

GENERAL CONDITIONS OF DELIVERY (2012-05)

1. SCOPE

These General Conditions shall apply to all deliveries from the Supplier to the Purchaser unless otherwise agreed in writing.

2. QUOTATION AND CONCLUSION OF CONTRACT

The Supplier's quotation is valid for the period stated therein. In the event that such period is not stated in the quotation, the validity of the quotation is limited to a period of thirty (30) days following the date of the quotation. A Contract is not concluded until the order from the Purchaser has been acknowledged in writing by the Supplier.

3. DELAY

Should delay in delivery be caused by any of the circumstances mentioned in Clause 18 or by an act or omission of the Purchaser and whether such cause occurs before or after the time or extended time for delivery, there shall be granted such extension of the delivery date as is reasonable having regard to all the circumstances of the matter. If it becomes evident for either of the parties that it cannot perform the agreed schedule for delivery or receipt of the Products, the other party shall be informed thereof without delay. Such communication shall contain information relating to the cause of the delay and the estimated effect on the schedule for delivery or receipt of the Products.

If the Supplier is delayed in delivery of the Products out of other reasons than those stated in the first paragraph hereof, the Supplier shall pay liquidated damages to the Purchaser. The liquidated damages shall be payable at the rate of 0,5 per cent of the purchase price for the part of the Products that are delayed for each complete week of delay. The Supplier's cumulative liability for delays is limited to 7,5 per cent of such purchase price. The Purchaser shall have no right to receive liquidated damages unless it notifies the Supplier thereof not later than sixteen (16) weeks following the agreed delivery date. In the event that the Supplier has not delivered the Products at the time when the Purchaser is entitled to maximum liquidated damages, the Purchaser may require in writing that the Products be delivered within a final reasonable period, which shall not be less than two (2) weeks. If the Supplier fails to make delivery of the Products before the expiry of this final period, the Purchaser may terminate the Contract in respect of the delayed Products by notice in writing to the Supplier. The liquidated damages and the termination of the Contract are the only remedies available to the Purchaser in case of delay on the part of the Supplier. All other claims against the Supplier based upon such delay shall be excluded.

In the event that the Purchaser is not able to receive the Products at the agreed date of delivery, the Supplier shall store the Products at the sole risk and expense of the Purchaser. If the delivery of the Products is delayed due to omissions or acts of the Purchaser, the Purchaser shall compensate the Supplier for the additional costs incurred thereby by the Supplier. The Supplier may terminate the Contract by written notice to the Purchaser if the Purchaser has not fulfilled its obligations within one month after having received such notice. If the Contract is terminated, the Purchaser shall indemnify and hold the Supplier harmless from any loss or damage suffered due to such default by the Purchaser.

4. CONSECUTIVE DELIVERIES

If the Contract provides for consecutive deliveries of the Products, each delivery shall be considered as a separate sale of the Products. In the event of delays or defects in such separate delivery, the Purchaser is consequently not entitled to terminate the entire Contract. However, if the date of delivery is extended due to circumstances referred to in paragraph 1 of Clause 3, the Supplier is entitled to extend the date of delivery of the consecutive deliveries accordingly.

5. PACKING

Unless otherwise agreed in the Contract, the purchase price for the Products does not include the cost for packing of the Products.

6. PLACE OF DELIVERY

Unless otherwise agreed in the Contract, the place of delivery shall be ex works the Supplier's facilities (defined in accordance with Incoterms in force at the time).

7. PASSING OF RISK

Unless otherwise agreed in the Contract, the risk of loss of or damage to the Products shall pass to the Purchaser at the time when the Products have been placed at the disposal of the Purchaser in accordance with Clause 6 hereof.

8. DELIVERY CONTROL

Unless otherwise agreed in the Contract, delivery control of the Products shall be performed by the Supplier in the way that is normally done by the Supplier in respect of the Products. The delivery control by the Supplier shall not in any way release the Purchaser from its obligation to examine the Products at receipt thereof.

9. QUANTITY

The agreed quantity of the Products may, at the Supplier's option, deviate with not more than ten (10) per cent. The purchase price for the Products shall be based upon the quantity delivered. In this Clause 9 the expression "agreed quantity" shall mean the total agreed quantity regardless of whether partial deliveries are made.

