

General Conditions of Purchase

1. General

- 1.1 Our orders are only binding if given in written order. Oral and phone agreements are confirmed by us through written confirmation. This is also valid for all amendments, supplements, specifications, etc.
- 1.2 Orders by electronic communication (e.g. email), provided without signature are considered as binding as well.
- 1.3 These available conditions are decisive for all our purchase commitments, so far in the individual case other arrangements are taken. Conditions of the supplier are only valid for us, if and so far we have expressly agreed with those in written form.
- 1.4 If any business is operated, principally in the EDI-process, with a supplier, the applicable conditions previously have to be agreed in written form. Both the business partners as well as the respective business dealings are to be specified.
- 1.5 Orders must be confirmed within 5 working days by the receiver. The lack of order confirmation is considered as acceptance of the conditions contained therein.

2. Special Fabrication

- 2.1 As far as our order concerns to the individual manufacturer of small parts and components in the sense of a contract of work and labor (art.363), in case of a construction- or development order, an unlimited intellectual property and the exclusive use of all construction- and development results, in this regard, is our due. The constructions and developments may neither completely nor partially be made accessible to third parties, nor be disposed for own or for any other purposes, without an explicit consent in written form.

3. Documentation and Resources (Supplies)

- 3.1 The documents by us provided (drawings, fabrication- , testing- and delivery instructions, etc.) and other operating resources and auxiliaries means (samples, models, etc.) remain our property and have to be marked accordingly.
- 3.2 By conclusion of contract, the supplier authorizes us, that the registration of the reservation of the proprietary rights are to be made on the projecting mentioned items in the official registry in accordance with the regarding borders and to comply with all concerning legal formalities. He will meet all measures, which are required to protect our property rights.
- 3.3 It is neither allowed to duplicate nor to make accessible the projecting mentioned documents to third parties, without an explicit consent in written form; they may only be disposed for fulfillment of our order and not for any other purposes. The documents and resources have to be returned at any time on our request, but at the latest, undamaged, by delivery of the goods; or, if expressly agreed, to be stored by the supplier until revocation.
- 3.4 The supplier shall be liable for any damage of our property and is therefore obligated to store respectively to treat the documents and resources appropriately, and in accordance with us to insure them against possible damages.

4. Prices and Payment Conditions

- 4.1 The agreed prices are fixed prices. Price changes and related reservations are only binding, at the time when they are expressly accepted in written form.
- 4.2 Each delivery has to be invoiced immediately upon shipment. For each delivery a separate invoice with VAT identification and our order indication has to be issued. Invoices without these specifications will be refused. Cash on delivery shipments are not accepted.
- 4.3 Our payments are made independently of an examination of the goods by their entrance at place of destination. Therefore our payments respectively partial payments do not constitute any admission of quantity, price and quality. Our legal claims, concerning this matter, will be therefore completely preserved, also after effected payment of the goods.
- 4.4 The subrogation towards us of consisting claims as well as setoff's is not allowed.
- 4.5 Terms of payment after receipt of the invoice: 30 days 2% discount, 60 days net. Divergences there of, require the written approval of the Purchaser.

5. Supplier's Deliveries and Services

- 5.1 The quantities defined in our orders have to be kept. We reserve us the right, to place at the disposal the surplus parts against full compensation for all our time and effort to the supplier, and to insist on performance of small quantities of the ordered quantities.
- 5.2 The supplier grants contractual delivery, whose goods have to be free of right and proper, free from defects, in sound condition, under using faultless raw materials which have to be appropriate for the provided application. This includes in particular also the compliance with regulatory and legal safety regulations of the manufacturer- and country of destination. We are authorized to place the goods in defective condition at the disposal and to claim therefor compensation to the supplier.
- 5.3 Deliveries of suppliers and subcontractors are subject of our quality assurance system, according to ISO9001 / EN29001. Our suppliers and subcontractors will be evaluated accordingly.

6. Packaging and Shipping

- 6.1 The packaging has to be adapted to the good and to the providing type of transportation. Thereby environmentally acceptable packaging materials shall be preferred. Losses and damaging of goods that are caused by insufficient packaging, are to be charged to the supplier.
- 6.2 To each delivery / part-delivery shall be enclosed a delivery note with specifications of position- and article number, product designation, net / gross weight and / or exact number of pieces. Partial deliveries are to be indicated as such.
- 6.3 In all relevant documents, concerning the order, have to be specified at least our order- and position number.

