

Purchase Order Terms and Conditions - POTC2002

1. PARAGRAPH 1 - GENERAL

- 1.1 The following TERMS AND CONDITIONS POTC2002 ("TERMS AND CONDITIONS") form an integral part of any Purchase Order and its annexes, (the "ORDER"), issued by General Dynamics European Land Systems - Mowag GmbH, CH-8280 Kreuzlingen, Switzerland, ("GDELS-MOWAG"), and placed with the supplier, (the "SUPPLIER"), covering the manufacturing and / or supply of material and services, ("MATERIAL"). These TERMS AND CONDITIONS alone do not create any obligation for GDELS-MOWAG to purchase MATERIAL from SUPPLIER.
- 1.2 Written confirmation of acceptance of the ORDER shall be provided to GDELS-MOWAG by the SUPPLIER within five working days after receipt, and this written acceptance shall establish the agreement ("AGREEMENT"), entered into between GDELS-MOWAG and the SUPPLIER regarding the supply of the MATERIAL by the SUPPLIER to GDELS-MOWAG. In the absence of any such written confirmation and acceptance, any action taken by SUPPLIER in fulfilment of the ORDER shall be conclusive evidence of SUPPLIER's confirmation of acceptance.
- 1.3 Any ORDER shall be issued in writing, and any modifications and amendments to the ORDER, the AGREEMENT and / or the TERMS AND CONDITIONS, as well as any of the SUPPLIER's own general terms and conditions shall be applicable and binding only if expressly acknowledged in writing by GDELS-MOWAG.
- 1.4 In case of contradiction between the ORDER / AGREEMENT and these TERMS AND CONDITIONS, the specific conditions stipulated in the ORDER shall prevail.
- 1.5 These TERMS AND CONDITIONS shall prevail over any of the SUPPLIER's own general terms and conditions, referenced in quotations, order acknowledgments and invoices or otherwise.
- 1.6 The ORDER and the terms of this AGREEMENT constitutes the entire agreement between GDELS-MOWAG and the SUPPLIER with respect to the matters contained in the AGREEMENT and supersedes all prior oral or written representations and agreements.
- 1.7 The term "week" is to be understood as seven (7) calendar days.

2. PARAGRAPH 2 - PRICE BASIS / TERMS OF PAYMENT

- 2.1 The SUPPLIER shall manufacture and / or deliver the MATERIAL and render the services in accordance with the AGREEMENT and the quantity and quality and technical specifications provided therein. Unless otherwise stipulated in the AGREEMENT, export / import licences / authorisations necessary for the export / import of the MATERIAL shall be the responsibility of the SUPPLIER.
- 2.2 Unless otherwise stipulated in the AGREEMENT, all prices in the AGREEMENT are valid net, for inspected MATERIAL, properly packed for transportation and preservation, and marked in accordance with the requirements of GDELS-MOWAG, delivered DAP GDELS-MOWAG, Kreuzlingen (INCOTERMS 2010).
- 2.3 Unless otherwise stipulated in the AGREEMENT, all prices are fixed. Delivery delays and changes in the wage rates or the raw material prices may not result in price adjustments.
- 2.4 The AGREEMENT can be price- audited by GDELS-Mowag's customer or the end-customer or its delegate. SUPPLIER gives the auditors of the end-customer an unrestricted right for audit of pre- and post-calculatory pricing.

- 2.5 Unless otherwise stipulated in the AGREEMENT, payment shall be made at GDELS-MOWAG's option either by check, bank transfer or in another way acceptable in accordance with business practices, and in Swiss Francs.
- 2.6 Unless mutually agreed in writing to the contrary in the AGREEMENT, payments for MATERIAL hereunder shall become payable only after acceptance, in accordance with Paragraph 11 hereunder, demonstrating compliance of the MATERIAL with the requirements of the AGREEMENT. In case of acceptance demonstrating compliance of the MATERIAL with the requirements of the AGREEMENT the invoice shall become due thirty (30) days after receipt of invoice by GDELS-MOWAG.
- 2.7 Neither the SUPPLIER nor any third party may allocate the payments by GDELS-MOWAG to invoices other than those indicated by GDELS-MOWAG.
- 2.8 If, following written information by GDELS – Mowag to the SUPPLIER, the MATERIAL is returned to the SUPPLIER due to non-fulfilment or faulty fulfilment, and SUPPLIER has already been partly or fully paid by GDELS-MOWAG, a full refund shall become due and payable to GDELS-Mowag upon return receipt of the MATERIAL by the SUPPLIER.
- 2.9 Any reference made to international trade terms will be interpreted in accordance with the relevant term of INCOTERMS 2010.