10. COMPLAINT

The Purchaser shall without delay, as from the date when the Purchaser notices or should have noticed defects or deficiencies in the Products, and in no case later than two (2) weeks after the expiry of the warranty period referred to in Clause 11; notify the Supplier in writing of any defects or deficiencies in the Products. In respect of defects or deficiencies, which the Purchaser without any difficulties should have noticed at the receipt of the Products, the Purchaser is obliged to immediately following receipt of the Products notify the Supplier of any defects or deficiencies. If it is feasible that the defects or deficiencies have occurred in connection with the transportation of the Products, the Purchaser shall, in addition to the foregoing obligations, immediately after receipt of the Products notify the carrier thereof. In the event that the Purchaser does not fulfill its obligations in respect of notification in accordance with the provisions of this Clause 10, the Purchaser shall have no right to have defects or deficiencies remedied under Clause 11.

11. LIABILITY FOR DEFECTS

The Supplier warrants that the Products will be free from defects in materials and workmanship when used properly and in accordance with the directions for the Products. The Supplier's obligations under the warranty will expire not later than twelve (12) months following delivery of the Products, or such shorter period taking into account the maximum period of storage of the Products. The Supplier's obligations shall not apply to nor include any Products, which have been subjected to accident, alteration, abuse or misuse.



The Supplier's liability to the Purchaser for any claim relating to the Products shall be limited to repair, replacement, reprocess or refund of the purchase price, at the Supplier's option, and this shall be the Purchaser's sole remedy. In no event will the Supplier be liable for consequential or indirect damages including, but not limited to, loss of profit, loss of goodwill, cost of capital and costs incurred in connection with substitute sources of supply.

The warranty set forth in this Clause 11 is the only warranty by the Supplier in respect of the Products and no other warranties of any kind, whether statutory, written, oral express or implied (including warranties of fitness for a particular purpose or merchantability) shall apply.

Within Sweden, Products repaired, replaced or reprocessed will be delivered by the Supplier to the original place of destination free of charge. In the event of shipments of Products outside Sweden, repaired, replaced or reprocessed Products will be delivered FOB Swedish export harbour. Unless otherwise agreed in the Contract, the Purchaser shall pay the cost of the freight of the defective Products to the Supplier's facilities and bear the risk of loss of the Products during such freight. The warranty by the Supplier in respect of the original Products shall apply to the replaced, repaired or reprocessed Products.

In the event that the Supplier replaces a defective Product under the Product warranty, the Supplier shall be entitled to invoice the Purchaser for the replaced Products. However, the price for the replaced Products shall not exceed the added value gained by the Purchaser for receiving new Products in replacement of the original, used, Products.

12. PRODUCT LIABILITY

The Purchaser shall indemnify and hold the Supplier harmless against any claim which may be brought against the Supplier by any third parties which may arise, directly or indirectly, out of the loss or damage, for which the Supplier is not responsible in accordance with paragraphs two and three of this Clause 12.

The Supplier is not responsible for loss or damage which is caused by the Products (i) to any kind of property if the loss or damage occur while the Products are in the possession of the Purchaser; or (ii) to products manufactured by the Purchaser or to products in which the products of the Purchaser are a part, or of loss or damage to any kind of property caused by such products.

In no event will the Supplier be liable for consequential or indirect damages including, but not limited to, loss of profit, loss of goodwill, cost of capital and costs incurred in connection with substitute sources of supply.

The parties agree to keep each other informed of any product liability related claims from third parties.

13. ADJUSTMENT OF PRICES

In the event that an export charge, import charge, tax or similar surcharge is imposed on the Products or changed for the Products or if the cost of raw materials or currency exchange rates is changed after the conclusion of the Contract, the Supplier may adjust the purchase price for the Products accordingly. The Supplier shall be entitled to adjust the purchase price even if the imposition of or change in such charges etc or the change in such prices or exchange rates have not been taken into consideration in the Contract.

14. VALUE ADDED TAX

The purchase price for the Products does not include value-added tax.

15. PAYMENT

Unless otherwise agreed in the Contract, the Supplier shall receive payment not later than thirty (30) days following the date of invoice.

In the event of late payment by the Purchaser, the Purchaser shall be obliged to pay penal interest on any sums due at the rate of twenty-four (24) per cent per annum. In the event that the Purchaser does not receive the Products on the due date out of reasons not contributable to the Supplier, the Purchaser is nevertheless obliged to make payment as if delivery of the Products had taken place in accordance with the Contract.

If the Purchaser fails to pay any monies due within three (3) months following the due date, the Supplier is entitled to terminate the Contract by notice in writing to the Purchaser. In such event, the Purchaser shall, in addition to its obligation to pay penal interest, indemnify and hold the Supplier harmless from any loss or damage caused by such termination of the Contract.

16. RETENTION OF TITLE

The Supplier shall retain title to all delivered Products until the purchase price has been paid in full by the Purchaser. In case of consecutive deliveries of the Products, the title retention shall apply to the total delivery until full payment of the aggregate purchase price has been made.

