

General Purchasing Terms and Conditions of Machine Tool Works FEHLMANN AG

1. Scope

These General Purchasing Terms and Conditions (hereinafter referred to as 'GPTC') shall apply to all purchases made by Fehlmann AG, Birren 1, CH-5703 Seon (hereinafter referred to as 'Fehlmann AG'), from its suppliers.

Other conditions, especially the suppliers' terms and conditions of supply, shall only be valid if they have specifically been acknowledged in writing in advance.

Should individual provisions of these GPTC be invalid, void or unenforceable, the validity of the remaining provisions hereof shall in no way be affected. Invalid, void or unenforceable provisions shall be replaced by provisions approximating as closely as possible the intended purpose of these GPTC.

2. Conclusion of Contract

Purchase orders shall be confirmed by the Supplier in writing by Email to: einkauf@fehlmann.com

Any technical change made with regard to earlier supplies or details shall be notified to Fehlmann AG immediately in writing. They shall entitle Fehlmann AG to amend or cancel the purchase order. In the latter case, no compensation shall be payable. For the performance of the contract the drawings accompanying the purchase order or registered drawings shall be binding. Unless agreed otherwise, the sending of faxes and e-mails shall meet this written form requirement.

3. Prices and Payment

If nothing to the contrary is agreed, prices are fixed. If the supplier reduces its prices prior to delivery, the lower prices shall also apply to the current order and the agreed prices shall be reduced accordingly. For orders without fixed prices, the recommended prices shall be submitted to Fehlmann AG for approval prior to the commencement of work. The prices established in the preceding paragraph shall include all packing, insurance, carriage and customs costs, as well as taxes and duties, but shall not include value added tax. These costs, as well as value added tax, shall be listed separately on the invoice. Unless agreed otherwise, payment shall only be made after receipt of the goods at the place of destination and the relevant invoice. Payment shall be made either within 14 days with a 2 % discount or within 30 days' net.

4. Title and Confidentiality

In accordance with the law applicable to tangible and intangible property, the title to drawings, tools, machines, caliber, models and material (hereinafter referred to as 'Material'), which Fehlmann AG makes available to the supplier, or which the supplier produces for Fehlmann AG for the account of Fehlmann AG, or purchases in its own name but for the account of Fehlmann AG, and all rights of use derived therefrom, shall remain exclusively with Fehlmann AG. The Material shall be marked accordingly by the supplier. The Material shall be stored appropriately, maintained and insured against damage by the supplier. The supplier may only use the Material for the performance of the contract. In particular, the supplier shall not use the Material for orders placed by a third party, publish it or otherwise make it accessible to third parties.

The supplier undertakes to treat as confidential all information it receives from Fehlmann AG in the context of their cooperation, whether this information is marked as confidential or not, and shall only use it in order to perform this contract. The supplier may only disclose such information to its employees insofar as this is necessary for the performance of this contract. The supplier shall properly ensure that its employees, auxiliary persons, suppliers and subcontractors comply with this obligation of confidentiality.

5. Place of Performance, Transport and Packaging

Unless Fehlmann AG has specified a different place of performance in the purchase order, or if the parties have specifically agreed otherwise in writing, supplies shall be delivered DDP to the production site of Fehlmann AG in Seon, Switzerland (INCOTERMS 2010).

The contractual products shall be packaged and transported in accordance with commercial practice, or according to the instructions Fehlmann AG.

6. Delivery Dates and Delay in Delivery

The delivery date shall be considered met if the contractual products arrive at the destination on or before the agreed delivery date. The supplier shall be in default if an agreed delivery date is not met without the need for Fehlmann AG to issue a reminder. Fehlmann AG may waive the setting of a reasonable period for supplemental performance and may, in the event of default, directly assert the applicable statutory claims.

Partial deliveries shall require the prior consent of Fehlmann AG and shall be clearly described in the delivery note or in the notice of dispatch as 'partial delivery'.

As soon as the supplier realizes that it will not be able to execute a delivery as agreed in the contract (in respect of quality or time), it shall inform Fehlmann AG without delay. The supplier is also required to take all reasonable steps to ensure that deliveries are made as agreed in the contract. The parties may agree a different delivery date in writing, provided the performance has not become futile for Fehlmann AG. The first paragraph of this clause shall apply unless otherwise agreed in writing.

For each week of default, the supplier shall pay a contractual penalty of 1 %, but no more than 10 %, of the purchase price. The payment of the contractual penalty shall not release the supplier from continued compliance with the contract. Fehlmann AG reserves the right to claim compensation in excess of the contractual penalty.

7. Warranty

The supplier warrants that the contractual products meet the agreed specifications, are of the agreed quality, are fit for the intended purpose, comply with the latest state of the technology, are free from defects in construction, material and execution, and comply with all relevant national and international regulations and conditions. The supplier is under an obligation to provide, at its own cost, the declarations and confirmations of the conformity of the contractual products with all applicable provisions (in particular those concerning basic health and safety requirements) demanded by Fehlmann AG in sufficient number and in the language specified by Fehlmann AG. The supplier shall grant Fehlmann

AG, at the latter's request, access at any time to the results of risk analyses and the safety concept relating to the contractual products.

The agreed service or operating life of tools and equipment's within the meaning of Clause 4(1) that the supplier produces for Fehlmann AG for the account of Fehlmann AG shall be considered warranted qualities. The supplier shall ensure that repeat purchases are of uniform quality. Changes in terms of quality engineering shall only be allowed with the prior written consent of Fehlmann AG.

