

General Terms of Purchase

1. General

- 1.1 Our terms of purchase apply exclusively. We do not recognize opposing terms or general conditions of business of the supplier, which deviate from our terms of purchase, unless we have approved them expressly in writing. Our terms of purchase apply also when we, aware of supplier conditions opposing or deviating from our terms of purchase, accept or pay for the supplier's products and services (hereafter: the subject-matter of the contract).
- 1.2 Our terms of purchase apply also to all future supplies and services, which the supplier provides to us until our new terms of purchase come into force.

2. Conclusion of contract and contract amendments

- 2.1 Orders, conclusions of contracts and calls for delivery as well as amendments and supplements to them must be in writing.
- 2.2 To be effective, any verbal agreements made before or on conclusion of the contract require the written confirmation of our Purchase Department.
- 2.3 Verbal agreements after contract conclusion, in particular subsequent amendments and supplements to our terms of purchase, including the present clause specifying the written form and any sub-agreements, also require the written confirmation of our Purchase Department to become effective.
- 2.4 Cost estimates are binding and not to be reimbursed unless deviating conditions have been agreed expressly.
- 2.5 If the supplier fails to acknowledge our order within two weeks from receipt, we shall be entitled to revocation. Calls for delivery become binding if the supplier has not formally expressed opposition within five working days from receipt.
- 2.6 The Quality Assurance guideline for suppliers (QSV) as well as the delivery and packaging instructions of KS AG is part of the present contract.

3 Deliveries

- 3.1 Deviations from our contract conclusions and orders are only admissible subject to our prior written approval.
- 3.2 Agreed dates and periods are binding. Decisive for compliance with the delivery time or delivery period is the date of receipt of the goods by us. If a delivery other than „free works“ (DAP or DDP as per Incoterms 2010) has been agreed, the supplier shall have the goods ready in time, taking into account the period required for loading and despatch to be coordinated between supplier and forwarder.
- 3.3 If erection or assembly/installation are the supplier's responsibility and nothing has been agreed to the contrary, the supplier shall bear all arising incidental costs such as e.g. travelling costs, preparation of tools and releases provided that no deviating provisions apply.
- 3.4 The provisions of the law apply if agreed dates are not adhered to. If the supplier foresees any difficulties in respect of manufacture, provisions of basic materials, maintaining of the delivery date or similar circumstances which might prevent him from delivering punctually or in the agreed quality, he shall notify our department which placed the order forthwith.
- 3.5 The unconditional acceptance of the delayed delivery or service doesn't represent a waiver of the damages we are entitled to as a result of the delayed delivery or service. This applies until full payment of the consideration owed by us for the delivery or service in question.
- 3.6 Part-deliveries are inadmissible as a matter of principle unless we have expressly approved them or they can be reasonably expected of us.

3.7 Subject to proof of another nature, the values determined by us in goods inwards inspections are decisive as regards numbers of pieces, weights and dimensions.

3.8 Our rights to software and its documentation within the scope of product supplies comprise the utilization to the extent admissible by the law and the utilization with the agreed performance characteristics to the extent required for an application of the product in conformity with the contract. We are also allowed to create a back-up copy without express agreement.

4 Acts of God

Acts of God, labour disputes, disturbances within our operations through no fault of ours, unrest, government measures and other occurrences outside our powers entitle us, without prejudice to our other rights, to withdraw from the contract completely or in parts. This to the extent that such interferences are of a substantial duration and result in a considerable reduction of our requirements.

5 Despatch note and invoice

Applicable are the details stated in our orders and calls for delivery. The invoice of single execution (original without copy) featuring the invoice number and other assignment characteristics must be sent to the address printed on it in each case and must not be enclosed with the consignments.

6 Pricing and passing of the risks

Unless especially agreed otherwise, prices are free our works, customs clearance and any duty included (DDP as per Incoterms 2010), packing included. Value Added Tax, if payable, must be shown separately.

The risk in the property lies with the supplier until we have received the goods or those commissioned by us at the location to which the goods must be delivered according to the order.

7 Payment terms

Unless especially agreed otherwise, invoices shall be paid within 14 days under deduction of 3 % discount or within 60 days net without deduction from the date the invoice is due for payment as well as receipt of both invoice and goods or provision of the service, respectively. Payment is subject to verification of the invoice.

8 Claims for deficiencies and recourse

8.1 The goods are accepted subject to inspection for freedom from deficiencies, in particular also for correctness, completeness and suitability. We are entitled to examine the subject matter of the contract to the extent and as soon as this is feasible according to the ordinary course of business. Any observed deficiencies shall be reported by us immediately upon detection. To this extent the supplier renounces on the plea of delayed notification of defects.

8.2 The provisions of the law on substantial and legal deficiencies shall apply to the extent that nothing to the contrary is specified hereafter.

8.3 We are entitled to subsequent fulfilment as a matter of principle.

8.4 In case the supplier doesn't start to remedy the deficiency immediately after our request to do so, we shall be entitled in urgent cases and in particular to avoid acute dangers or to prevent major damage, to remedy the deficiencies ourselves or to have them remedied by thirds at the supplier's cost. Claims for substantial deficiencies are subject to statute of limitations of 2 years unless the goods have been used for a building construction according to their usual application and caused the latter's deficiency.

The limitation period applicable to claims for substantial deficiencies starts with the delivery of the subject matter of the contract (passage of the dangers).

