

**1 General Rules**

- 1.1 These General Conditions of Purchase regulate relations between the buyer and seller in the area of purchasing of goods and services between AKI ELECTRONIC, spol. s r.o., located at Znojemská 4721/94, 586 01 Jihlava, Czech Republic, Company ID No. (IČ): 45476624, incorporated in the Companies Register of the Regional Court in Brno, Volume C, File 5034, (henceforth only "AKI"), as the buying party, and his suppliers, i.e., other physical and legal entities (henceforth only "Supplier"), as the selling party. The provisions of these General Conditions of Purchase constitute an integral part of purchase orders.
- 1.2 AKI reserves the right to amend or supplement these General Conditions of Purchase unilaterally in the future and the supplier acknowledges and consent to this condition. Amendments to business and delivery conditions shall come into effect upon their publication on the Internet website [www.aki-electronic.cz](http://www.aki-electronic.cz). Deliveries shall be subject to the business conditions published up to the date of the purchase order.
- 1.3 The supplier is obliged become acquainted with the General Conditions of Purchase of AKI prior to executing purchase orders. The issue of a purchase order confirmation or the execution of a purchase order, without sending an order confirmation, constitutes the supplier's consent to these General Conditions of Purchase and declaration that they are clear, obvious, and comprehensible.

**2 Contract Conclusion**

- 2.1 Any and all purchase orders issued by AKI shall be subject to these General Conditions of Purchase exclusively. Any digression from these Conditions shall only be permissible in an order or following a written agreement of the parties. The supplier's business conditions shall not be applicable to orders issued hereunder. If the supplier rejects the conditions or does not accept them, in full or in part, he shall notify the purchaser to that effect in writing and no contract shall be signed or goods delivered. If, however, goods have been delivered, it shall be assumed that he has accepted these General Conditions of Purchase.
- 2.2 Orders issued by AKI shall only be binding, if sent to the supplier in writing (per post, fax, e-mail, or EDI - Data Interchange), using the official AKI order form.
- 2.3 Orders must be confirmed by the supplier in writing within one workday following delivery to AKI. AKI reserves the right to cancel orders any time prior to receiving the supplier's confirmation. Orders may be cancelled either in writing or per telephone, free of charge. In the event that the client cancels an order by phone, the cancellation of the order must be confirmed in writing without undue delay.
- 2.4 AKI shall be responsible for checking confirmations of orders sent in by the supplier. Wrong item confirmed by the supplier in an order confirmation and delivered to AKI may be returned at the supplier's expense.
- 2.5 Changes in orders made by the supplier shall only be valid, if confirmed by AKI in writing.
- 2.6 Purchase contracts (drafts) shall be considered valid upon confirmation of the relevant buyer's purchase order by the seller in writing or upon delivery of the ordered goods.

**3 Delivery Conditions**

- 3.1 The supplier is to deliver ordered items in a timely manner or within the agreed-upon delivery period to the destination point specified in the order. Delivery period begins from the relevant order's date of issue. Ordered items are to be delivered on a workday from 5:45 am to 4:30 pm, unless agreed upon otherwise. The delivery point is the AKI production plant in Jihlava, according to specifications in the relevant order.
- 3.2 Partial or premature deliveries shall only be admissible after AKI's consent in writing. If the supplier fails to abide, AKI reserves the right to reject delivered items and send them back at the supplier's expense.
- 3.3 Delivered items must comply with general and special laws and ordinances in effect in the Czech Republic, e.g., on workers' protection, environmental protection, and on safety technology, especially electrotechnical safety regulations, ČSN and DIN, as well as European standards (EN). In particular, it is necessary always to deliver the latest technical version. The supplier also undertakes to observe regulations for transport of dangerous cargo and hazardous waste, as well as special storage and operating regulations, and inform AKI in time accordingly.

- 3.4 Whenever AKI sets forth a certain mode and type of transport, the supplier undertakes to follow the instruction. If the supplier is unable to ensure the required mode of transport, AKI must be informed in writing.
- 3.5 The supplier shall pack the items delivered and mark the delivery address on it (as per AKI's order).
- 3.6 To each delivery, the supplier shall enclose a delivery note containing all of the relevant order's data, such as the order number, specification of the components (dimensions), exact name of the items (if the AKI article number was specified in the order, it must be filled in), individual production batches (if available) and, for deliveries from EU member countries, the tariff class of the items delivered.
- 3.7 AKI has the right not to accept delivered items that do not meet the requirements set out in these General Conditions, contractual requirements, or requirements set forth in common, generally binding legal regulations. In such a case, the client is obliged to hand out or send a notification to the supplier, where the reason for the rejection shall be specified, the nature of the defects assessed, and a deadline for their removal set forth. If the supplier fails to remove the defects within the grace period, the unsatisfactory item shall be considered not to have been delivered.
- 3.8 Delivered items must be packed in a manner that eliminates the occurrence of damage in transit or during storage. Responsibility for the quality of packing shall be bore by the supplier. Wrong choice of the type of packaging that does not guarantee adequate protection of the content may become subject to claims by AKI.

