

General Terms and Conditions for the sale of goods, the performance of work as well as for the supply of other deliverables by RUAG companies with their place of business in Germany (GTC GER)

1. Scope and validity

- 1.1 These GTC GER provide for the conclusion, content and performance of contracts for the sale of goods, the performance of work as well as for similar contracts from RUAG to contractual business partners. Unless otherwise agreed, the General Terms and Conditions for Services by RUAG companies with their place of business in Germany (GTC GER Services) shall apply for contract law services, the General Terms and Conditions for Maintenance and Support by RUAG companies domiciled in Germany (GTC GER Maintenance for maintenance and support).
- 1.2 These GTC GER shall be considered accepted if the contractual partner orders from RUAG and reference is made to them in the offer or in the order confirmation. General Terms and Conditions of the contractual partner are explicitly excluded.

2. Offer and order

- 2.1 An offer submitted by RUAG is valid during the period mentioned in the offer. If there is no respective information, RUAG remains bound for 30 days.
- 2.2 If the order of the contractual partner deviates from the offer or from the order confirmation of RUAG, the offer, the order confirmation respectively, applies, unless the contractual partner raises an objection immediately after receipt.
- 2.3 Orders are only binding if they are placed in writing or subsequently confirmed in writing. Electronic orders are binding if this is foreseen in a written agreement between the parties.

3. Enlisting of subcontractors

RUAG reserves the right to enlist subcontractors for the provision of the services. In such a case RUAG remains responsible towards the contractual partner for the provision of the services.

4. Remuneration

- 4.1 The remuneration compensates for the services agreed upon in the contract. Unless expressly otherwise agreed, it is due net, excluding taxes and duties (value added tax, customs duties etc), from RUAG premises, without packing and without deductions.
- 4.2 RUAG is entitled to adapt the remuneration according to the increased real cost, maximum up to the rise of cost of living, if between the closing of the contract and delivery more than three months have passed.

5. Terms of payment

- 5.1 Unless otherwise agreed, the payments are due at once, payable to RUAG within 30 calendar days from the invoice date without any deduction.
- 5.2 The payment dates have to be complied with, even if the services are delayed for reasons, for which RUAG is not responsible, or if insignificant parts are missing or slight corrections are necessary.
- 5.3 Justified objections against the invoice must be explained and declared to RUAG within a reasonable period, but no longer than two weeks from receipt of the invoice, otherwise the original date of payment remains valid.

6. Retention of title

- 6.1 The delivered subject matter of contract remains the property of RUAG until it has been fully paid.
- 6.2 During the retention of title, the contractual partner may only sell, pledge or transfer for security the delivered objects, if he has fully met all payment obligations from the contractual relationship.
- 6.3 During the retention of title the contractual partner shall carefully store, maintain, protect the delivered objects against theft, breakage, fire, water and other risks, and moreover, until an undividable amalgamation with other objects or until use or consumption, take all reasonable measures in order that the property claim of RUAG is neither compromised nor cancelled until the objects are installed or used.

7. Delivery times and default of delivery

- 7.1 Delivery times are considered kept if before their expiry the notification of dispatch or readiness for acceptance of RUAG has been sent to the contractual partner.

- 7.2 If RUAG cannot comply with a delivery time for reasons, for which it is not responsible (e.g due to unfulfilled obligation to co-operate of the contractual partner, the fault of third parties, late or incorrect supply), it is extended appropriately.

- 7.3 **If the parties have agreed upon an exact deadline for delivery of the performances, in case RUAG does not meet the deadlines so fixed, it comes into default without further ado; in the other cases after reminder by the contractual partner and granting of a reasonable respite. If RUAG comes into default through its own fault, the contractual partner is entitled to claim a contractual penalty. For each full week of the delay from default the contractual penalty amounts to a maximum of 0,5%, but not more than a total of 5%, calculated on the contractually agreed remuneration for the delayed (partial) delivery. For the first week from the beginning of default there is no claim for a contractual penalty. The contractual penalty is credited against a possible compensation for damages to be paid. Personal negligence of the contractual partner or Force Majeure remain reserved. The contractual partner may claim the penalty only, if he 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.
- 8.2 With the delivery to the place of performance title and risk are transferred to the contractual partner.