3. PARAGRAPH 3 - DELIVERY TERM / DELAY IN DELIVERY

- 3.1 Delivery shall be effected strictly in accordance with the delivery schedule established in the AGREEMENT, and the SUPPLIER warrants that the MATERIAL will be delivered in accordance with such delivery schedule.
- 3.2 The SUPPLIER shall immediately notify GDELS-MOWAG in writing if, for whatever reason, the date of the delivery as stipulated in the AGREEMENT cannot or may not be met. This notification will not release the SUPPLIER from his obligation to fulfil the AGREEMENT in accordance with the agreed delivery schedule. The SUPPLIER shall send with any such notification a recovery plan which shall indicate a recovery delivery schedule with respective quantities. GDELS-MOWAG will assess the recovery plan and decide whether to accept or reject the proposed schedule. Acceptance of the recovery plan by GDELS-MOWAG does not substitute the original delivery schedule and does not exempt the SUPPLIER to pay penalties and damages as stated under Paragraph 4.

4. PARAGRAPH 4 - PENALTY AND TERMINATION

- 4.1 Unless otherwise stipulated in the AGREEMENT, the SUPPLIER shall, irrespectively of any fault on the part of the SUPPLIER, be unconditionally obligated to pay a penalty for any delay in delivery in accordance with the terms of this Paragraph 4. Furthermore, in case of non-fulfilment or faulty fulfilment of the AGREEMENT by the SUPPLIER, the terms of the Swiss law of obligation are applicable.
- 4.2 The penalty period begins on the seventh (7.) day to be counted from the first day after the day on which SUPPLIER should have delivered the MATERIAL in accordance with the AGREEMENT.
- 4.3 The penalty is 0.5% of the value of the delayed delivery for each week of delay.
- 4.4 The first penalty will be due on the seventh (7.) day to be counted from the beginning of the penalty period as described in Paragraph 4.2. The first day of the penalty period is included in the calculation of the seven (7) days. All further penalties will be due on each seventh (7.) day to be calculated from the due date of the first penalty.
- 4.5 Notwithstanding Paragraph 4.3, if the SUPPLIER is in arrears with part of a complete unit, the penalty shall be based on the price of the complete unit or set to be delivered by the SUPPLIER, if this unit cannot be placed into service because of the delayed delivery.

(Example: if 100 left wheels and 100 right wheels are ordered, but only 100 left wheels delivered, the penalty will be based on the value of all 200 wheels).

- 4.6 Payment of a penalty will not release the SUPPLIER from his obligation to fulfil the AGREEMENT in accordance with the specifications and schedules set forth in the AGREEMENT.
- 4.7 GDELS-MOWAG is entitled to account the penalty at any time partly or entirely against the SUPPLIER's claims against GDELS-MOWAG, or to request payment of the penalty by the SUPPLIER. Not applying this right to claim the penalty immediately does not indicate GDELS-MOWAG's waiver to do so at a later date.
- 4.8 If the SUPPLIER does not meet the agreed delivery dates, and after the grace period of 1 week has elapsed from the original delivery date, GDELS-MOWAG is entitled to cancel the ORDER / AGREEMENT partly or entirely at any time, and to exercise all further rights and remedies stipulated in Paragraph 4.1.
- 4.9 GDELS-MOWAG is at any time entitled to terminate the AGREEMENT in the whole or partially. In the event of such termination GDELS-MOWAG shall have no liability to SUPPLIER for costs incurred by SUPPLIER except as may be agreed between the Parties in writing in an AGREEMENT or as stipulated below:
- 4.9.1 In case of a termination for convenience as set out in the above Paragraph 4.9 SUPPLIER's right to recover damages shall be limited to:
- a. the AGREEMENT sales price for finished but undelivered MATERIAL if manufactured in accordance with the AGREEMENT, and to costs of such related raw materials purchased by SUPPLIER up to the receipt of notice of termination, and necessary to be included in work specified under an AGREEMENT, but which cannot reasonably be used by SUPPLIER for any of SUPPLIER's other programs or products.
 - b. Payment for proven production labor costs for work in progress directly related to the fulfilment of an AGREEMENT, but only to the extent that such work in progress cannot be used for any of SUPPLIER's other programs or products.
- 4.9.2 Total payment in the aggregate under Paragraph 4.9.1 shall not exceed the price that SUPPLIER would have been entitled to receive in case of fulfilment of the non terminated ORDER/ AGREEMENT.
- 4.9.3 SUPPLIER shall provide reasonably sufficient documentation to prove the right to any payment stipulated under Paragraph 4.9.1
- 4.9.4 SUPPLIER may claim for payments under Paragraph 4.9.1 a. to b. only if SUPPLIER delivers all MATERIAL for which payment is demanded, free of any third party rights or claims
- 4.9.5 SUPPLIER has the obligation to support GDELS-MOWAG to mitigate any costs for which GDELS-MOWAG may be liable hereunder.
- 4.10 GDELS-MOWAG may terminate the AGREEMENT at any time forthwith by written notice and without any liability for any costs or obligations to SUPPLIER if:
- a. SUPPLIER undergoes any change of ownership or change of Control (SUPPLIER being obliged to notify GDELS-MOWAG within thirty (30) days of any such change); or
 - b. SUPPLIER ceases to do business, becomes unable to pay its debts as they fall due, becomes or is deemed insolvent, has a receiver, manager, administrator, administrative receiver or similar officer appointed in respect of the whole or any part of its assets or business, makes any composition or arrangement with its creditors, takes or suffers any similar action in consequence of debt or an ORDER or resolution is made for its dissolution or liquidation (other than for the purpose of solvent amalgamation or reconstruction), or any equivalent or similar action or proceeding is taken or suffered in any jurisdiction.

