

General Terms and Conditions of Purchase of Ray Service, a.s.

Article I.

Introductory Provisions and Validity of the General Terms and Conditions of Purchase

1. The company Ray Service, a.s., with its registered office at Hušténovská 2022, 686 03 Staré Město, company ID No.: 277 56 203, registered in the Commercial Register maintained by the Regional Court in Brno, Section B, File 5165, issues these General Terms and Conditions for Purchase (hereinafter the "GTCP"), which govern mutual contractual obligations arising between Ray Service, a.s. (hereinafter the "company Ray Service" or only "Ray Service") and the Supplier based on or in connection with an order of Ray Service. These GTCP shall apply to any and all above-mentioned contractual obligations between Ray Service, as the purchaser of goods or services, and the Supplier, unless agreed otherwise in writing in each particular case.

Article II.

Order and Conclusion of the Contract

1. The contract concluded based on the order and subsequent acceptance of the order, as well as any changes and amendments of the contract, must be made in writing and signed by Ray Service. The written form is also complied with when a contract is concluded (order, acceptance) by means of electronic mail, fax message or letter. Oral conclusion of a contract is not excluded (e.g. over the phone, personal negotiation), however, the oral conclusion of a contract always requires subsequent written confirmation of its validity.
2. In case the orders are made in writing, the order is accepted and thus the contract is concluded at the moment Ray Service receives a copy of the order signed by the Supplier or a person authorised to act on behalf of the Supplier or at the moment Ray Service receives unconditional confirmation of acceptance of the order by the Supplier.
3. These GTCP explicitly exclude conclusion of a contract based on acceptance of an offer or any other proposal to conclude a contract by amended response including a minor amendment that would not substantially change the original offer.
4. Ray Service reserves the right to withdraw its order if it does not receive acceptance of the order by the Supplier within 30 days from its issuance.

Article III.

Form and Content of the Contract

1. The Supplier acknowledges that business practice shall not take precedence over the provisions of legal regulations that are not cogent. At the same time, the application of Section 1799 and 1800 of the Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter the "Civil Code") concerning the form contracts shall be excluded.
2. The order of Ray Service, the General Terms and Conditions of Purchase of Ray Service, as amended, technical documentation

and specification of the request by Ray Service, and as the case may be any written amendments, form a part of the contract between the Supplier and Ray Service.

3. Unless agreed otherwise in a written contract with the particular Supplier, the contracts with Ray Service must always be in writing and signed by the representatives of both contractual parties. Written form is necessary also for any other contracts and amendments changing in any way the original contract.

Article IV.

Performance

1. Performance must conform to the conditions agreed in the contract, including all its integral parts, namely, but not exclusively, these GTCP and technical specification of the order by Ray Service.
2. The place of performance is the registered office of Ray Service, unless agreed otherwise in the particular case.
3. Ray Service is not obliged to accept partial performance, or, as the case may be, performance of larger quantities than have been agreed.
4. The performance must be provided duly, on the date or in accordance with the schedule agreed in the contract. Performance prior to the agreed deadline is possible only in case of prior consent of Ray Service.

Article V.

Subcontractors

1. The Supplier is entitled to commission performance of partial tasks to the subcontractors, unless it is excluded by the contract in the particular case.
2. The Supplier is fully liable for any defective performance, breach of contract and other misconduct of the subcontractors, as if the obligation was fulfilled by the Supplier. By commissioning the subcontractor, the Supplier cannot relieve itself of any obligation, imposed on it by the contract and its integral parts. Thus, the Supplier is responsible for ensuring that the subcontractors adhere to the same terms and conditions and thus observe all mutual arrangements between Ray Service and the Supplier.
3. Upon request, the Supplier is obliged to provide Ray Service with a list of its subcontractors who participated in performance of the contract. In this list, the Supplier is obliged to specify the subcontractors, scope and specification of works performed by the particular subcontractor.
4. If justified, Ray Service is entitled to require change of the subcontractor.

Article VI.

Liability, Warranty and Complaint Procedure

1. The Supplier assumes liability for proper and due performance in accordance with the applicable legal regulations, unless agreed otherwise in the contract.