The Purchaser is permitted to resell the Products purchased from the Supplier, and for which the Supplier has retained title, in the Purchaser's ordinary course of business. However, the Supplier may withdraw such permission at any time. The permission to resell Products for which the Supplier has retained title shall be withdrawn automatically if the Purchaser is in delay with its payment obligations towards the Supplier. The Purchaser shall notify the Supplier of such resale by simultaneously sending a copy to the Supplier of the invoice issued to the customer of the Purchaser.

All receivables of the Purchaser resulting from a resale of the Products for which the Supplier has retained title are, by virtue of these General Conditions, assigned to the Supplier as security for the Supplier's total claims against the Purchaser in respect of Products sold. It shall not be required to execute an additional assignment agreement in any individual case. The Purchaser is obliged to make such assignment immediately evident in its accounts and to notify its customers of the assignment. However, the Supplier shall at all times be entitled to notify such customers of the assignment and may demand payment from such customers directly to itself at any time. The Supplier shall furthermore be entitled to inspect the accounts of the Purchaser in order to verify that the assignments are made evident.

The Supplier may, at its choice, waive the requirement of notification of the customer of the Purchaser. In such case, the Purchaser shall be entitled to collect the assigned receivables in its own name and at its own risk. The Supplier may, however, withdraw such waiver at any time. The waiver will be withdrawn automatically if the Purchaser is in delay with its payment obligations towards the Supplier.

17. INSOLVENCY

If there are reasonable reasons to believe that the Purchaser will not fulfill its obligations to make due payment, the Supplier is entitled to demand cash payment or demand that the Purchaser presents a satisfactory bank guarantee for payment of the Products. In the event that such action is not taken by the Purchaser immediately following notification thereof from the Supplier, the Supplier is entitled to terminate, by notice in writing to the Purchaser, all undelivered items of the Products, without any obligation for the Supplier to provide compensation to the Purchaser.

18. RELIEF'S

The following circumstances shall be considered as cases of relief if they impede the performance of the Contract or makes performance unreasonably onerous: Industrial disputes and any other circumstance beyond the control of the parties such as fire, war, general mobilization, requisition, seizure, currency restrictions, insurrection and civil commotion, shortage of transport, general shortage of materials, restrictions in the use of power and defects or delays in deliveries by sub-Contractors caused by any such circumstance referred to in this Clause 18. Circumstances referred to in this Clause 18, which occurred prior to the formation of the Contract, shall constitute cases of relief only if their effect on the performance of the Contract could not be foreseen at the time of formation of the Contract. The party wishing to claim relief shall notify



the other party in writing without delay on the intervention and on the cessation of such circumstance. If the Purchaser fails to perform its obligations under the Contract due to the circumstances referred to in this Clause 18, the Purchaser shall indemnify the Supplier for any and all additional cost for securing and protecting the Products. Either party shall be entitled to terminate the Contract by notice in writing to the other party if the performance of the Contract is impeded for more than six (6) months by reason of any of the circumstances referred to in this Clause 18. If the Purchaser terminates the Contract, the Purchaser is obliged to purchase from the Supplier, at a reasonable price, the materials acquired by the Supplier for the delivery of the Products as well as any Products finished before notification by the Purchaser of the termination of the Contract. Subject to the foregoing provisions, neither party shall be liable towards the other party for the termination of the Contract due to the circumstances referred to in this Clause 18.

19. **MODELS, MOULDS AND OTHER TOOLS**

If special models, moulds and other tools are required for the production of the Products, the Purchaser will be charged their cost. An agreement to this effect shall be concluded between the parties before start up of production. Unless otherwise agreed, such models, moulds and other tools are the property of the Supplier. The Supplier may not, however, without the consent of the Purchaser, utilize such models, moulds and other tools for other purposes than for the production of Products to the Purchaser.

If the Purchaser terminates the Contract out of any circumstance, with respect to the obligations of the Supplier, referred to in Clauses 3, 11 or 18, the Purchaser is entitled to make use of models, moulds and other tools specifically produced for the account of the Purchaser, for the sole purpose of Contracting to a third party the production of the remaining part of the Products in accordance with the terminated Contract. The parties shall agree on the compensation to be paid by the Purchaser to the Supplier for such utilization. However, the Purchaser shall have no such right of utilization in the event that the design or construction of such models, moulds and other tools would disclose any know-how or other confidential information of the Supplier. During the period when the Purchaser utilises such models, moulds and other tools, the Purchaser shall bear the risk of loss thereof. The models, moulds and other tools shall be returned to the Supplier in their original condition.

The models, moulds and other tools will be stored by the Supplier, at its expense, for a period of two (2) years following the latest delivery of Products manufactured by such models, moulds and tools.