9. Inspection and acceptance

- 9.1 The contractual partner shall inspect the subject matter of contract within 7 calendar days from delivery resp. installation or notification of readiness for acceptance and notify defects in writing, otherwise it shall be considered accepted. The subject matter of the contract is also deemed accepted upon initiation of productive operation by contractual partner.
- 9.2 If during the acceptance inspection minor defects are detected, acceptance takes place anyway and the acceptance inspection is completed. RUAG subsequently remedies the detected defects.
- 9.3 If during the acceptance inspection major defects are detected, acceptance is postponed. RUAG remedies detected defects and notifies the contractual partner of a new acceptance date.

10. Warranty

- 10.1 RUAG warrants that the subject matter of contract shows the agreed material and legal properties.
- 10.2 RUAG waives warranty for any performance not performed by RUAG insofar as permitted by law. Warranty claims towards suppliers or manufacturers, if any, shall be transferred by RUAG to the contractual partner.
- 10.3 The rights arising from product defects expire within 12 months after the transfer of title and risk. The contractual partner has to notify defects in writing within 7 calendar days after their detection.
- 10.4 If the subject matter of contract is defective, subject to the provisions of this Art. 10, RUAG can choose between remediation and replacement. Other claims of the contractual partner are expressly excluded.

11. Liability

RUAG is only liable for violations of contract caused through gross negligence or intentionally. In addition, RUAG is liable for damages to life, health or body and damage claims based on the German Product Liability Act, caused by RUAG, its officers or staff or its auxiliary persons in execution of this contract.

RUAG is liable but limited to the foreseeable damage typical to the respective contract in case of gross negligence by RUAG non-executive staff or auxiliary persons or in case of ordinarily negligent breach by RUAG, its officers, staff or auxiliary persons related to a contractual obligation that goes to the root of the contract,

12. Force Majeure

- 12.1 The Parties shall not be held responsible for failure to perform or delay in performing any of their contractual obligations if such failure or delay is due to unforeseeable

events beyond their reasonable control, whether arising from natural causes or human agency ("Force Majeure"), including but not limited to acts of God, war, insurrection, epidemics, sabotage, labour disputes, strikes, lock-outs, shortages of labour, interruption or delays in transportation, fire, explosion, equipment or machinery breakdown, failure or delays of RUAG's source of supply, shortage in material or energy, acts, orders or priorities of any aviation authority or government (e.g. non-issuance of an export license or non-approval of service deliveries as well as the withdrawal of such an export authorization), and embargo

12.2 The Party affected by Force Majeure shall notify in writing the other Party within two weeks following the occurrence of any event of Force Majeure citing this Article in said notice and shall supply all relevant information about its effects on the performance of its contractual obligations.

12.3 Unless mutually agreed to in writing, the Party unable to perform because of Force Majeure is temporarily excused from performance while the incident of Force Majeure is occurring and obligated to perform once the incident ends. Such Party shall not be subject to damage claims.

12.4 In case the duration of Force Majeure exceeds six months, the Parties will discuss with each other and each Party will have the right to terminate this Agreement immediately. Contractual obligations performed shall be remunerated. Remuneration already paid shall be refunded, however reduced by the accrued cost and expenses of the contractual obligations performed.

13. Licenses and export regulations

13.1 Insofar as the contractual partner provides goods for the performance by RUAG, he keeps informed at all times about national and international export regulations (e.g. ITAR) and notifies RUAG immediately in writing, if the goods provided are subject to these provisions in whole or in part. He complies with all applicable export regulations and discloses to RUAG on request all relevant information for this purpose.

13.2 Unless expressly otherwise agreed in writing, the contractual partner takes all measures required to obtain the official license needed for the provision of the services. In particular they include national and international export regulations. RUAG provides the contractual partner with appropriate support.

14. Emerging intellectual property rights

14.1 Intellectual property rights (Copyrights, patent rights etc.) that are created during the performance of the contract, particularly on works, concepts, hardware and individual software including source code, program description in written or machine-readable form specially developed by RUAG are exclusively assigned to RUAG.