- c. any condition arises or becomes apparent to GDELS-MOWAG from which GDELS-MOWAG may reasonably conclude that SUPPLIER may be in violation of any law or regulation that may have a material affect on performance of the ORDER/AGREEMENT, or on the business or obligations of GDELS-MOWAG or any of its affiliates.
- 4.11 The above rights of termination as defined under clause 4.10 a. to c. shall be in addition to, and not in lieu of, any other right of termination that GDELS-MOWAG may have under the ORDER/AGREEMENT or under relevant law.

5. PARAGRAPH 5 - FORCE MAJEURE

- 5.1 Subject to the TERMS AND CONDITIONS contained herein, SUPPLIER shall not be liable under, nor be deemed to be in breach of the ORDER or AGREEMENT for any delay, interruption, or failure in performance under the ORDER or AGREEMENT that is caused by any of the following events, but only to the extent that such delay, interruption, or failure was not caused by the intentional acts or negligence of, and was beyond the reasonable control of, the SUPPLIER: acts of God; acts of civil or military authority; acts of unusually severe weather; strikes or labour disputes; acts of war, acts of the public enemy; terrorism; earthquakes or floods; fires or explosions; and any similar event. In order for SUPPLIER to be excused for any such delay, interruption, or failure in performance, SUPPLIER shall promptly give written notice to GDELS-MOWAG specifying the nature and anticipated duration of the Force Majeure Event, and outlining SUPPLIER's recovery plan, and shall thereafter keep GDELS-MOWAG informed of the status of the foregoing. During the period of non-performance by the SUPPLIER, GDELS-MOWAG shall have the right to suspend its performance under the ORDER or AGREEMENT, including, without limitation, any payment obligations. In case SUPPLIER claims force majeure as a reason for the non fulfilment of his obligations under this AGREEMENT, GDELS-MOWAG is entitled to inspect with his own means or let inspect if the non-fulfilment of SUPPLIER was effectively caused by force majeure.
- 5.2 In case of delays in delivery due to force majeure, the delivery dates may be postponed accordingly, but only by a maximum of two months. After this two month period, GDELS-MOWAG is entitled at any time to cancel entirely or partly the ORDER / AGREEMENT without a penalty or cost of any kind.

6. PARAGRAPH 6 - TECHNICAL MODIFICATIONS

- 6.1 The SUPPLIER shall supply all MATERIAL with identical specifications and dimensions regarding fit and contours, overall size and function as contained in the ORDER or AGREEMENT.
- 6.2 The SUPPLIER is obligated to report to GDELS-MOWAG in writing all technical modifications and improvements, prior to implementation, if they have an impact on the specifications set forth in the AGREEMENT – as well as additional work on the MATERIAL and possible request for modifications from third parties, and to submit the related documents to GDELS-MOWAG in a reproducible state.
- 6.3 In each case of modifications affecting form, fit, function or interchangeability of the MATERIAL, written consent by the end user must be obtained, via GDELS-MOWAG, prior to the first shipment of affected MATERIAL.
- 6.4 The SUPPLIER shall keep updated for a period of at least 15 years, free of charge, any maintenance and spare parts documentation regarding the MATERIAL.
- 6.5 In case of modifications to system parts, the interchangeability of all spare parts and peripherals must remain warranted either way (old-new / new-old).

