

General Terms and Conditions for Procurement of services in favour of RUAG companies with their place of business in Germany (GTC-P GER Services)

1. Scope and validity

- 1.1 These GTC-P GER Services provide for the conclusion, content and performance of contracts for the procurement of services by RUAG from business partners.
- 1.2 These GTC-P GER Services shall be considered accepted if the appointee submits an offer to RUAG or confirms an order by RUAG. General Terms and Conditions of the appointee are explicitly excluded.

2. Offer and order

- 2.1 The offer is free of charge, unless specified otherwise in the request for proposal.
- 2.2 The offer is binding during the period mentioned in the request for proposal or in the offer. If there is no respective information, the appointee shall be bound for 2 months from the date of the offer.
- 2.3 If the offer deviates from the request for proposal, the appointee shall explicitly point this out.
- 2.4 Orders are only binding if they are placed in writing. Electronic orders are binding if this is foreseen in a written agreement between the parties.

3. Execution

- 3.1 The appointee shall inform RUAG regularly about work progress and in particular shall obtain all required specifications. The appointee shall inform RUAG immediately regarding any circumstances which may delay or jeopardize the contractual performance.
- 3.2 If the appointee must enter or access RUAG's premises to provide the services, the appointee shall comply with RUAG's company regulations, in particular with the safety regulations and house rules, which he will be handed upon request.

4. Enlisting of third parties

- 4.1 The appointee shall only enlist third parties which, in whole or in part, provide services for him, after previous written approval by RUAG.
- 4.2 RUAG may direct the appointee to enlist a specific third party. In such case, RUAG shall bear the consequences of its inadequate services, if the appointee proves that he instructed the subcontractor correctly and supervised it properly.
- 4.3 The appointee remains responsible toward RUAG for the provision of the services.
- 4.4 Upon request appointee shall disclose his sub-suppliers to RUAG.

5. Remuneration and expenses

- 5.1 As far as agreed, RUAG undertakes to provide remuneration. In this case the appointee provides the services at fixed prices or on a time and material basis with a maximum limit of the remuneration (cost ceiling). In his offer he discloses the cost types, quantity structures and cost rates.
- 5.2 The remuneration compensates for all services agreed upon in the contract and required for its performance. In particular the remuneration covers expenses (accommodation, travel and transport expenses etc.), license fees as well as taxes and duties without any deductions.

6. Terms of payment

- 6.1 Unless otherwise agreed, the payments become due after provision of the services. RUAG pays invoices made out after the due date within 30 calendar days after receipt of the invoice.
- 6.2 RUAG reserves the right to return incorrect, unverifiable invoices for correction. The term of payment begins to run upon RUAG's receipt of the corrected invoice.
- 6.3 If partial payments (downpayments and instalments) are agreed upon, RUAG may request securities from the appointee at his expense.

7. Delivery times and default of delivery

- 7.1 If the parties have, in the written contract, agreed upon an exact deadline for delivery of the services, in case he does not meet the deadlines so fixed, the appointee comes

into default without further ado; in the other cases after reminder by RUAG and granting of a reasonable respite.

- 7.2 Without the written approval of RUAG neither partial deliveries nor advance deliveries are permitted.
- 7.3 RUAG shall be notified immediately in writing of each emerging default of the appointee.
- 7.4 **If the appointee comes into default, he owes an amount of 1% of the total remuneration per day of delay, with a maximum of 10% of the total remuneration, unless he can prove that he was not at fault. The payment is also owed if the services are accepted without reservation. This payment does not relieve the appointee from the other contractual obligations; however, it is credited against the compensation for damages to be paid. Personal negligence of RUAG and Force Majeure remain reserved. RUAG may claim the payment only, if RUAG reserves this right within one month from acceptance of the last delivery of the respective order.**

8. Place of performance

- 8.1 Unless otherwise agreed, the premises of RUAG are the place of performance.