7. Delivery Terms, Delivery Deadlines, Delivery Delay

- 7.1 The delivery terms and delivery deadlines specified by us, (even for part-deliveries) are binding. They are considered as kept, when until their expiration the merchandise had arrived in time at the place of destination.

- 7.2 In case of non-compliance of the agreed delivery terms respectively delivery deadlines (even for part-deliveries), we are authorized, to renounce for fulfillment of services without scheduling a period of grace and to withdraw from the contract. Legal claims to damage compensation are reserved.
- 7.3 Pffnner group companies are authorized, to claim as contractual penalty of the respective order, for each day of delay two (2)%, but not more than a total of ten (10)% of the net price and it will be directly deducted at issue of invoicing. With acceptance of the delayed, delivered products or services, no reservation is necessary, to claim the contractual penalty after delivery. Divergences thereof require of written acceptance through the Purchaser.
- 7.4 If a delivery is earlier than agreed, we reserve us the right, to settle the respective invoice not until the date agreed for delivery.
- 7.5 If due to delayed shipment of the delivery an accelerate transportation is necessary (freight, express freight, etc.), the Supplier bears the additional freight costs. Extra expenses for not required express deliveries, are to be paid as well by the supplier.

8. Place of Performance

- 8.1 Place of performance for delivery of the goods is the place of destination, for payment the customer's domicile. For delivery of goods the International Commercial Terms DDP (with border crossing), respectively CIP (without border crossing), according to INCOTERMS 2010, are valid. Divergences thereof, require the written acceptance through the Purchaser.

9. Passing of Benefit and Risk

- 9.1 Benefit and risk pass to us with delivery of the goods at the place of destination.

10. Examination, Warranty, Liability for Defects

- 10.1 The supplier examines the quantity and quality of goods before shipment.
- 10.2 The delivered goods will be examined as soon as possible after receipt, at latest on the subsequent processing or set-up, and the supplier will be informed immediately of possible defects. Given that on most deliveries, however, it is not possible to verify immediately the contractual conformity of the goods by our part, the supplier accepts through receipt of our order, claims without compliance of a notice period as compiled in time. This is also valid for hidden defects (Art. 201, 367, 370 OR).
- 10.3 Claims for rescission, depreciation, rectification respectively replacement of delivery and indemnity (Art. 205ff respectively 368OR) remain reserved. We reserve the right as well, to hold back the payment fully or partially, until, so far we are asking for substitution, and the supplier's obligation delivers the replacement goods faultlessly or the situation concerning rescission, depreciation and indemnity have been clarified and confirmed.
- 10.4 Reductions of the legal scheduled warranty periods will not be accepted by us.

11. Products Liability

- 11.1 We will inform the supplier, immediately about each product defect on the delivered merchandise, which has become known to us, in case the defect caused or could cause an accident with consequence of death, personal injury or property damage, and we have to come to an agreement with the supplier how to proceed. The supplier will support us in dealing with the conflict with the aggrieved party and discharge us from authorized claims insofar they are leaded back to representing product defects on the delivered merchandise, and for which we, respectively the supplier, in accordance with "Swiss Product Liability Act of 18 June, 1993" are responsible for. As authorized, claims are only valid, if they are accepted either from the supplier or have been adjudicated in a legal completed process, that we have conducted upon instructions of the supplier, whom respectively the aggrieved party were awarded. The supplier will reimburse us the hereby caused expenses. If a product recall should be necessary from the perspective of product liability, we will notify the supplier about further procedures as well as about reimbursement of costs.

12. Applicable Law

- 12.1 The contractual relationship is subordinated to Swiss material right, in particular under the provisions of the Swiss Code of Obligations. The convention of the United Nations about Contracts for the International sale of goods (so-called Vienna Sales right) from 11.4.1980 is not employed for application for this contractual relationship.

13. Place of Jurisdiction

- 13.1 The place of jurisdiction for the supplier and for us is Utzenstorf. We are, however, authorized as well to sue the supplier at his domicile.

**K. R. Pffnner AG, Utzenstorf CH-3427 Utzenstorf
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