7. PARAGRAPH 7 - CONTINUING SUPPORT, OBLIGATION FOR FUTURE DELIVERIES OF MATERIAL AND SPARE PARTS

- 7.1 The SUPPLIER is obligated to supply to GDELS – Mowag, upon reasonable request, additional MATERIAL and related spare parts, for a period of at least 15 years after completion of the AGREEMENT, under similar conditions and at competitive prices. Accrued price increases and quantity will be considered when placing the AGREEMENT, it being understood that such obligation shall not create any obligation on the part of GDELS-MOWAG to place any further AGREEMENT regarding such MATERIAL with the SUPPLIER. If SUPPLIER engages in manufacturing MATERIAL according to GDELS-MOWAG's drawings or GDELS-MOWAG's technology without being ordered to do so by GDELS-MOWAG, he shall do so at his own risk and is not entitled to sell such MATERIAL to any third parties without the prior written consent of GDELS-MOWAG in case that GDELS-MOWAG should not order such MATERIAL.
- 7.2 Furthermore, the SUPPLIER is obligated not to terminate production of the MATERIAL and related spare parts after said 15 years without notifying GDELS-MOWAG in writing six months in advance and accepting within such period additional ORDERS regarding such MATERIAL.
- 7.3 GDELS-MOWAG is obligated to supply its end users and customers with spare parts for a period of at least 15 years after completion of vehicle deliveries, and the SUPPLIER shall use his best effort to supply interchangeable MATERIAL and related spare parts even beyond the period of 15 years set forth in Paragraph 7.1 when requested so by GDELS-MOWAG.
- 7.4 The SUPPLIER agrees that in the event the ORDER / AGREEMENT is cancelled or in the event that the SUPPLIER fails or is unable to provide the support stipulated in Paragraph 7.1 to 7.3, the SUPPLIER shall immediately provide GDELS-MOWAG at no costs with all drawings, data and technical information necessary for the manufacture of the MATERIAL and related spare parts, and GDELS-MOWAG shall have the right to manufacture or have manufactured for it such MATERIAL and spare parts.

8. PARAGRAPH 8 - RIGHT TO INSPECT

- 8.1 GDELS-MOWAG shall have the right upon reasonable notice and during regular business hours to inspect SUPPLIER's facilities used for the manufacture of the MATERIAL. SUPPLIER may require the presence of an escort for such inspection. The right shall include the right of inspection of the SUPPLIER's records and books to the extent necessary for the supervision of the proper fulfilment of the AGREEMENT. In the event SUPPLIER possesses under the AGREEMENT goods in the ownership of GDELS-MOWAG, GDELS-MOWAG is entitled to check the inventory of such goods based on the above conditions.
- 8.2 The SUPPLIER warrants that GDELS-MOWAG may exercise its right to inspect in the same manner vis-à-vis the SUPPLIER's subcontractors in case of subcontracting.
- 8.3 The same right to inspect shall also be granted to GDELS-MOWAG's end users and customers to the extent necessary for GDELS-MOWAG's end users and customers to verify the proper fulfilment of their agreement with GDELS-MOWAG.
- 8.4 Exercising the right for access does not release the SUPPLIER in any way from his responsibility to manufacture and / or deliver the MATERIAL according to the agreed specifications.

9. PARAGRAPH 9 - QUALITY ASSURANCE / COMPLIANCE WITH LAWS

- 9.1 The SUPPLIER and his suppliers and subcontractors shall ascertain, through an adequate quality assurance system, that the MATERIAL will be produced, inspected and certified according to the specifications set forth in the AGREEMENT. The SUPPLIER will include to

each delivery of MATERIAL all corresponding certificates (like as but not limited to CoCs, test reports and test certifications, acceptance certificates (FAC) etc.) and will list these certificates on the delivery note.

The SUPPLIER has to make sure that only unused, completely functional MATERIAL is delivered, which is not negatively affected by storage.

In case the SUPPLIER has knowledge that the MATERIAL is faulty or has a potential weakness which could lead to a failure, the SUPPLIER has to inform GDELS-MOWAG without delay in writing of such fault or weakness. After GDELS-MOWAG's confirmation, the SUPPLIER has to replace the affected MATERIAL.

9.2 Failure to provide the requested quality inspection certificates may result in withholding of payments from GDELS-MOWAG to SUPPLIER.

9.3 Quality certificates must be issued for each production lot, but at least once for each delivery lot and must be delivered to GDELS-MOWAG with the MATERIAL and / or with the invoice.

9.4 The SUPPLIER, and the MATERIAL and services supplied / rendered by the SUPPLIER shall comply with all applicable laws, like as but not limited to equal rights of men and women, FCPA – Foreign Corrupt Practices Act, regulations, orders and ordinances including but not limited to regulations regarding war material (e.g. ITAR – International Traffic in Arms Regulations, EAR – Export Administration Regulations), and environmental and labour matters. SUPPLIER shall follow in the frame of the execution of the AGREEMENT the principles as set out in OHSAS 18001 related to Occupational Health- and Safety. If OHSAS 18001 is substituted through ISO 45001 then SUPPLIER shall follow the requirements of ISO 45001. At GDELS-MOWAG's request, the SUPPLIER shall certify in writing his compliance with the foregoing. The SUPPLIER shall indemnify and hold GDELS-MOWAG harmless from and against any liability claims, demands or expenses arising from or relating to the SUPPLIER's non-compliance.