2. In case of delay or faulty performance, the Supplier is liable to compensate Ray Service for any direct or indirect damage or other harm.
3. Ray Service can lodge a complaint for goods due to:
 - a) Apparent defects of the goods, incompleteness of the delivery and apparent damage to the packaging of the goods– within 90 days from the date of receipt of goods.
 - b) Hidden defects or defects occurred or detected during the warranty period, if they are covered by the warranty – at any time during the warranty period. In case of coil windings, Ray Service is entitled to lodge a complaint regarding the particular goods within 12 months of receipt of the delivery from the Supplier.
4. Ray Service is obliged to lodge a complaint to the Supplier in writing. For this purpose, e-mail is considered to be in a written form.
5. In case of complaint due to the defects of the goods, Ray Service is entitled to:
 - a) Require removal of the defects by repair of the goods, if the defect is reparable,
 - b) Require substitute goods in exchange for the defective goods,
 - c) Require discount from the price of the defective goods,
 - d) Withdraw from the purchase contract.
6. Ray Service shall notify its choice of claim to the Supplier in the sent complaint protocol or without undue delay after such notification. The choice of a claim is exclusively at discretion of Ray Service.
7. In case the delivered goods have defects, Ray Service is not obliged to pay the price of the goods, or, as the case may be, so far unpaid part of the price of the goods, until complete removal of the defects or delivery of substitute goods. The same shall apply if less than agreed quantity of goods or other than the agreed goods are delivered.
8. The claims of Ray Service shall be excluded in case the damage was caused by Ray Service due to breach of operating instructions, maintenance and installation, inappropriate unprofessional use, improper or negligent handling or unsuitable repair.
9. In case of a complaint, the Supplier is obliged to express its view on the manner of complaint solution, including the substitute delivery date of the goods complained of, within 3 days. In case of complaint due to insufficient quality, the Supplier is obliged to inform within 7 days about the cause of the poor-quality of the delivery, including the proposal for remedial measures.

Article VII.

Requirements regarding Supplier in Terms of Grade and Quality

1. Materials that are subject to expiration must be delivered with an expiration period valid for at least 12 months from the delivery to the registered office of Ray Service. Materials with expiration period shorter than 12 months must be delivered while maintaining at least 75 % of the total expiration period at the time of delivery to the registered office of Ray Service. Failure to comply with this requirement shall be solved in complaint procedure.
2. The Suppliers are responsible for the quality of the supplied parts and materials. The standards of the EN ISO 9000 series, or, as the case may be, other internationally recognised regulations or standards (e.g. ČOS, AS 9100, TS 16949), shall serve as a systematic tool for quality assurance.
3. Ray Service is certified pursuant to standard AS 9100, in order to fully comply with the requirements set forth by this standard, it in the following ways evaluates its suppliers of particular components influencing the final quality of the products:
 - a) Evaluation of the Supplier based on the "Questionnaire for Suppliers". This questionnaire is used to obtain initial information about the quality management system of the Supplier. This questionnaire is sent as an annex to these General Terms and Conditions for Purchase.
 - b) Evaluation of the Suppliers based on *quality of supplies (based on VDA 2)*. Each supply is rated based on three criteria – due supply, quality of supply and completeness of supply. Based on classification of these three criteria, a summary evaluation of the supply is made:
 - A – All three criteria are rated A
 - B – One criterion is rated B
 - C – One criterion is rated C
 - D – One criterion is rated D.
4. A summary evaluation of supplies is made once every 6 months and the Suppliers are informed about such evaluation, which is split into individual supplies within the reviewed period, by the letter or e-mail. The final rating can be A, B or C. In case of a lower rating (B or C), the Supplier is invited by the letter or e-mail to resolve the lower rating of the supplies and the Supplier is obliged to respond by relevant remedial measures within 10 business days from the receipt of the evaluation, including the deadline for implementation of the measures.
5. The fact that Ray Service carries out an initial check of the purchased products does not relieve the Supplier of responsibility for its own checkout.
6. In case the statistical takeover by comparison is used during the initial check, Ray Service is entitled to return the entire supply to the Supplier for sort-out if it finds a poor-quality part. In case such sort-out is done directly by Ray Service, the Supplier will be charged for the time needed to sort out the poor-quality products (charged EUR 30 per 1 hour).
7. In order to verify the facts indicated in the "Questionnaire for Suppliers" or on the basis of downgraded rating of the supplies (also during the reviewed period) or to verify effectiveness of

the established remedial measures, Ray Service is entitled to carry out audit at the Supplier. In case of audit, which is included in the Programme of Suppliers' Audits for a specified period, the Supplier is provided with an Audit Schedule at least 14 days prior to such audit. In case of an unscheduled audit (e.g. due to low quality of supplies), the Audit Schedule must be sent to the Supplier at least 3 days prior to such audit.

