

General Contractual Terms and Conditions

Magnetec – Ungarn Kft.

I. General terms

1. These General Contractual Terms and Conditions define the framework for the contractual relations between Magnetec – Ungarn Kft. (hereinafter referred to as Magnetec or Customer) and its supplying partners (hereinafter referred to as Supplier) – hereinafter referred to altogether as Parties – if Supplier performs upon Magnetec’s order with regard to material, commercial goods or service.
2. Any derogation from these contractual terms is only valid if Parties agree on it in writing. Parties agree on any issues not included herein in a master contract.

II. Giving quotations, ordering and confirming orders

1. Between Parties, a contractual relationship is established if Supplier confirms the written order sent to it and accepts the terms therein. If Magnetec does not wish to have a pre-made but a specific product produced, the contract between Parties is concluded when in case of Magnetec’s specific order, Supplier expressly accepts the manufacturing parameters of the product desired to be purchased in writing. When Parties draw up several quotations and ordering and manufacturing conditions including representations, the order is made on the day of acceptance in writing of the final and clearly identifiable terms and conditions.
2. Any partial or preliminary delivery is only possible subject to Magnetec’s written consent.
3. No acceptance of any materials, goods or services by Magnetec shall involve any payment obligations.
4. Only the contact person of the special field determined by Magnetec or the forwarding agent authorised to do so is entitled to accept materials, goods or services. In case Supplier hands over any materials, goods or services to any person not entitled to accept it, Magnetec’s entitlement shall remain with respect to order. Furthermore, Magnetec shall be entitled to enforce a claim for damages if the handover to any unauthorised person is expressly attributable to Supplier’s fault.

III. Application of prices

1. Parties regard the price agreed upon as a fixed price, which cannot be modified up to the fulfilment of order. No subsequent price rise is allowed, including any other costs such as customs duty, duty, tax, fine or any other additional charge, etc.
2. Prices agreed upon shall be applied with terms of sale DDP delivery to Magnetec's seat or any other point of acceptance designated by Magnetec (Incoterms, 2010). Any derogation from this is only possible in writing subject to a separate agreement involving an individual contract with customer.
3. Prices are net prices, and are in every case subject to VAT payment obligation pursuant to effective law.

IV. Delivery deadline, delayed delivery and penalty

1. Any derogation from the delivery / performance deadline agreed upon by Parties is only possible with Magnetec's preliminary written permission. This provision shall also apply to any partial performance (see section II/2).
2. Should there be any delay in meeting the delivery / performance deadline for any reason, Supplier shall immediately notify Customer thereof in writing, giving the reason for such delay, and shall provide information about the new performance / delivery deadline.
Should Supplier fail to meet the delivery deadline set forth in order, Magnetec may submit a **claim for penalty**, the amount of which for every started week of delay equals 1% of the net price of the goods delivered with delay but may not exceed 5% thereof until correct performance. Customer shall inform Supplier of the amount of penalty in writing. Customer shall have the right to set off the amount of penalty against any of its payment obligations towards Supplier. Should Supplier fail to meet the extended delivery deadline, as well, Customer shall be entitled to cancellation penalty, the amount of which shall equal 5% of the price.
3. **Vis Maior**
Vis Maior is an event which occurs independently from the intention of the Party concerned, and which can neither be prevented nor avoided by such Party.
The Party referring to Vis Maior shall notify other Party of the occurrence thereof within the shortest period of time possible. The Party obliged to give such notification shall be liable for any damages due to any failure to give such notification

In case of any Vis Maior event affecting either Party, Parties shall enter into negotiations in order to decide in consent about the alleviation of any damage depending on the nature of such Vis Maior event or as the last resort, to decide on the cancellation of contract.

V. Delivery documents

1. The document accompanying shipments shall be the delivery note and any other document required by Magnetec in order or in any other document related to order. In the documents / delivery notes, all the data characterising the shipment concerned (e.g. name of product, number of items, gross and net weight, mode of packaging, any other parameters specified by Magnetec in order. etc.) shall be included. If the required documents are not available, Magnetec is not obliged to accept the shipment and Supplier shall carry it away at its own cost.
2. Supplier shall deliver or have delivered every product properly packed with full protection of shipment.
3. Supplier shall cooperate with Customer in complying with every legal regulation (e.g. EKÁER obligations) which is the precondition of delivery performance.