All requirements of this AGREEMENT may be subject to Government Quality Assurance ("GQA"). SUPPLIER will be notified of any GQA activity to be performed.

9.5 Collaboration in quality matters can be determined by establishing a Quality Assurance Agreement between GDELS-MOWAG and the SUPPLIER.

9.6 New and Counterfeit MATERIAL:

a) In performing this AGREEMENT, SUPPLIER shall use only new MATERIAL. Used, reconditioned, or other than new MATERIAL shall not be used unless approved in advance and in writing by GDELS-MOWAG.

b) In performing this AGREEMENT, SUPPLIER shall purchase only genuine MATERIAL. SUPPLIER shall purchase MATERIAL only from 1) the Original Component Manufacturer (OCM) or Original Equipment Manufacturer (OEM), or 2) from a distributor that has purchased such MATERIAL directly from the OCM/OEM and is authorized in writing by the OCM/OEM to resell the MATERIAL. SUPPLIER shall not use or furnish counterfeit MATERIAL, nor MATERIAL purchased from other sources unless specifically approved in advance and in writing by GDELS-MOWAG.

c) In performing this AGREEMENT, SUPPLIER shall maintain and follow written policies, reasonably acceptable to GDELS-MOWAG and, if applicable to GDELS-MOWAG's Customers, for the detection of counterfeit MATERIAL and the traceability of the MATERIALS used in performing this AGREEMENT to the OCM/OEM. Upon reasonable request, SUPPLIER shall permit the inspection and copying of such policies, and records relating thereto.

d) SUPPLIER represents and warrants that in performing this ORDER, it shall use and deliver only genuine new MATERIAL purchased from OCM/OEMs or their authorized distributors, and acquired in conformance with SUPPLIER's approved policies. In addition to any other remedy available to GDELS-MOWAG for breach of this warranty, GDELS-MOWAG may: 1) reject MATERIAL tendered for delivery; 2) revoke acceptance of any MATERIAL previously delivered and accepted; 3) require SUPPLIER to repair or replace any MATERIAL previously accepted at SUPPLIER's expense; and 4) repair or replace, at

SUPPLIER's expense, any MATERIAL previously accepted. SUPPLIER shall indemnify and hold harmless GDELS-MOWAG and its Customers from all liability, costs and expenses for breach of this clause.

e) SUPPLIER shall incorporate the substance of this clause in every subcontract awarded under this AGREEMENT.

10. PARAGRAPH 10 - CONFLICT MINERALS: DODD-FRANK ACT, SECTION 1502 - SECURITIES AND EXCHANGE ACT OF 1934, 17CFR

10.1 MATERIAL to be delivered by SUPPLIER shall not contain any intentionally added columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives (together: "Conflict Minerals") that is necessary to the functionality or production of MATERIAL.

Intentionally added means that Conflict Minerals were intentionally added by the SUPPLIER or its sub-suppliers to the MATERIAL.

10.2 If ordered MATERIAL contains any Conflict Minerals SUPPLIER is only entitled to confirm the ORDER and supply MATERIAL if prior ORDER confirmation, based on a reasonable country of origin inquiry (RCOI) SUPPLIER knows or reasonably believes:

a) that the Conflict Mineral is from recycled or scrap sources and SUPPLIER also discloses this determination in writing to GDELS-MOWAG and briefly describes the RCOI and its results to GDELS- MOWAG, or

b) that the Conflict Mineral does NOT originate from the Democratic Republic of Congo or an adjoining country to it (together "Covered Countries") and SUPPLIER also discloses this determination in writing to GDELS- MOWAG and briefly describes the RCOI and its results to GDELS- MOWAG

10.3 Should SUPPLIER not be able based on an RCOI to determine and confirm above points a) or b), SUPPLIER may not confirm the ORDER and may not supply MATERIAL but has to describe GDELS- MOWAG in writing and in detail the following:

i) which MATERIAL/single component/s of MATERIAL is/are affected

ii) which Conflict Mineral/s is/are contained in the MATERIAL/components

iii) which is the source of the Conflict Minerals contained in the MATERIAL/components

Based on above points i) – iii), GDELS- MOWAG may in its sole discretion allow SUPPLIER in writing to confirm the ORDER and supply the MATERIAL

11. PARAGRAPH 11 - ACCEPTANCE

11.1 Unless otherwise stipulated in the AGREEMENT, acceptance of the MATERIAL will take place at GDELS-MOWAG's works in Kreuzlingen, within a maximum of ten working days after receipt of the MATERIAL.

