The seller and the buyer undertake to trat with all non-public business and technical detailes, with which got to know throught the business relationship, as a business secret. Both parties consider all non-public businessl or technical details as confidential information.

b) The obligation to maintain the confidentiality of information according to this arcticle does not apply to the following facts:

1) generally known or generally accessible information

2) information which will be convey to party by the third person, who is not bound by similar confidentiality obligations

3) disclosure of these information is required by the law

c) The seller and the buyer undertake to consider all transferring documentation as a discrete and undertake to not to uncover and not to publish to a third parties.

d) The seller is aware of its responsibility in case of a breach of confidentiality provisions of information, on his part.

e) The buyer gives the seller a nonexclusive license to its intellectual property rights related to the subject of delivery

f) The seller is obligated to replace the buyer any damage, which caused to the buyer in connection to a claim of third party from the breach of any intellectual property rights.

g) The Parties undertake to protect business secrets and specific business and technical solutions for other party, with which they get to know within the business relationships.

h) The seller can use the preparations, tools and confidential data, and other means of production that were delivered by the buyer or were fully reimbursed by the buyer for their needs or for benefit of any third party only with the prior written consent of the buyer.

XIII. DELIVERIING

a) Any notification will be considered as delivered to the respective adrese on the date of receipt by fax, email or by personal service and on the third day after filling the written notice to the postal transport in the Czech Republic during delivery by registered mail to the address specified in the order or acceptance of the order.

b) For the certificate of receipt of all notifications are considered the following documents:

1) in case of delivering by fax - fax printed report about delivery to relevant telephone number, which is indicated on the order or acceptance of the order.

2) in case of delivering by e mail - delivery confirmation to the appropriate email address, which is listed on the order or acceptance of order

3) in case of personal delivery - written confirmation of receipt

4) in the case of written delivery - postal receipt for postal delivery of the document after a period of three days from the filing

XIV. CHOICE OF LAW

a) These conditions, as well as all contracts concluded between the seller and the buyer are governed by the law of the Czech Republic excluding international private law and the CISG (UN purchasing law).