8. The identified defects must be dealt with by the Supplier by means of a programme of measures to eliminate the defects and its implementation within the stipulated deadline. The Supplier shall inform Ray Service about success of implementation of these measures and Ray Service is entitled to carry out a verification audit.
9. In case of special requirements for the quality of the supplied products, this requirement will be indicated in the order, or as the case may be, the quality will be specified in the particular contract.

**Article VIII.
Transport, Costs and Transfer of Risk**

1. The determination of the shipping route, mode of transport, means of transport and packaging method is fully at discretion of Ray Service.
2. Unless agreed otherwise, the INCOTERMS effective as of the date of conclusion of the contract shall apply for the delivery, which regulate transport conditions, payment for transport, risks and obligations between the carrier, Supplier and Ray Service.

**Article IX.
Force Majeure**

1. Force majeure event shall mean, in particular, circumstances arising after the conclusion of the contract as a result of unforeseeable exceptional and unavoidable events, for example natural disasters.
2. In case of impossibility of performance due to the above-stated reasons, the contractual party, for which the performance of the contractual obligations has become impossible, is obliged to immediately inform the other contractual party and to duly prove that, in particular, these circumstances have rendered performance of contractual obligations impossible.
3. In particular – but not exclusively – the following events shall not constitute a force majeure event – strike at the Supplier, delay of subcontractors, accidental occurrence of defects of the material.

**Article X.
Payment Conditions**

1. It is necessary to include full number of the order and identification of the Supplier in correspondence, invoices, delivery notes, e-mails, etc.
2. The Supplier shall send an invoice electronically to the e-mail address invoice@rayservice.com.
3. The Supplier is not entitled to assign or pledge its receivables towards Ray Service, if Ray Service expressly disagreed with such assignment or pledge.

4. Ray Service is entitled to unilaterally set off its receivables, whether or not matured, towards any receivables, whether or not matured, of the Supplier towards Ray Service.
5. The Supplier's receivable shall not become due until Ray Service was provided with the verifiable and correct tax documents.

**Article XI.
Contractual Sanctions**

1. In case of delay of the Supplier with the delivery of the goods, Ray Service is entitled to charge the Supplier contractual penalty in the amount of 0.5 % of the total price of the supply per each commenced week of the delay, up to 5 % of the total price of the supply.
2. Ray Service is entitled to unilaterally set off its claim for payment of contractual penalty against the Supplier's claim for payment of the purchase price.
3. Payment of the contractual penalty is without prejudice to Ray Service's claim to damages or other compensation from the Supplier. The obligation to pay contractual penalty lasts also after termination of the contract.

**Article XII.
Protection of Environment**

1. The Supplier undertakes to comply with any legal regulations concerning protection of environment.
2. The Supplier undertakes to comply, in particular, with the Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 (hereinafter the "REACH Regulation") and Directive 2011/65/EU of the European Parliament and of the Council (hereinafter the "RoHS 2 Directive"), including the Decree of the Government No. 481/2012 Sb., on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment.
3. If the delivered goods are not in compliance with the REACH Regulation or the RoHS 2 Directive, in force at the time of delivery, the Supplier is obliged to inform Ray Service accordingly to the e-mail address: reach@rayservice.com. If such notification is not sent to the above address, the delivery will automatically be considered to be compliant with the RoHS 2 and free of any substances listed in Annex XIV of the REACH Regulation.
4. In case the delivered goods contain conflict materials according to provision of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Supplier may be required to provide a producer's declaration regarding the conflict minerals.

**Article XIII.
Confidentiality**

1. The Supplier is obliged to maintain confidentiality regarding the content of the contract between the Supplier and Ray Service. Any documents concerning the performance of the contract, including the contract itself, constitute business secret of Ray Service, the Supplier thus undertakes to prevent any direct or indirect distribution of these information.
2. The confidentiality obligation applies regardless of whether or not the contract has been in the end concluded; the obligation shall apply also after the termination of the contract. The

confidentiality obligation applies to information acquired before conclusion and after termination of the contract.

- Without the permission of Ray Service, the Supplier is not entitled to disclose, advertise or otherwise use for the purposes of marketing mutual business relationship with Ray Service.