11.2 Acceptance authority is the Quality Assurance Department of GDELS-MOWAG.

11.3 If the MATERIAL fulfils all specifications and conditions stipulated in the AGREEMENT during quality inspection and acceptance, it shall be accepted. The fact that the MATERIAL has been accepted does not release the SUPPLIER from his warranty obligations per Paragraph 12.

11.4 If the MATERIAL cannot pass quality inspection and acceptance and therefore does not meet the specifications stipulated in the AGREEMENT, GDELS-MOWAG may reject the MATERIAL and set a new date for reinspection / acceptance. The SUPPLIER shall bear all cost arising to GDELS-MOWAG for the repetition of the inspection / acceptance.

12. PARAGRAPH 12 - WARRANTY / LIABILITY FOR DEFECTS

- 12.1 The SUPPLIER represents and warrants that the MATERIAL will conform to and comply with the requirements, specifications, drawings and samples stipulated in the AGREEMENT, is free from any manufacturing and design defects and will be fit and sufficient for the particular use by GDELS-MOWAG and its end users and customers. Further, the SUPPLIER represents and warrants that, except for the CFE MATERIAL (as defined in Paragraph 13), he has good and legal title to the MATERIAL, free and clear of any liens, charges and encumbrances.
- 12.2 The warranty period, unless stated otherwise in the AGREEMENT, shall be 24 months after delivery of the MATERIAL to GDELS-MOWAG's customer, but in any case not more than 36 months after acceptance of the MATERIAL by GDELS-MOWAG. GDELS-MOWAG shall not be obliged to examine the MATERIAL subsequent to delivery, and may notify the SUPPLIER of defects at any time during the entire period of warranty.
- 12.3 In case the same defect discovered is to be found in a statistically significant number of products of the same kind already delivered by SUPPLIER to GDELS-MOWAG, GDELS-MOWAG shall be entitled to replace all relevant parts at the SUPPLIER's costs, during the warranty period, and regardless of whether it has been demonstrated that all such products delivered by SUPPLIER are defective.
- 12.4 In the event the MATERIAL is defective or otherwise non-conforming with the specifications stipulated in the AGREEMENT, GDELS-MOWAG may at its option cancel / rescind the ORDER / AGREEMENT, claim a price reduction, claim for repair or replacement and / or claim damages (including but not limited to loss of production, loss of use, loss of orders, loss of profit and other direct or consequential damages).
- 12.5 The rights and remedies provided to GDELS-MOWAG in the TERMS AND CONDITIONS shall be cumulative with, and additional to, all other or further remedies provided in law.
- 12.6 The SUPPLIER will bear all cost of shipping such MATERIAL back and forth, to and from the SUPPLIER, as well as any possible travel expenses and additional working hours arising from warranty work.
- 12.7 SUPPLIER grants the same warranty period as described under Paragraph 12.2 for replaced MATERIAL. The beginning of the warranty period for replaced MATERIAL shall be calculated from the delivery date of the replaced MATERIAL.
- 12.8 The SUPPLIER's warranty covers his own performances as well as those from his own suppliers and subcontractors.
- 12.9 If the SUPPLIER fails to perform his warranty obligations in a timely manner, GDELS-MOWAG is entitled, after previous written notice, to execute the necessary work of its own accord or have it executed by a third party, at the SUPPLIER's risk and cost.
- 12.10 Irrespective of any claim which GDELS-MOWAG might have under this Paragraph 12 against the SUPPLIER, GDELS-MOWAG shall have an unconditional right of recourse, irrespective of any fault on the part of the SUPPLIER, against the SUPPLIER for any product liability claim brought by a third party against GDELS-MOWAG to the extent such claim is based on a defect in the MATERIAL attributable to the SUPPLIER and / or his subcontractors. In the same manner, the SUPPLIER shall indemnify GDELS-MOWAG for all costs and expenses which incur to GDELS-MOWAG in connection with such claim.
- 12.11 SUPPLIER will comply to the Swiss laws of product-liability.

13. PARAGRAPH 13 - MATERIAL SUPPLIED BY GDELS-MOWAG

- 13.1 In the event that GDELS-MOWAG supplies to the SUPPLIER any Customer Furnished Equipment ("CFE MATERIAL") specified in the AGREEMENT, the SUPPLIER shall inspect the CFE MATERIAL visually for damage caused by transportation or storage, check the quantity, and confirm receipt of the CFE MATERIAL to GDELS-MOWAG in writing within 10

days. In case that the CFE MATERIAL supplied by GDELS-MOWAG is defective or does not conform to the quantity requirements and / or the quality and technical specifications stipulated in the AGREEMENT, the SUPPLIER shall without delay notify GDELS-MOWAG thereof in writing.

