

Conditions of Purchase

Production Material

Unless otherwise agreed in writing, our order is subject exclusively to the following conditions.

1. General Terms and Conditions

Orders as well as telephonic or verbal additions, amendments and ancillary agreements are only legally binding on the Buyer if they have been confirmed in writing. Call orders can also be placed via data transmission.

The order is placed in conjunction with the execution of public orders for defence technology as well as on the basis of defence technology export orders. As a purely precautionary measure, it is pointed out that a supplier located in the Federal Republic of Germany which has the ordered goods (also partial production) produced abroad (also EU States) is subject to the provisions of the AWG/AWV (foreign trade law, foreign trade regulation). This shall also apply to deliveries from other EU countries to a Rheinmetall or RMMV facility in foreign EU countries. The Supplier itself is responsible for adhering to the necessary export and other permits or for providing necessary declarations. Should the Supplier require participation by RMMV for this, possibly in the form of an end-user certificate, it must make the inquiries in this regard in time so that the agreed upon delivery date can be met.

This shall apply to the export or shipment (even temporarily) of hardware as well as the transfer of production or construction drawings and parts lists. Excluded from the provisions of the AWG/AWV are only DIN and standard parts.

As a precautionary measure, it is also pointed out to the Supplier that for deliveries from abroad additional import and export requirements may apply in various countries, which must be adhered to by the Supplier without restriction when making deliveries.

The Supplier undertakes to fill in the form Questionnaire on Export Controls when re-export regulations of third countries (in particular, the USA) are involved. The Supplier further undertakes to make the corresponding re-export permits available, when re-export regulations of third countries (in particular, the USA) are involved. For this purpose, the Buyer shall name the end-user if requested. The agent is fully responsible to adhere to the re-export regulations of other countries.

In the case of doubt, please consult with the Buyer.

In addition, the provisions listed in Annex A to these Purchasing Conditions shall apply, if applicable.

The order must be checked immediately in order to determine that all the necessary technical documents are available; otherwise the missing documents must be requested without delay.

Should individual provisions of these Purchasing Conditions be or become invalid, for any reason whatsoever, or should there be a loophole that needs closing, this shall not affect the validity of the remaining Purchasing Conditions. The Contracting Parties are obligated to replace the invalid provisions with a stipulations that comes as close as possible to the economic performance.

2. Deviating Terms and Conditions

By accepting our order, the Supplier declares its consent with the Purchasing Conditions. Should our order be confirmed by the Supplier deviating from our conditions, then also our Purchasing Conditions shall apply exclusively even if we do not object. Thus deviations shall only apply if they have been expressly acknowledged by us in writing. Should the Supplier not agree with the above, it must indicate this immediately in writing. In this case, we reserve the right to cancel the order. Our Conditions shall also apply to future business transactions, even when they have not been expressly referred to.

3. Order Confirmation / Prices

Provided no call orders are involved, the Supplier is obligated to confirm the order in writing without delay - at the latest within 2 weeks from the date of order. Should we not receive the order confirmation within this period, we reserve the right to cancel the order. Should the Supplier not receive written cancellation from us, the order shall still be considered to have been placed. Aside from the order confirmation, the execution of the order, in particular delivery or partial delivery or the acceptance of payment shall be considered as an unreserved acceptance of these Purchasing Conditions.

Prices quoted in the order are fixed prices unless otherwise agreed upon. This also includes the costs for copyable operating, service and storage instructions as well as spare parts lists and other written, graphic and electronic documents regarding the objects of delivery, which are necessary for the use, maintenance, service and cataloguing the objects of delivery.

4. Modifications to Performance

The Buyer is entitled within that which can reasonably be expected from the Supplier, to demand changes to the construction and design of the delivery item during manufacture. Hereby, the impact should be adequately regulated by both parties, especially with regard to additional or lower costs as well as delivery dates.

5. Lubricants

Should equipment which is filled with lubricants or hydraulic fluid be delivered, only those that conform to the NATO standards may be used.

6. EU Chemical Regulation (REACH-Regulation)

By accepting the order and this related delivery stipulation, the Supplier declares that it as manufacturer, importer or supplier knows the following regulations in their currently valid version and shall adhere to them, when delivering a substance or a mixture of substances in terms of the EC Regulation 1907/2006/EC (REACH Regulation) and 1272/2008/EC (CLP Regulation). In the event that the delivery contains a product in terms of the above mentioned regulation, the Supplier declares that it knows and shall adhere to Articles 7 and 33 of the Regulation 1907/2006/EC when accepting the order. When delivering a substance or a mixture of substances in terms of the REACH Regulation (1907/2006/EC), the recipient of the goods is entitled to refuse delivery, if the delivery does not include current and REACH-conform safety specifications or these are not otherwise made available. For the delivery of a product in terms of the REACH Regulation (1907/2006/EC) that contains one of the so-called SVHC substances (substance of very high concern) on the current candidate list, the Supplier is obligated according to Art. 33 of the REACH Regulation to state the name of the substance, if the product contains more than the permissible threshold of 0.1 % (w/w). Violating this provision, entitles the recipient to refuse delivery.

