



General Terms and Conditions of Purchase

Delta Electronics (Slovakia), s.r.o.

Art. 1

General – scope of validity

(1) Our purchase conditions are exclusively valid; we do not recognize contradicting conditions or supplier's conditions, which differ from our purchase conditions, only providing that we solely agreed with their validity in written form. Our purchase - conditions are also valid in case we unconditionally accept supplier's delivery knowing that there are contradicting conditions or supplier's conditions, which are different from our purchase conditions.

(2) There are no verbal collateral agreements.

(3) Our purchase conditions apply only to entrepreneurs according to § 2 art. 2 Act No. 513/1991 Statute Collection Commercial Code of Slovakia.

Art. 2

Offer – documentation to the offer

(1) Orders are binding and valid only when placed or confirmed in written form (also by means of telefax or e-mail).

(2) The supplier is obliged to confirm our order in written form within 10 working days stating:

- our order No.
- SAP material No.

(3) We reserve the right of ownership and all intellectual property rights including but not limited to copyright to illustrations, drawings, calculations and other documentation; these must not be made accessible to any third parties without our sole written approval. It is necessary to use them exclusively for the manufacture on the basis of our order; after realization of the order, it is necessary to return them to us promptly without demand. It is necessary to maintain confidentiality about them towards third parties, the regulation of art. 9 para. 4), of these Purchase Conditions are complementarily valid.

Art. 3

Prices - payment conditions

(1) The price stated in the order is binding. In case of lack of a different written agreement, the price of a supply shall be agreed as „DDP“ (Incoterms in their up-to-date version) on a place specified by us, including package.

(2) The lawful Value Added Tax shall be included in the invoice or other documentation as designated by us

(3) It is necessary to direct the invoices in one copy to the address stated in the order; they must not be attached to the deliveries. We can process invoices only if there is the respective order No. stated according to the exact patterns in our order and the legal requirements therein are respected, especially statement of the Value Added Tax; the supplier shall be responsible for all consequences arisen due to non-observance of this obligation unless the supplier proves that he is not responsible for any part of the consequences.

(4) The maturity of purchase price shall be 14 days if not otherwise agreed in written form, the maturity date starts on the following day after the delivery and receipt of the invoice with 2% discount or net within 30 days after the delivery of the goods and receipt of the invoice.

(5) The clearing right and the right of retainer pertain to us within legal extent.

(6) In case of any lagging in the demand from Delta or Delta's customer, Delta is under no obligation to pay any extra charges, costs, expenses or fees that may be incurred by the Supplier caused directly or indirectly by such circumstances

Art. 4

Delivery term

(1) The delivery term stated in the order is binding.

(2) The supplier shall be obliged to notify us immediately in case of a fact or if he recognizes facts, on the basis of which it shall result, that the conditional delivery term and quality cannot be met.

(3) In case of a delivery being in arrears, legal claims shall pertain to us. After ineffective expiration of adequate period, we are especially entitled to withdraw from the contract and request compensation of damage. In case we request the compensation of damage, supplier may prove to us that he is not liable for the breach of the obligation.

(4) The supplier shall be obliged to submit to us the advice of dispatch upon request on the day of shipment of the delivery with the statement of our order No., exact description of goods and amount of the delivery as well as other details concerning delivery (e.g. forwarder, transport means and delivery No.).

Art. 5

Risk transfer - documents

(1) Unless there is a different written agreement, DDP deliveries (Incoterms in their up-to-date version) shall be realized to a place specified by us.

(2) The supplier shall be obliged to exactly state our order No. and supplier No. on all dispatch documents

and delivery notes; should he neglect this obligation, we are not liable for any delays when processing them.

Art. 6

Examination of defects – liability for defects

(1) We shall be obliged to examine potential goods quality and quantity deviations within reasonable period; a warranty claim shall be applied in time, if sent to the supplier within a period of 20 working days commencing as of the day of acceptance of the goods or in case of hidden defects as of the day of their discovery.

(2) If there is an agreement between the supplier and our company concerning quality assurance, the specific regulations of this agreement shall be applied with respect to the obligations of examination and warranty claim of defects, which we must fulfill. Shall an overall check exceeding usual extent of input check be necessary due to defective delivery, the costs in such case shall be borne by the supplier.

(3) Legal claims resulting from defects shall pertain to us in full extent; we are in any case entitled to require from the supplier removal of the defect or delivery of new goods or price discount according to our option. The right of withdrawal from the contract and right of damage compensation arisen especially due to faulty fulfilment as well as withdrawal from the contract remains exclusively reserved to us.

(4) We are entitled to remove the defect ourselves at supplier's cost, if there is a danger of delay or there arises the need of urgency.

(5) The period of limitation of defect claims shall be 36 months if the supplier himself does not guarantee a longer warranty period. The warranty period starts as of transfer of liability for damage of the delivered goods.

(6) In case of any defect found in the purchased material / equipment, Delta hereby reserves the right to send an outside expert to participate in the analysis of the products at issue together with the supplier.