- 13.2 The CFE MATERIAL specified in the AGREEMENT may not be used by the SUPPLIER for purposes other than for the fulfilment of the AGREEMENT. The SUPPLIER shall store and maintain the CFE MATERIAL properly and in a safe place and at all times separate from any material / products owned by the SUPPLIER or third parties and shall adequately insure it, all at his own costs and expenses.
- 13.3 The fact that parts of the MATERIAL have been supplied by GDELS-MOWAG in the form of CFE MATERIAL according to the AGREEMENT does not release the SUPPLIER in any way from his liability and responsibility for the MATERIAL ordered as a whole, including the proper integration of this CFE MATERIAL, and does not affect the SUPPLIER's warranty obligations.
- 13.4 Any CFE MATERIAL shortage or loss must not be procured by the SUPPLIER from third parties, but only from GDELS-MOWAG, or from sources specified by GDELS-MOWAG's Purchasing Department.

14. PARAGRAPH 14 - AGE OR TEMPERATURE SENSITIVE MATERIAL

- 14.1 Each individual part of age sensitive MATERIAL or each container of such MATERIAL shall bear the clearly marked expiration date or date of manufacture with respective consumption term.
- 14.2 If any of the MATERIAL must be stored under special conditions, this shall be notified to GDELS-MOWAG no later than at the time of acceptance of the ORDER.
- 14.3 Proper storage temperature range must be distinctly marked on every container, if outside the + 15 / + 25 degrees Celsius range.

15. PARAGRAPH 15 - PASSING OF BENEFIT AND RISK

- 15.1 Ownership, use and risk of loss of the MATERIAL shall pass to GDELS-MOWAG upon acceptance of the MATERIAL by GDELS-MOWAG pursuant to Paragraph 11.

16. PARAGRAPH 16 - INTELLECTUAL PROPERTY

- 16.1 The SUPPLIER agrees:
- a. to defend, hold harmless and indemnify GDELS-MOWAG and its end users / customers against any claim of infringement of intellectual property (for example, but not restricted to, patent, trademark, copyright, industrial design rights, or other proprietary right, or misuse or misappropriation of trade secret, etc.) and resulting damages and expenses in any way in relation to the MATERIAL including such where the SUPPLIER has provided only part of the MATERIAL;
 - b. that GDELS-MOWAG, GDELS-MOWAG's subcontractors or GDELS-MOWAG's end users / customers have the right to repair, reconstruct, or rebuild the MATERIAL delivered under this AGREEMENT without payment of any royalty to the SUPPLIER;
 - c. that the MATERIAL manufactured based on GDELS-MOWAG's drawing and / or specifications may not be used for his own use or sold to third parties without GDELS-MOWAG's express written authorization;

- d. to treat as confidential, not to disclose to third parties, and to use for only the fulfilment of the AGREEMENT, any and all technical and other information which GDELS-MOWAG shall have disclosed or may have hereafter disclosed to the SUPPLIER in connection with the MATERIAL and technical information created or developed specifically for GDELS-MOWAG by the SUPPLIER under this AGREEMENT; and
- e. to the extent that the AGREEMENT is issued for the task of development work, to hereby assign to GDELS-MOWAG without any additional costs all intellectual property rights for such development including the rights related to all drawings and documents created with the development and/or provided with the development;
- f. that any intellectual property, irrespective of being capable of being protected or not, which was created by the SUPPLIER within the scope of and based on the AGREEMENT (Foreground Intellectual Property” or “FIP”) belongs, with the payment of the defined price therein, exclusively to GDELS-MOWAG, respectively GDELS-MOWAG receives an exclusive, perpetual, unrestricted, worldwide, license-free, free of charge, sub-licensable, transferable property right and right of use of the FIP. The SUPPLIER may only use the FIP for the execution of the AGREEMENT. The SUPPLIER shall create a written list of any FIPs created within the framework of the performance of the AGREEMENT and shall deliver the list together with the MATERIAL under the AGREEMENT to GDELS-MOWAG; and
- g. to the extent that the AGREEMENT is established for a purchase of MATERIAL, to provide to GDELS-MOWAG a non-exclusive, perpetual, unrestricted, world-wide, license-free, free of cost, sub-licensable, transferrable right to use for all drawings received from SUPPLIER, which refer to the MATERIAL in accordance the AGREEMENT and GDELS-MOWAG has the right of use for these drawings as required by GDELS-MOWAG to fulfill its business requirements.