Thereafter, the Supplier is entitled to scrap or dispose of such models, moulds and other tools in a manner the Supplier thinks fit. The Supplier shall, however, notify the Purchaser in writing of its intention to scrap or dispose of the models, moulds and other tools one (1) month before such scrapping or disposal. If requested by the Purchaser, the Supplier may agree to transfer and assign such models, moulds and other tools to the Purchaser. If requested by the Purchaser, the Supplier may agree, against a reasonable compensation, to store such models, moulds and other tools for a further period to be agreed upon. The Supplier is obliged to maintain fire insurance in respect of the models, moulds and other tools stored by it.

20. **PAYMENT TERMS FOR MODELS, MOULDS AND OTHER TOOLS**

Payment for models, moulds and other tools shall be made by the Purchaser in accordance with the Contract. In the event that no provisions to this effect are included in the Contract, payment shall be made in cash at the time when outturn samples have been delivered to and approved by the Purchaser.

21. **METAL PARTS AND OTHER PARTS INCLUDED**

If metal parts or other goods are included in the Products, such metal parts or other goods shall be delivered free of charge to the Supplier's facilities in the quantities and at the points in time determined by the Supplier. Such metal parts or other goods shall be delivered with a surplus quantity of ten (10) per cent in order to provide for compensation for rejects.

Metal parts and other goods shall be made in accordance with agreed dimensions and tolerances in order to fit the moulds and shall in all other respects be suitable for their purpose. The Purchaser shall indemnify the Supplier for any damage and cost incurred by the Supplier due to defects or delays in the delivery of such metal parts and other goods.

22. **INTELLECTUAL PROPERTY RIGHTS**

If the Products are made in accordance with drawings, models or other prototypes supplied by the Purchaser or the Purchaser has requested the Supplier to undertake the design and construction of the Products, the Purchaser shall indemnify and hold the Supplier harmless for any and all claims from third parties for infringement of the intellectual property rights of third parties.

The Supplier takes no responsibility for damages or losses incurred by the Purchaser due to the Products, or a product, in which the Products are a component, infringing any third party's intellectual property rights.

23. **DESIGNS AND CONSTRUCTIONS**

The Supplier's liability in relation to the supply of Products which are based upon design or construction made available by the Purchaser are limited to the actual manufacture of the Products in accordance with such design or construction. The Supplier makes no warranty as to the suitability of such Products for any particular purposes. Any drawings or technical documents which are provided by a party to the other party remain the exclusive property of the furnishing party and the recipient party may not without the prior written consent of the furnishing party utilize such documentation for any purposes or communicate such documentation to any third party.

24. **OUTTURN SAMPLES**

If the Purchaser approves outturn samples of the Products without any reservations, the Supplier will not accept any subsequent complaints from the Purchaser in respect of the Products, provided that the Products supplied are manufactured in accordance with the outturn samples.

25. **TOLERANCES AND LIMIT GAUGES**

If no separate agreement regarding tolerances in the Products is made, the tolerance requirements normally applied by the Supplier for such Products shall apply. Any changes in the tolerance requirements after conclusion of the Contract shall be made by written agreement between the parties. In the event that the Purchaser determines the use of special limit gauges and fixtures for the control of completed Products, such limit gauges and fixtures shall be provided by the Purchaser free of charge.

26. **WAIVER**

If the Supplier should at any time waive its rights due to breach or default by the Purchaser of any provisions of the Contract, such waiver shall not be construed as a continuing waiver regarding other breaches or defaults of the same or other provisions of the Contract.

27. **SEVERABILITY**

If due to a change in any applicable law or due to a decision or other act by any competent authority one or more provisions of the Contract can no longer be enforced or an amendment of one or more of the provisions of the Contract is required, the parties agree that they shall endeavour to find an alternate solution approaching as near as



possible the contractual situation existing prior to such change, decision or act. If such solution is not found within six (6) months from the parties have learned about such change, decision or act, either party may refer the issue to arbitration in accordance with Clause 29.

28. APPLICABLE LAW

This Contract shall be governed by and construed in accordance with Swedish law, with the exception for the law (1987:822) on international sales, as such law shall from time to time be in effect.

29. DISPUTES

All disputes, claims, controversies and differences arising out of or in connection with the Contract shall be finally settled by arbitration in accordance with the Swedish Arbitration Act in force at the time. Unless otherwise agreed, the language of the proceedings, the documentation and the award shall be in English. The proceedings shall take place in Sweden. Notwithstanding the provisions of the first paragraph of this Clause 29, the Supplier may initiate legal action against the Purchaser in order to recover indisputable amounts due for Products delivered or services rendered hereunder in a court of appropriate jurisdiction.



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