Article XIV. Behaviour of Suppliers

- The Supplier undertakes that, in connection with the performance of the contract, it shall not, directly or indirectly, commit any infringement, it will not attempt to act unlawfully, and will not in any way encourage criminal activity or conduct that would be contrary to the law. In particular it will refrain from bribery, breach of competition rules, unfair competition, misleading of consumers, infringement of intellectual property rights, discrimination against its employees and other unlawful acts.
- The Supplier shall ensure that the members of its statutory body, partners, shareholders, directors and other persons involved in the management of the Supplier, do not behave as described above.
- The Supplier undertakes to inform Ray Service about any criminal or administrative proceedings held against it due to its unlawful conduct (or, as the case may be, due to unlawful conduct of persons included in paragraph 2 above) during the contractual relationship.
- Ray Service is committed to compliance with legal regulations, observing human rights, promoting sustainable development, protecting the environment, fair competition, fair market behaviour and, last but not least, observing intellectual property rights. Any behaviour of the Supplier in breach of the above-mentioned values entitles Ray Service to terminate the business cooperation with the Supplier and unilaterally repudiate the contract with immediate effect.
- In case the Supplier is aware that potentially it will cease its ability to supply to Ray Service goods that Ray Service has recently ordered/requested, the Supplier is obliged to inform Ray Service hereof sufficiently in advance. Ray Service is entitled to purchase from the Supplier in due course sufficient quantity of goods that the Supplier is obliged to offer and deliver to Ray Service.

Article XV. Technical Documentation

- Ray Service reserves the ownership right and intellectual property rights to any and all drawings, technical solutions, patterns, technical descriptions, calculations, designs and other documents which it may provide to the Supplier in connection with performance of the contract.
- The technical documentation may not be disclosed to a third party or shared or used in any way by the Supplier without a prior written consent of Ray Service. The same limitation applies to products and goods manufactured using the technical documentation.
- If the contract is not concluded, the Supplier undertakes to return any and all technical documentation back to Ray Service.
- The technical documentation is intended exclusively for the fulfilment of the contract between the Supplier and Ray Service. Once the contract is performed, the technical documentation must be immediately returned to Ray Service.

- The technical documentation attached to the order, such as packaging, labelling and delivery instructions form an integral part of the contract and are binding upon both contractual parties.
- Upon receipt of the order and technical documentation, the Supplier is obliged to review whether the received documents are complete, correct and whether the order is feasible, while taking into account any costs which may arise during execution of the order. The Supplier is obliged to notify Ray Service of any deficiencies.

Article XVI. Notice of Termination

- In cases specified below in this article, Ray Service is entitled to unilaterally terminate or withdraw from the contract with immediate effect:
 - The Supplier has limited its activities or production in such a way that further performance of the contract is jeopardized,
 - Insolvency proceeding or other similar proceedings against the Supplier have been commenced,
 - The Supplier has entered into liquidation,
 - The Supplier has breached obligation resulting from the contract, these GTCP or other documents that are part of the contract, e.g. in the field of environmental protection, business secret protection, intellectual property, etc.,
 - The Supplier has been convicted of a criminal offence pursuant to the Act No. 41/2011 Coll., on Criminal Liability of Legal Entities, as amended,
 - A member of the statutory body or an individual entrepreneur has been lawfully convicted of a criminal offence committed in connection with the subject of the Supplier's business.

Article XVII. Governing Law and Jurisdiction

- These terms and conditions, all rights and obligations of the parties according to these terms and conditions and the contract, as well as all relationships between the contractual parties established by the contract and these terms and conditions or relating thereto, shall be governed by the laws of the Czech Republic, excluding the conflict of laws provisions of the Czech legislation. The contractual parties explicitly exclude from the relationship established by the contract any application of the United Nations Convention on Contracts for the International Sale of Goods (the so-called Vienna Convention) pursuant to Article 6 of the Vienna Convention and at the same time they choose the laws of the Czech Republic to govern their contractual relationship established by the contract. In the event of a litigation concerning the contract or any relationship established by the contract or concerning the contract, the contractual parties agree that the competent court shall be the court of first instance having territorial jurisdiction in the territory of the registered office of the purchaser, i.e. Ray Service.

Article XVIII. Entry into Force

- These General Terms and Conditions of Purchase enter into force on 1st July 2018.