- 8.5 In case of legal deficiencies, the supplier shall additionally keep us harmless from possibly existing claims of thirds. A statute of limitations period of 10 years shall apply to legal deficiencies.
- 8.6 For parts of the delivery corrected or repaired within the statute of limitations period applicable to our claims for deficiencies the statute of limitations period shall start anew at the point in time at which the supplier has entirely fulfilled our claims for subsequent fulfilment.
- 8.7 If costs are incurred to us because of a deficient delivery of the subject matter of the contract, in particular transport, labour and material costs or costs of a goods-inwards inspection exceeding the usual scope, those costs shall be borne by the supplier.
- 8.8 If we take back products made and/or sold by us due to deficiencies of the subject-matter of the contract or if our sales price was reduced on account of such occurrences or if any other claims are lodged against us in such a context, we reserve to have recourse on the supplier, whereby an otherwise required fixing of a time limit is not needed for our notification of defects.
- 8.9 We are entitled to request our supplier to compensate us for expenses borne by us in the relationship with our customer because the latter has a claim against us to be held harmless of expenses incurred for the purpose of subsequent fulfilment, in particular costs of transport, travelling, work and material.
- 8.10 Notwithstanding the provision in paragraph 8.4, statute of limitations in the cases of paragraphs 8.8 and 8.9 will occur at the earliest 2 months from the point in time in which we have met the claims lodged against us by our customer, but 5 years from delivery by the supplier at the latest.
- 8.11 If a substantial deficiency becomes evident within 6 months from the passage of the danger, it shall be assumed that the deficiency existed already at the time the danger passed over, unless this assumption is incompatible with the kind of the subject or deficiency.

9 Product liability and recall

In case claims are lodged against us on the basis of product liability, the supplier shall be obliged to hold us harmless of such claims insofar and to the extent that the damage was caused by a nonconformity of the subject-matter of the contract delivered by the supplier. In the cases of fault-dependent liability, however, this will only apply if the supplier is at fault. If the cause of the damage is within the supplier's area of responsibility, the onus of proof shall be on him to this extent.

In the afore-mentioned cases the supplier shall bear all costs and expenses, including the costs of a possible prosecution or recall action. Apart from this the provisions of the law shall apply.

10 Execution of work

Persons carrying out work on our premises for the purpose of fulfilling the contract must abide by the terms of the regulations applying to our plant. Any liability for accidents suffered by such persons on our works site is excluded to the extent that such liability is not the result of an intentional or grossly negligent violation of duties on the part of our legal

representatives or agents engaged in the discharge of our obligations.

11 Provision of goods/materials

Substances, parts, containers or special packaging materials provided by us remain our property and may only be used for the intended purpose. Processing of substances and the assembly of parts are effected on our behalf. It is agreed that, in proportion to the value of the provided goods/materials to the value of the overall products, we are co-owners of the products made by using our substances and parts which the supplier stores on our behalf to this extent.

12 Documents and confidentiality

- 12.1 All business or technical information made accessible by us (including characteristics evident from e.g. samples, articles, documents or software handed over by us), and other knowledge or experience acquired in this context, shall be kept secret from thirds for as long and to the extent that they are not provably public domain. Within the supplier's own operation, such information may only be made available to those persons who are necessarily involved in their use for the purpose of providing supplies to us and who are also committed to secrecy. All the above-described information shall remain our exclusive property. Without our prior written approval, such information must not be copied or otherwise commercially used except for deliveries to us. At our request, all information originating from us (including any copies or records, if applicable) and objects handed over on loan basis shall be returned to us immediately and completely, or destroyed.

We reserve all rights in such information (including copyrights and the right to apply for industrial protective rights such as patents, registered designs, semiconductor protection, etc.). To the extent that such information has been made accessible to us this reservation in law shall also apply in favour of those thirds.

- 12.2 Products made on the basis of documents drawn up by us, e.g. drawings, models and the like, or made on the basis of our confidential information or with our tools or copied tools, must neither be used by the supplier directly nor offered or supplied to thirds. This applies analogously also to our printing orders.

13 Place of fulfilment

Place of fulfilment is the location to which the goods must be delivered in compliance with the order.

14 Basic Principles of Code of Conduct for KSAG suppliers

One important element of our General Terms of Purchase is adherence to and implementation of the "Code of Conduct".

The topics of the code of Conduct for KSAG suppliers are:

- ❖ Legal compliance with the laws of the applicable legal system(s)
- ❖ Prohibition for Corruption and Bribery
- ❖ Respect for the Basic Human Rights of Employees
- ❖ Prohibition of Child Labor: The basis for the minimum age for employment are several conventions of the International Labour Organization (ILO)

- ❖ Health and Safety of Employees
- ❖ Environmental Protection: The objective of environmental protection is to improve the market opportunities for our products and the esteem in which our customers and the public hold us, by increasing the environmental compatibility and ecological efficiency of the products themselves as well as the production processes.

For us it is important that our suppliers are compliant with the principles of our Code of Conduct for KSAG Suppliers.

We expect our suppliers not only to comply with the Code of Conduct for KSAG Suppliers in their own organization but also to ensure in turn that their subcontractors adhere to the international standards summarized in the Code of Conduct for KSAG Suppliers

15 General provisions

- 15.1 Should any provision of the present terms and further agreements be or become ineffective, this shall not affect the validity of the remaining provisions. The parties to the contract undertake to substitute the ineffective provision by one which comes as near as possible to it in its economical consequences.
- 15.2 **Place of jurisdiction** for all law cases arising directly or indirectly from contractual relationships on the basis of the present terms of purchase is **Glarus (CH)**. Apart from this we are entitled, at our option, to sue the supplier at the courts of its domicile or its subsidiary or at the place of fulfilment.
- 15.3 The contractual relationship is subject to Swiss law exclusively.

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