**4 The Price of Delivered Items, Payment Conditions, Quantity**

- 4.1 The price of delivered items shall be set by mutual agreement of the contractual parties as fixed price, unless agreed upon otherwise. The price shall include all of the costs of packing, documentation, transport to destination point, and insurance, if applicable.
- 4.2 The price shall include all expenses, VAT exclusive.
- 4.3 Invoices are payable within 30 days, or according to conditions agreed upon in advance. It is agreed that the price shall be reduced by a 2% discount from the price of each delivery, if the buyer pays the purchase price within 15 days following delivery of the invoice.
- 4.4 The invoice maturity shall be considered to have been observed, if AKI issues the payment order or pays cash within the payment period. The point of invoice payment is the domicile of AKI.
- 4.5 Invoices must contain all the particulars required by the law for a tax document and the order number; all data on the goods delivered, itemized as per order (quantity, weight, number of units, AKI article number, if specified in the order), the price per unit and the total price in full, otherwise AKI shall have the right to return the invoice. In cases of justified invoice return, the maturity period of the new invoice shall be set from the date of issue of the new invoice. The supplier shall send invoices electronically to AKI's e-mail address: [invoice@aki-electronic.eu](mailto:invoice@aki-electronic.eu)
- 4.6 The supplier is obliged to delivered ordered items in quantities specified in the relevant contract.

**5 Claim Proceedings**

- 5.1 Claim procedures: Claim proceedings may be initiated, if non-conformity with AKI's requirements is established, either during AKI's inspection procedures or by the end customer.
- 5.2 In the event that non-conformity is identified, the supplier shall be informed immediately (per e-mail, by phone, etc.). As soon as the necessary basic documents become available, a claim protocol shall be filed with the supplier. Depending on the nature of the complaint, for instance, if deliveries to an end customer are in jeopardy, etc., the supplier is obliged to take remedial measures immediately upon request, e.g., sorting out of defective items, or repair or manufacture of new components. Unless agreed upon otherwise, remedial measures must be taken within 24 hours following notification of the given problem.
- 5.3 In order to prevent repeated complaints about subsequent deliveries, the supplier is obliged to elaborate an analysis of the causes, and define and implement effective countermeasures. Unless agreed upon otherwise, the supplier shall inform AKI of the causes identified and the countermeasures taken in the form of an 8D report within the time limit of 5 workdays.
- 5.4 AKI requires that only components conforming to AKI's requirements be delivered. For justified claims, the supplier may be billed a flat penalty in the amount of CZK 700 (30 EUR) to cover administrative expenses arising from the claim; the penalty shall be payable for every justified claim. Furthermore, the supplier shall be billed for all

additional expenses arising from the concrete claim. This may involve, for instance, the cost of repeated or special transport, repair of components, or sorting out of non-conforming parts (unless done by the supplier), production downtime, expenses claimed by the end customer, etc.

**6 Warranty of Quality, Defective Items**

- 6.1 Ordered items must be delivered in the required quality and satisfy the contractual requirements. If the quality and workmanship of the items delivered are not detailed in the relevant contract, the supplier is obliged to ensure the quality and workmanship that fulfills the delivered items' designated purpose. If not specifically defined in the relevant contract, it shall be understood that the delivered items shall be used for purposes generally associated with such items. The delivered items must meet all the relevant technical requirements and safety standards, both legally binding and recommended. The delivered items as well as the components used for their manufacture must be new, i.e., not used or damaged, and made of flawless material. If the items are delivered on the basis of samples, draft designs, or drawings, they items must conform fully to the samples or drawings.
- 6.2 The supplier provides warranty on the quality of the delivered items for at least 2 years (is a longer warranty is required by the law or this duration under the contractual provisions). The supplier is responsible for ensuring that solely suitable, first-class material is used and that the ordered item is suited for the purposes designated.
- 6.3 AKI has the right to claim defective items delivered throughout the warranty period and has the choice of remedies arising from the delivered item's defect.
- 6.4 The supplier bear responsibility for ensuring that the items delivered shall be free of legal flaws. In cases of infringement on other entities' rights, in connection with the delivered items, the supplier is obliged to take all the measures necessary to prevent a legal action against AKI or another form of injury. If necessary, the supplier shall indemnify AKI.
- 6.5 The warranty period commences the moment of the delivery's acceptance by AKI's customer. The new warranty period commences upon removal of the defects claimed, so that the original warranty period shall be extended by the duration of the claim's processing. In the event that a dispute exists between the parties as to whether the defect claimed is covered under warranty, the supplier undertakes to bear the costs of the existing defect's removal at least until the subject of the dispute has been clarified.
- 6.6 At AKI's discretion, a contract may be signed with the supplier containing detailed quality assurance requirements.
- 6.7 In cases where the usability period is shorter than the warranty period under this Article, the supplier is obliged to deliver goods with a warranty period of at least 90% usability period at the time of delivery. If the goods are delivered with less than 90% usability period, the buyer may either return the goods or is entitled to a proportionate price discount. Proportionate price discount is understood as a discount corresponding to the shortened warranty period, i.e., 9% discount per each 10% of shorter usability period.