VI. Risk bearing and transfer of risk of damage

1. The risk related to the product delivered shall be borne by Supplier until the product is handed over to Magnetec. In case qualitative takeover is also required in addition to quantitative takeover, until the delivered product is accepted by Magnetec, any risks related to such product shall be borne by Supplier.
2. Acceptance of goods, quality and quantity check
Magnetec shall ensure the quantitative acceptance of goods / products without delay, upon the arrival thereof during its worktime. Magnetec shall have the right to reject and return at Supplier's expense any products/materials/goods which are in excess quantity compared to what is specified in order or which deviate from order or are unidentifiable. Magnetec is only obliged to accept goods / products in intact packaging; and shall have the right to refuse to accept any goods noticeably damaged, e.g. due to damage in delivery. Magnetec agrees to notify Supplier of any hidden defects in writing within 2 weeks upon the discovery thereof. Such notification shall include the incorrect quantity, the nature of defects and the manner of settlement proposed by Magnetec. In case of Magnetec's request to this effect, Supplier shall indemnify Magnetec against any loss due to faulty delivery, the manner of which shall be set forth in written form by Parties, Acceptance shall be deemed to be completed when Magnetec has finished quality check, which automatically occurs within two weeks of takeover or upon the submission of any quality complaints. Risk of damage shall be borne by Magnetec as of this day.

3. If Supplier's products fail to meet the quality requirements set by Magnetec, Magnetec shall have the right to refuse to accept any quantities left from the relevant order without any legal consequences.

VII. Terms of payment and invoicing

1. If Parties have not agreed otherwise, payment deadline shall be 45 days upon the issuing of invoice.
2. The content of invoice shall, in any case, be identical with the content of the delivery note confirmed by Magnetec, and the delivery note shall in every case be mandatorily attached to invoice. Should the invoice fail to comply with the content or formal requirements, Magnetec shall have the right to send it back to Supplier, and shall not be in payment delay until the invoice is issued repeatedly, in compliance with such requirements.
3. Supplier shall forward the invoice to Magnetec by mail within 15 days the latest upon the date of performance.
4. The date of payment shall be deemed to be the date when Magnetec's account is debited with the relevant amount. If the date of payment deadline is a public holiday or a day of rest, Magnetec shall have the right to make payment of invoice on the following workday, and shall not be in delay in such a case.

VIII. Liability

1. During the performance of its supply obligation undertaken, Supplier shall comply with all and every technical, safety, environmental, work safety and fire protection regulation. Supplier shall obtain and continuously update every administrative license necessary for performance at its own expense. All the costs arising due to non-compliance with the regulations and the breach thereof shall be borne by Supplier.
2. Supplier warrants that no other person has ownership rights in or over the products/goods delivered by it.
3. During the performance of orders, Supplier may employ subcontractors but shall be liable for the performance of such subcontractors in the same way as if it were its own performance.
4. During the time of goods handover and any other work done at Magnetec's seat / premises, Supplier shall be held fully liable for any damage caused to Magnetec or Magnetec's staff due to its conduct or omission related to the relevant job while doing work.

IX. Ethical, hygienic and safety regulations

1. Supplier undertakes the obligation to comply with anti-corruption legal regulations.
2. Magnetec observes and obliges its Suppliers to enforce fundamental human rights.
3. If the above are not complied with, Magnetec reserves the right to terminate contract with immediate effect.

X. Confidentiality

1. Supplier shall preserve all data, business secrets and confidential information disclosed to it in relation to its tasks hereunder, irrespective of the fact whether they get into Supplier's possession in an oral or written form.

Parties acknowledge that in addition to this confidentiality clause, the provisions of any effective legal regulations protecting business secrets are binding for them.

Supplier shall not use any business secrets to promote its own or any third person's interests.

2. Any tools, models, drawings and any related documents provided by Magnetec or produced at Magnetec's expense may only be used with Magnetec's written approval, and shall remain in Magnetec's ownership until Magnetec provides otherwise. Supplier shall only use the said documents and assets for Magnetec's orders. If due to non-compliance with the above, Magnetec suffers damage, Supplier shall be held liable for all the relevant damages.
3. If the contractual relation is terminated between Parties, Supplier shall return to Magnetec all and every model, tool and other document produced for the relevant order with the last delivery.

XI. Other provisions

1. Parties agree to make an effort to settle any dispute arising between them amicably. Should they fail to settle such dispute, they agree to submit it to the exclusive jurisdiction of the competent court according to Customer's seat depending on the value limit involved.
To any issues unregulated herein, the provisions of the Civil Code and any other relevant legal regulations shall be properly applied.
2. These General Contractual Terms and Conditions are made in two (2) languages, in Hungarian and in English.

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Niels Dethloff

CEO for technical matters

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CEO for business matters