14.2 The contractual partner has a non-transferable and non-exclusive right to use the emerging intellectual property rights within the purpose of the contract. In case of software this right includes the use on the hardware as agreed and their successor systems. For a changed operating system or higher performance class the modification and extension of the right of use requires the approval of RUAG.

14.3 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.

15. Pre-Existing intellectual property rights

15.1 Pre-Existing intellectual property rights (Copyrights, patent rights etc.) remain with RUAG or third parties. Insofar as the contractual partner provides RUAG with intellectual property rights, he warrants that no third party intellectual property rights are infringed.

15.2 The contractual partner obtains a non-exclusive and non-transferable right to use the pre-existing intellectual property rights for the agreed purpose.

16. Infringement of intellectual property rights

16.1 RUAG shall contest at its own cost and risk any third party claims arising from infringement of intellectual property rights directly linked to RUAG's services under this contract. The contractual partner informs RUAG immediately in writing about claims of third parties due to infringement of intellectual property rights. He lets RUAG conduct a possible trial and take care of the measures and instructions for a settlement in court or out of court of the lawsuit. In case of a trial the contractual partner shall consult RUAG immediately. If necessary, he takes first damage-reducing measures.

16.2 Under these conditions RUAG assumes the costs accruing to and damages paid by the contractual partner. In case of a settlement out of court RUAG makes the agreed

payment to third parties only if it has approved it beforehand.

17. Confidentiality

17.1 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 consulted specialists. In case of doubt, all information is to be treated confidentially.

17.2 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;
- has to be disclosed based on applicable law or a legally binding decision of a law court, administrative or other authority. In this case the party under the obligation to disclose has to inform the other party immediately about the decision and support protective measures the other party may want to take.

17.3 This obligation of confidentiality already exists prior to the conclusion of the contract and remains valid for a period of 3 years after termination of the contractual relationship.

17.4 Without the written 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.

17.5 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 contractual partner may not advertise the fact that a cooperation between the parties exists or existed, and may not give RUAG as a reference.

17.6 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 entire compensation for purchase-, service- and similar contracts or 10% of the annual compensation for continuing obligations, but no more than EUR 50'000.00 per case. This payment does not relieve the party from the obligation of confidentiality; but it is credited against the damages to be paid. Possible penal consequences remain reserved. The claiming party may claim the penalty only if it reserves this right within one month from its knowledge of the violation.

18. Data protection

18.1 The parties commit themselves to adequate data protection, corresponding with applicable law. In particular they undertake to take economically, technically and organisationally reasonable measures to protect the data affected by contract performance effectively against unauthorised knowledge by third parties.

18.2 Personal data may only be processed for the purpose and to the extent required for the fulfillment of the contract and for safeguarding a high service and security standard. To this extent and for this purpose personal data supplied by the contractual partner may also be passed on to another company of the RUAG Group and to domestic and foreign business partners, as far as legally admissible.

18.3 The parties undertake that these commitments are passed on their subcontractors, suppliers and other third parties enlisted for the fulfillment of the contract.

19. Compliance

19.1 The parties 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 provision against counterfeits or for the protection of the environment and of health.

19.2 The parties shall not to accept financial or other favours, if in return the giving party expects an unjustified advantage or is rewarded. They also commit themselves to

observe 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.

19.3 The parties shall commit their personnel, subcontractors, sub-suppliers and other third parties enlisted for the fulfillment of the contract contractually to compliance with this article.

19.4 If one of the parties violates the above-mentioned compliance commitments, it shall owe a contractual penalty, unless it can prove that it 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 respective party from its contractual obligations. The claiming party may claim the penalty only if it reserves this right within one month from its knowledge of the violation.

20. Assignment and pledging

20.1 The contractual relationship or rights and duties therefrom can only be assigned or pledged after previous written approval of the other party. Apart from that RUAG may assign right and duties from the contract to another company from the RUAG Group at any time.

20.2 The claims arising to the contractual partner from the contractual relationship may be neither assigned or pledged without the previous written approval of RUAG.

21. Set-off

The contractual partner shall not be entitled to set-off without express written consent from RUAG.

22. Applicable law and jurisdiction

22.1 To the contract and to all rights and claims arising in connection with the contract, 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.

22.2 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.