The supplier warrants that the intended use of the supplied contractual products by Fehlmann AG does not infringe any third-party rights. Should Fehlmann AG discover defects in the contractual products supplied, it shall notify the supplier thereof. The supplier undertakes to repair or replace the defective contractual products as it sees fit. The supplier shall bear all the costs incurred in connection with the subsequent improvement (investigation, dismantling, transport, assembly, etc.). Should the supplier be unable to reinstate the contractual condition within a reasonable period of time Fehlmann AG shall have the right to demand a reduction in price or, in cases of serious defects, withdraw from the relevant contract or, at the cost and risk of the supplier, repair or replace the defective contractual products itself or have them repaired or replaced by a third party. Repaired contractual products shall be released by the supplier.

The warranty period shall be 24 months from acceptance of the contractual products or end product by the customers of Fehlmann AG. The warranty period shall, however, be no longer than 30 months from delivery by the supplier to Fehlmann AG. The warranty period shall start to run again upon supply of a replacement or repair. Fehlmann AG shall not be obliged to check the contractual products or to notify any defects immediately after they have been taken delivery of. Payments made by Fehlmann AG shall not constitute a waiver of claims under warranty.

In all cases, Fehlmann AG may demand compensation for any loss it has directly or indirectly suffered through failure to perform or faulty performance. The supplier shall be liable for its sub-suppliers and subcontractors in the same way as for itself.

8. Product Liability and Product Recall

The supplier shall take out adequate product liability insurance. At the request of Fehlmann AG, the supplier shall demonstrate the existence of such insurance in writing.

If Fehlmann AG is prosecuted on the basis of provisions of applicable product liability law because contractual products are defective within the meaning of these provisions, the supplier shall hold Fehlmann AG harmless against these claims. Fehlmann AG shall inform the supplier as soon as it learns about such claims so as to enable it to defend itself against unjustified claims. Fehlmann AG may hand the conduct of the case over to the supplier if it is clear that only the supplier's contractual products can be the cause of the loss.

If Fehlmann AG is of the opinion that products manufactured by Fehlmann AG need to be recalled due to faulty contractual products, Fehlmann AG shall notify the supplier immediately, provided that the delay does not represent a risk. The supplier shall bear the costs of the product recall if the recall has become necessary because of defects in the contractual products it has supplied. If several causes underlie a recall, the costs shall be borne proportionally, provided Fehlmann AG is responsible for one or more causes.

The claims of Fehlmann AG against the supplier in this regard shall become time-barred at exactly the same time as the claims of the injured third party against Fehlmann AG (i.e. in accordance with the regulations of applicable product liability law).

9. Duty of Information and Inspections

The supplier shall inform Fehlmann AG promptly in writing of any problems arising in connection with the contractual products.

Fehlmann AG, as well as its employees and advisors, shall have the right to inspect the supplier's premises following prior notification. The supplier shall cooperate. After consulting with Fehlmann AG, the supplier shall provide both finances and personnel in order to help solve the problem. If access is granted, Fehlmann AG shall keep the business secrets of the supplier confidential.

10. Quality Management

Our suppliers ensure that the contract products are produced according to a management system in accordance with the ISO 9001 standard. You are responsible for ensuring that the entire value chain is subject to a suitable Quality Management System (QMS). This also means that the supplier ensures the identification of the contract products. In the event of any quality defects, it is thus possible to identify which products, deliveries or production periods are affected overall.

If no certified system is available, Fehlmann AG expects the following measures from its suppliers:

- ➔ Regular review of legal compliance of the company.
- ➔ Documentation of workflows and procedures that may or may not affect quality, e.g. Processes, checklists, work instructions, etc.
- ➔ A management system is in place and its implementation is demonstrable.
- ➔ Appropriate training of employees in quality-relevant activities.
- ➔ The continuous and documented improvements of the management system.
- ➔ The supplier management considers not only the commercial aspects but also the aspects of quality management.
- ➔ One person is responsible for all quality matters in the company.

11. Environmental Management

Our suppliers operate with advantage an Environmental Management System according to ISO 14001. If no certified system is available, Fehlmann AG expects the following measures from its suppliers:

- ➔ Regular review of legal compliance in the environmental field.
- ➔ Documentation of work processes and procedures, which the environmental aspects can affect or influence e.g. Processes, checklists, work instructions, etc.
- ➔ An environmental program is available and its implementation is demonstrable.
- ➔ Appropriate training of employees in environmentally relevant matters activities.
- ➔ The continuous and documented improvements in the environment.
- ➔ The supplier management considers besides the commercial one also considered the environmental aspects.
- ➔ One person is responsible for all environmental issues in the company.

12. Termination of Contract

Fehlmann AG may end its purchases at any time with immediate effect through written notice to the supplier without giving reason and terminate the relevant contract. The supplier shall promptly discontinue the performance of its contractual obligations as soon as it receives written notice of termination.

In this case, Fehlmann AG shall pay the supplier the invoice value of the contractual products actually delivered to Fehlmann AG at the time the notice of termination is received. Additional liability on the part of Fehlmann AG does not exist.

Each party is entitled to terminate the contractual relationship for good cause at any time in writing without notice. A good cause is any circumstance that makes it unreasonable, in good faith, for the terminating party to abide by the contract, in particular any serious breach of contract by the other party or any repeated breach of contract, despite the other party being warned, as well as the opening of bankruptcy or administration proceedings concerning the other party.

13. Choice of Law and Jurisdiction

Swiss law shall exclusively be applicable.

The exclusive place of jurisdiction shall be Seon, Switzerland. Fehlmann AG reserves the right to assert its rights at the headquarters of the supplier.