**7 Contractual Penalties, Contract Termination**

- 7.1 In the event that the supplier is in arrears with a contractual delivery or confirmation of the delivery date, AKI shall have the right to demand a contractual penalty amounting to 0.05% of the delivery's price per day overdue. Payment of the contractual penalty shall not affect the right to indemnification, which is payable separately and independently of the contractual penalty.
- 7.2 The supplier is obliged to take all the measures necessary for preventing the occurrence of damage and inform AKI in writing of any existing risks. The supplier shall be liable to full extent for any and all losses incurred to AKI, directly or indirectly, in connection with the items delivered and the use thereof.
- 7.3 In the event of the supplier's imminent bankruptcy of court-imposed bankruptcy, or the Supplier's bankruptcy petition was dismissed due to the supplier's insufficient assets, or if the contractor goes into liquidation, or if the supplier changes its ownership structure, AKI shall have the right to withdraw from the contract. In this case, the legal consequences shall be the same as in cases of cancellation due to substantial violation of the contract.

**8 Retention of Property Right, Transfer**

- 8.1 All of the supplier's deliveries shall be made without reservation of ownership rights or third-party rights. Such reservations shall be ineffective, irrespective of AKI's explicit objections.

- 8.2 The supplier's receivables from AKI arising from the contractual relations may only be assigned with AKI's explicit prior consent in writing.
- 8.3 The supplier may not, without AKI's explicit consent, transfer its contractual rights and obligations onto third parties.
- 8.4 The drawing documentation or other know-how released by AKI and provided to the supplier is AKI's intellectual property. The supplier may not duplicate, copy, or distribute it without AKI's explicit consent.
- 8.5 The supplier undertakes to observe the rule of confidentiality with respect to information obtained in connection with his contractual activities.

**9 Management, Evaluation, Selection of Suppliers**

- 9.1 The choice of suitable suppliers of production and non-production materials is exclusively in the competence of the purchasing department.
- 9.2 Contractual cooperation is based on the quality management system, which must be proved with Certification ISO 9001:2008. The supplier is obliged to send the customer, "AKI Electronic", a copy of a valid quality certificate. Suppliers that deliver non-production material may not necessarily be required to submit such certification. Suppliers providing unique/special services are indispensable for deliveries of certain materials and provide top-quality deliveries; they do not have to have such certification.
- 9.3 "AKI Electronic" expects from the suppliers 100% deliveries within the required delivery period, in the required quantity and quality, and I accordance with other agreed-upon conditions. The supplier shall pursue the goal of zero disputes with "AKI Electronic".
- 9.4 Evaluation of suppliers shall be subject to the following criteria:
  - Quality of deliveries and technical perfection
  - Cooperation with suppliers
  - Payment conditions
  - Economic conditions
  - Supplier's quality management system
 The suppliers shall be presented with the evaluation results and future objectives, so that they may adopt and take measures leading to better evaluation results.

**10 Data for the Purposes of Customs and International Trade**

- 10.1 While providing the contractual deliveries of products and services, the supplier is obliged to observe all applicable provisions set out in the relevant national legal regulations and international law concerning customs checks, or related to taxes and fees, as well as the INTERNATIONAL TRADE LAW (henceforth jointly "INTERNATIONAL TRADE LAW"). The supplier furthermore obliged to procure all the necessary export licenses or permits, unless the applicable provisions of the INTERNATIONAL TRADE LAW stipulate that these licenses or permits be procured by AKI or a third entity, not by the supplier.
- 10.2 The supplier is obliged, without undue delay but no later than within the contractual time limit, to present AKI in writing with all the data information necessary for AKI's ability to comply with all the applicable provisions of the INTERNATIONAL TRADE LAW, on the export, import, or (in cases of resale/retail) re-exportation of the relevant products or services.
- 10.3 In the event of any changes in the origin or properties of the contractual products or services, and/or amendments to the applicable provisions of the INTERNATIONAL TRADE LAW, the supplier is obliged, without undue delay but no later than within the contractual delivery time, to update the relevant data and present them to AKI in writing. The supplier undertakes to cover all the costs or other injuries incurred to AKI as a consequence of incomplete or incorrect data thus provided.