17. PARAGRAPH 17 - SUBCONTRACTING / NON-ASSIGNABILITY / RELATIONSHIP BETWEEN THE PARTIES

- 17.1 In case of delegation or subcontracting, the SUPPLIER shall remain liable to GDELS-MOWAG for the proper and timely fulfilment of the AGREEMENT and for compliance, by his subcontractors, with any of the TERMS AND CONDITIONS and the AGREEMENT. On request of GDELS-MOWAG, SUPPLIER must identify and list his subcontractors in writing within 5 working days.
- 17.2 The SUPPLIER shall not be entitled to assign or pledge or otherwise encumber this AGREEMENT or any rights or obligations arising thereunder to third parties without the prior written consent of GDELS-MOWAG.
- 17.3 The SUPPLIER and GDELS-MOWAG are independent contracting parties and nothing in the ORDER / AGREEMENT shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party any authority to assume or create any obligation on behalf of or in the name of the other.

18. PARAGRAPH 18 - CONFIDENTIALITY / NO ADVERTISING

- 18.1 The SUPPLIER shall keep confidential the TERMS AND CONDITIONS and the contents of the AGREEMENT.
- 18.2 GDELS-MOWAG and the SUPPLIER agree to respect and to keep confidential each other's manufacturing and trade secrets or other confidential information of which they may have become aware in connection with the performance of the AGREEMENT.
- 18.3 The SUPPLIER shall not, without first obtaining the written consent of GDELS-MOWAG, in any manner advertise or publish the fact that GDELS-MOWAG has contracted to manufacture / deliver the MATERIAL for / to GDELS-MOWAG, or use any trademarks or trade names of GDELS-MOWAG in the SUPPLIER's advertising or promotional materials.

18.4 The undertakings set forth in this paragraph shall remain in effect also after fulfilment of the ORDER and shall survive the termination of the AGREEMENT for whatever reason.

19. PARAGRAPH 19 - IDENTIFICATION

19.1 The SUPPLIER shall use GDELS-MOWAG's part numbers and drawing numbers stated in the AGREEMENT on any of his documents (invoice, delivery note, and certificate), in addition to his own description and part numbers.

19.2 The SUPPLIER shall inform GDELS-MOWAG no later than when submitting his proposal or quotation, and again when sending his order acknowledgment, if his MATERIAL, or parts thereof, is subject to the United States International Traffic in Arms Regulations ("ITAR"), to the Export Administration Regulations ("EAR") or other national military goods restrictions or limitations.

19.3 ITAR and EAR controlled MATERIAL: In case the MATERIAL to be supplied by SUPPLIER to GDELS-MOWAG is fully or partially controlled by the US ITAR (International Traffic in Arms Regulations) or the US EAR (Export Administration Regulations), SUPPLIER shall send GDELS-MOWAG a copy of any related ITAR and EAR license which were issued (for example, but not limited to DSP-5, DSP-83, any kind of EAR licenses), necessary for the transfer of the MATERIAL to GDELS-MOWAG and from GDELS-MOWAG to the End-User. Furthermore, SUPPLIER shall provide GDELS-MOWAG in writing with the exact ITAR and EAR classification of the MATERIAL, like as but not limited to the applicable ITAR USML number or EAR ECCN number.

20. PARAGRAPH 20 - OFFSET PERFORMANCE

20.1 GDELS-MOWAG may, at its sole discretion, register this transaction as fulfilment or partial fulfilment of GDELS-MOWAG offset obligations, and SUPPLIER shall support GDELS-MOWAG in this respect. In the event that GDELS-MOWAG elects not exercise its right to use this transaction as fulfilment of any GDELS-MOWAG's offset obligations, SUPPLIER shall cooperate with GDELS-MOWAG to assist any affiliated companies among the General Dynamics Group to use this transaction for the fulfilment of possible offset obligations. Such efforts shall all be subject to the applicable laws and regulations, shall not impose any costs, obligations or expenses on SUPPLIER and shall not derogate any of SUPPLIER's rights.

21. PARAGRAPH 21 - SEVERABILITY CLAUSE

21.1 Should any part of this AGREEMENT be invalid for any reason, it is to be replaced with a corresponding text, which is valid and equivalent to the intended meaning. The rest of the AGREEMENT shall remain unaffected and valid.

22. PARAGRAPH 22 - GOVERNING LAW / JURISDICTION

22.1 The TERMS AND CONDITIONS as well as the ORDER / AGREEMENT shall be subject to and governed by Swiss law; the United Nations Convention on Contracts for the International Sale of Goods shall not apply.

22.2 Any dispute arising out of or in connection with the ORDER / AGREEMENT and the TERMS AND CONDITIONS shall be submitted to the exclusive jurisdiction of the competent courts of Kreuzlingen, Switzerland.