9. Termination and revocation

- 9.1 The parties may terminate or revoke the contract in writing at any time.
- 9.2 In case of a termination of contract acc. to Art. 9.1 above the appointee shall be entitled to compensation for services already provided.
- 9.3 In case of a termination at an inopportune juncture claims for compensation of any resultant damage remain reserved.

10. Instructions and cooperation

- 10.1 RUAG has a right to give instructions to the appointee. Instructions once given can be changed or revoked. Instructions given electronically are on par with written instructions, if they do not constitute a change of contract. Mere suggestions and proposals by RUAG to employees of the appointee are not considered instructions and do not have to be observed for the proper fulfillment of the contract.
- 10.2 RUAG shall provide the appointee timely and completely with all documents, information, approvals, rights of access and use required for the provision of the services

11. Emerging intellectual property rights

- 11.1 Intellectual property rights (Copyrights, patent rights etc.) that are created during the performance of the contract at RUAG, particularly on documents, concepts, hardware and individual software including source code, program description in written or machine-readable form are exclusively assigned to RUAG, unless otherwise agreed in the contract document.
- 11.2 Intellectual property rights (Copyrights, patent rights etc.) that are created during the performance of the contract, but are not part of the subject matter of contract, belong to
 - a) RUAG, if they were created by its employees;
 - b) the appointee, if they were created by his employees or by third parties enlisted by him;
 - c) RUAG and the appointee, if they were created jointly by employees of RUAG and the appointee, or by third parties enlisted by them. The parties shall refrain from mutually raising license fees and can transfer their rights to third parties or grant rights of use to third parties without the approval of the other party.
- 11.3 Both parties are entitled to use and dispose of ideas, procedures and methods which are not protected by law, but without being under the obligation to disclose them.

12. Pre-Existing intellectual property rights

- 12.1 The appointee or any third party shall retain any pre-existing intellectual property rights (Copyrights, patent rights etc.). Where third parties are involved, the appointee warrants that he owns the relevant distribution rights and rights of use.

12.2 On existing intellectual property rights, RUAG is given a temporarily, spatially and factually unlimited, non-exclusive, transferable right of use within the purpose of the contract. The appointee undertakes not to base any rights on these existing intellectual property rights, which could be in conflict with the foreseen rights of use and distribution regarding the subject matter of contract.

12.3 In case of standard software, this right includes the use of the hardware and its successor systems as provided in the contractual document. In case of a changed operating system or higher performance class the change and extension of the rights of use requires the approval of the appointee. He may only deny the approval for important reasons. The changes and extensions of the rights of use are calculated according to the original cost rate.

12.4 For data backup and storage purposes RUAG may make copies of the standard software.

12.5 Both parties are entitled to use and dispose of ideas, procedures and methods which are not protected by law, but without being under the obligation to disclose them.

13. Infringement of intellectual property rights

13.1 The appointee shall defend at his own cost and risk any third party claims arising from infringement of intellectual property rights. If a third party initiates a lawsuit against the appointee, he shall inform RUAG immediately in writing. If the third party raises direct claims against RUAG, the appointee shall participate, upon RUAG's first request, in the lawsuit as may be allowed under the respective legal process. The appointee agrees to bear all costs (including damages) suffered by RUAG from the lawsuit and any possible settlement out of court. In case of a settlement out of court the appointee shall only assume the payment to the third party if he has previously agreed to it.

13.2 If due to third party claims of infringement of intellectual property rights it becomes impossible for RUAG to use the contractually owed services in whole or in part, the appointee shall either change his services such that he does not infringe any third party rights and maintains his ability to perform the contractually owed services, or obtain at his expense a license from the third party. If the appointee does not take action to carry out one of these possibilities in due course, RUAG may rescind the contract at once and return the services concerned for full refund and indemnification.

14. Confidentiality

14.1 Both parties shall treat in strict confidence all information which is neither generally known nor generally accessible, and shall use it only for the purpose of fulfilling the concluded contract. Moreover the parties shall ensure the confidential treatment by their personnel and enlisted specialists. In case of doubt, all information shall be treated confidential.