**11 Packaging of Products**

- 11.1 For the purposes of transport, the supplier is obliged to pack the goods, at its own expense, and ensure or make arrangements for transporting the goods in accordance with the purchase contract. In cases where the mode of packaging and protecting the goods is not expressly stipulated in the purchase contract, the supplier is obliged to pack the goods and ensure the shipment's safety during transport, including loading and unloading, to avoid the possibility of damage or deterioration of the goods. When packaging and preparing goods for transport, the supplier is obliged to respect instructions from AKI, whereby the supplier is obliged to notify AKI of any inappropriate instructions, if applicable. If the supplier fails to inform AKI that its shipping instructions are inappropriate, the supplier shall be co-liable



for damage caused by adherence to AKI's inappropriate instructions. Any and all costs of packaging (including the value of refundable containers), assurance, and procurement of the goods in accordance with this provision shall be included in the contractual price.

- 11.2 The goods must be packaged so as to allow safe storage without deterioration of the quality. The packaging of the goods must be environmentally friendly. The packaging must be marked in accordance with the laws of the EU and the Czech Republic. Goods missing the required particulars on the packaging shall be considered defective.
- 11.3 With respect to packaging, the supplier shall always be considered the originator thereof, i.e., the entity that brings the packaging/container to the market or into circulation, pursuant to the provisions of Act No. 477/2001 Coll., the Act on Packaging, as amended, and is therefore obliged to meet all the obligations arising from the aforesaid law.

## 12 General provisions

- 12.1 The supplier is obliged to notify AKI of any change in its address and contacts per e-mail. Until the delivery of the new address, all mail sent to the old address shall be considered delivered.
- 12.2 If a provision in the contract is or becomes ineffective, or if the contract is incomplete, it shall not affect the remaining content of the contract. The ineffective provision shall be replaced with a provision that shall be legally and effectively most proximate to the meaning and purpose of the ineffective provision. The same applies to supplementation of gaps in the contract.
- 12.3 Any and all disputes arising from the contract shall be resolved by the Jihlava District Court.
- 12.4 These General Conditions of Purchase also apply to legal relations that are regulated by legislation on contract for work (Sec. 536 through 565 of the Commercial Code). In such cases, the supplier in the text of the order as well as in these General Conditions of Purchase is understood to be the supplier.
- 12.5 This contract is exclusively subject to the laws of the Czech Republic.
- 12.6 AKI shall meet its contractual obligations, provided that no obstacles occur arising from national or international regulations in the area of the INTERNATIONAL TRADE LAW, or from the imposition of an embargo (or other sanctions). AKI shall not be obliged to indemnify damage caused thereby.

- 12.7 The supplier declares to have taken out adequate insurance policy covering losses caused by the product, in particular, injuries to the health or the public, and losses caused by withdrawal of the product from the market. The supplier is obliged to produce a copy of the insurance policy upon the buyer's request.

## 13 Vis Major

- 13.1 If events occur caused by vis major, the time limits for meeting the contractual obligations specified in these General Conditions of Purchase shall be postponed by the time of the vis major event's duration. The supplier is obliged to inform AKI of the occurrence and termination of the vis major event in writing as soon as possible. The supplier shall have this reporting duty also in cases where vis major occurs on the part of its subcontractor. Vis major events also are, e.g.: strike, transport exclusion, fire, flood, earthquake, limitations issued by the European Union, limitations of energy consumption, etc. Vis major events are not considered to be internal strikes and lockouts, late deliveries from subcontractors, payment insolvency, and workforce or material shortage.

## 14 Special Provisions

- 14.1 The supplier undertakes to observe the principles and requirements of ethical behavior in all business sectors – economic, environmental, and social.
- 14.2 Notwithstanding any other rights of AKI under the contract and without liability to the supplier, AKI has the right to cancel in writing the contract and/or order issued under the contract with a certain time limit specified in writing, if the supplier violates substantially the principles of ethical behavior in business.
- 14.3 Substantial violation of the rules of ethical conduct is, in particular, child labor, bribery, and failure to meet the environmental protection requirements stipulated by the state. AKI shall also have the right to cancel the contract, if the supplier fails to act within the time limit for the rectification of misconduct by breaching the rules of ethical behavior.
- 14.4 Suppliers delivering to AKI undertake to meet all legal requirements concerning the environment or origin of goods (RoHS, Reach, materials from conflict countries, etc.).