Art. 7

Product warranty - exemption – insurance protection of damage liability

(1) If the supplier is liable for product damage, he shall be obliged to take over or exempt us from the claims for damage compensation of third parties on the basis of the first notice, shall the cause be or result from supplier's business, especially within his range of control, organization or manufacture and he himself shall be liable in the relationship with any third parties.

(2) Within his liability for the cases of arisen damages according to art. (1), the supplier shall also be obliged to reimburse potential costs resulting from or related to recall of goods carried out from our side. We shall inform the supplier of the content and scope of taken measures concerning recall of goods if possible and if it can be anticipated and we shall provide him with the opportunity to express his standpoint. Other legal claims shall remain unaffected.

(3) The supplier shall be obliged to contribute to the damage liability insurance for the product amounting to 10 million EUR for the health damage of persons/material damage – flat rate [fixing of adequate covering costs depends on the respective product sector.]; and a copy of corresponding insurance policy shall be available to Delta upon its request. Should other damage claim rights apply to us, then these remain

Art. 8

Protection rights

(1) The supplier shall be liable for the fact, that in relation to his delivery, no rights of any third parties shall be affected.

(2) Shall any third party call us to account, then the supplier is obliged to defend us at its own expenses and to hold harmless and exempt us from any such claims on the basis of the first written notice; we are entitled to conclude agreements with third parties – with supplier's consent as far as compensation is concerned.

(3) The obligation to exempt our company on the part of the supplier and compensate the damage shall apply to all costs inevitably arisen to us from or in relation to claiming the rights from a third party.

(4) The period of limitation of customer's claims stated in art. 8 in relation to the supplier shall be 10 years starting from the conclusion of the purchase conditions.

Art. 9

Reservation of ownership right – provision of material - tools – maintaining confidentiality

(1) Shall we provide parts to the supplier, we reserve the right to their ownership. Processing or conversion on the part of the supplier shall be carried out for us. In case our reserved product is processed by other objects,

which do not belong to us, we shall gain co-ownership to the new object in relation to the value of our object (purchase price plus VAT) to other processed objects at the time of their processing.

(2) In case, that the object provided by us is integrally combined with other objects, which do not belong to us, we gain co-ownership to the new object in relation to the value of the reserved object (purchase price plus VAT) to other combined objects at the time of their processing. Shall the combination be realized in such way, that the supplier's object is considered to be the main component, then it shall be valid as agreed, that the supplier transfers adequate co-ownership share to the object to us; the supplier shall secure exclusive ownership or co-ownership for us.

(3) We reserve ownership to the tools; the supplier shall be obliged to use the tools solely for the manufacture of the goods ordered by us. The supplier shall be obliged to insure the tools, which belong to us, up to the amount of the value of new tools, at own cost against damage due to fire, water or theft. At the same time, the supplier shall transfer all already applied claims for damage compensation from this insurance; herewith we accept the transfer. The supplier undertakes to carry out respective maintenance and inspection work on our tools as well as all repairs work at own cost. He shall be obliged to report possible failures immediately to us; shall he cause negligence of this duty, then the claims for damage compensation shall remain unaffected. We hereby reserve the right to take an annual or even more frequent stock check on the tools if we consider it necessary.

(4) The supplier shall be obliged to maintain strict confidentiality about all received illustrations, drawings, calculations and other documentation and information. They may be made accessible to third parties only with our exclusive written approval. The obligation to maintain confidentiality is also valid after realization of this contract; it shall terminate only if and as long as the manufacturing knowledge contained in let illustrations, drawings, calculations and other documentation becomes generally known.

(5) Shall the rights securing certain receivable belonging to us according to Art.9 para. (1) and/or para. (2) exceed the purchase price of all our default and reserved goods by more than 10%, we should release rights securing a certain receivable upon request of the supplier according to our consideration.

Art. 10

Spare parts / product follow-up

(1) After the last delivery of goods, the supplier shall secure maintaining stock and subsequent delivery of spare parts for the following period of time for adequate prices.

(2) In case the supplier intends to stop the manufacture of spare parts, he shall inform us about this issue in written form 12 months before the actual stop.

Art. 11

Termination

(1) We can terminate the contract anytime in case:

- bankruptcy proceedings concerning supplier's property are proposed or begun i.e. when observing conditions determined by the Bankruptcy and Restructuring Act
- the investment or control of the supplier changes, including but not limited to circumstances where supplier's ownership or composition of its shareholders changes to the extent as determined by Delta, or
- The supplier infringes contractual obligations

- In case that the supplying company will be sold - Delta has the right to cancel the PO

-Force Majeure

Art. 12

Place of fulfilment – court of arbitration - (applicable law)

(1) If not otherwise resulted from the order, the place of fulfilment is our head office.

(2) Shall the supplier be a trader, the place of the court for dispute settlement is the court in Trenčín, Slovakia; however, we are entitled to sue the supplier also at our discretion at the court in the city of his residence or where his head office is registered.

(3) Slovak Republic law governs.