14.2 Confidential information of a party does not include information which:

- was already known to the other party, before it was made accessible by the disclosing party;
- is or becomes generally known without the other party's responsibility;
- was disclosed to the other party by a third party without any transfer restriction;
- was developed by the other party itself without using or referring to the confidential information of the protected party;
- must be disclosed by order or legally binding decision of a court, administrative or other authority. In this case the party under the obligation to disclose has to inform the other party immediately of the decision and support protective measures the other party may desire to implement.

14.3 This obligation of confidentiality shall exist prior to the conclusion of the contract and remain valid for a period of 3 years after termination of the contractual relationship.

14.4 Without the approval of the other party the disclosure of information to third parties is not permitted. The companies of the RUAG Group, particularly the RUAG Holding AG as well as its subsidiaries and enlisted specialists (lawyers, auditors, experts) are not third parties in terms of this agreement. If the approval is given, the obligations of secrecy are to be transferred to the receiving third party.

14.5 Advertising and publications about specific services in connection with the contractual relationship require the written approval of the other party. Without the written approval of RUAG the appointee may not advertise the fact that a cooperation with the appointee party exists or existed, and may not give RUAG as a reference.

14.6 If a party violates the above-mentioned obligations of confidentiality, it owes, unless otherwise agreed, a payment to the other party, unless it can prove that it was not at fault. For each case the payment amounts to 10% of the total remuneration respectively 10% of the annual remuneration for continuing obligations, but no more than EUR 50'000.00 per case. This payment does not relieve the violating party from the obligation of confidentiality; but it is credited against the damages to be paid. Possible penal consequences remain reserved.

15. Data protection

15.1 The parties commit themselves to adequate data protection, corresponding with German legislation. In particular they agree to take all economically, technically and organisationally reasonable measures to protect the data affected by contract performance effectively against unauthorised knowledge by third parties.

15.2 Personal data may only be processed for the purpose and to the extent required for the fulfillment of the contract and for ensuring a high level of service and security standards. To this extent and for this purpose, personal data may also be passed on to another company of the RUAG Group and to domestic and foreign business partners, as far as legally allowed.

15.3 The parties shall impose these obligations upon their respective subcontractors, sub-suppliers and other third parties contracted for the fulfillment of the contract.

16. Compliance

16.1 The appointee agrees to comply with applicable legal standards, particularly with the competition- and antitrust laws, industrial safety and child protection provisions (e.g. regarding conflict commodities), the prohibition of human-trafficking and with the core conventions of the International Labor Organisation, as well with the provisions against counterfeits or for the protection of the environment and of health (e.g. guidelines like REACH and RoHS).

16.2 The appointee commits himself not to accept financial or other favours, if in return the giving party expects an unjustified advantage or is rewarded. He also commits himself to comply with the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions concluded within the OECD on 17 December 1997 also in private business transactions.

16.3 The appointee shall require his personnel, subcontractors, sub-suppliers and other third parties contracted with the fulfillment of the contract to comply with this Art. 16.

16.4 If the appointee violates the above-mentioned compliance commitments, he shall owe a contractual penalty, unless he can prove that he was not at fault. For each case of violation this penalty amounts to 10% of the total remuneration or 10% of an annual remuneration in case of a recurring remuneration, but no more than EUR 50'000.00. This payment does not relieve the appointee from its contractual obligations. RUAG may claim the penalty only, if RUAG reserves this right within one month from acceptance of the last delivery of the respective order.

17. Assignment and pledging

17.1 The contractual relationship or parties' rights and duties arising therefrom can only be assigned or pledged after previous written approval of the other party. Apart from that RUAG shall be entitled to assign rights and obligations from the contract to another company from the RUAG Group at any time.

18. Applicable law and jurisdiction

18.1 For the rest material German Law shall apply, excluding its rules on conflicts of legal systems. The United Nations Convention on Contracts for the International Sale of Goods shall be expressly excluded.

18.2 For all disputes arising out of or in connection with the contractual relationship only the law courts at the domicile of RUAG shall be competent.