7. Delivery Dates/Contractual Penalty

Fixed delivery deadlines or specific delivery dates must be strictly adhered to at all times. Decisive for the delivery date having been met is the agreed upon delivery date according to the agreed upon Incoterms clause. If delivery free works (DDP) has been agreed upon, the Supplier must make the goods available on time, while taking the time necessary for loading and shipping into consideration.

A release from the obligation to meet the agreed delivery dates can only be granted in the case of events of force majeure. Should the delivery date not be adhered to, the Buyer is not obligated to grant a period of grace. Rather the Buyer is entitled to immediately assert all rights arising from the delay in delivery. Possible reasons for delay must be communicated to the Buyer immediately when they occur or are foreseeable by stating the duration of the delay, so that other measures can be taken in time, if necessary. The reasons for the delay presented, must be verified towards the Buyer on request immediately.

In the event of delayed delivery, the Buyer is entitled to assert a contractual penalty of 1.0% of the price of the outstanding part of the delivery per week or part thereof, however, no more than 5%. The Buyer is entitled to deduct the contractual penalty from the payments owed to the Supplier. The Buyer may assert the contractual penalty up to 6 months after the last delivery of the order, even if it has not specifically reserved this right when accepting or approving the delayed delivery. The right to assert further compensation claims due to default shall remain unaffected.

8. Force Majeure

Force majeure, industrial action, unrest, official measures and other unforeseeable, unavoidable and serious events shall release the Contracting Parties from their obligations to perform for the duration of the disruption and to the extent of its effect. This shall also apply if these events occur at a point in time, when the Contracting Party concerned is in default. The Contracting Parties are obligated, within that which is reasonable, to immediately provide the necessary information and adapt their obligations to the changed circumstances in good faith.

9. Warranty for Defects

The warranty period for defects shall begin on the day the end-user takes the vehicle into operation and end 24 months later. In all events, the warranty period for defects shall end at the latest 36 months after delivery according to the respectively agreed upon Incoterms clause.

For deliveries that are not intended for a vehicle, a warranty period for defects of 24 months shall apply, which begins with the end-user accepting the performance.

The warranty obligation includes:

- adherence to accepted rules of technology,
- all parts working together correctly,
- the quality of the materials,
- professional and good execution of work,
- adhering to the guaranteed properties and other technical performance data.

At our discretion, warranty claims are either settled by remedy or by replacement delivery of defective parts. Transport costs or ancillary costs as well as costs for disassembly and assembly, inspection costs and all other costs of removing the defects are borne by the Supplier. The Supplier is not liable for defects caused by following the Buyer's instructions or construction faults of the Buyer.

With regard to remedied or replaced parts as well as to the entire unit from which parts were remedied or replaced, the above periods restart at the time of reassembly.

The Buyer's warranty claims are not affected by quality testing, determining or modifying the status of construction, technical or other details.

The Supplier is responsible for the adherence to the stipulation governing procurement and execution, and guarantees that the objects of delivery are identical and interchangeable.

All parts/components to be delivered must be brand new.

The approval in the Supplier's workshops does not release it from liability for hidden defects that are only discovered during processing or later use of the material.

Should the Supplier not meet its obligations to remove defects or deliver a replacement immediately, then we are entitled to assert statutory warranty rights without setting further deadlines.

In urgent cases, we are entitled to repair a defective delivery item or have it repaired at the Supplier's expense or procure a replacement from a third party.

Objections due to delayed notification of defects are excluded; however, notification of defects in terms of this provision must be made to the Supplier at the latest 14 days after the warranty period for defects expires.

Notification of defects can also be made when the goods have already been processed or were delivered directly to the end-user.

If a return obligation actually exists, returning claimed goods occurs at the Supplier's risk and expense.

10. Liability

Unless other liability regulations have been agreed in a different place of these Conditions, the Supplier is only obligated to replace the damages arising for the Buyer directly or indirectly due to defective delivery, breach of official safety provisions or any other legal reasons for which the Supplier is responsible.

The obligation to compensation is in principle only given if the Supplier is responsible for causing the defect.

If any claims are asserted against the Buyer on grounds of no-fault liability in respect of third parties pursuant to inalienable law, the Supplier shall only assume liability towards the Buyer to the extent that it is directly liable. For a loss adjustment between the Buyer and the Supplier, the provisions of Art. 254 BGB [German Civil Code] shall apply accordingly. This shall also apply if claims are asserted directly against the Supplier.

Obligation for compensation is excluded if the Buyer, on its part, has effectively limited the liability towards its customer. Thereby, the Buyer shall endeavour to also agree on limitations of liability to a legally permissible extent for the Supplier's benefit.

Claims by the Buyer are excluded if the damage can be traced back to violations of operating, maintenance and assembly instructions, unsuitable and improper use, faulty or negligent treatment by the Buyer, natural wear and tear or faulty repairs.

The Supplier shall assume liability for measures taken by the Buyer to avoid damage (e.g. recall action) as far as it is legally obligated.

Should the Buyer want to assert claims against the Supplier according to the above regulation, the Buyer will inform and consult with the Supplier immediately and extensively. It must afford the Supplier the opportunity to examine the damage. The Contracting Parties shall coordinate the measures to be taken, especially in the case of conciliation proceedings.

11. Compliance

Within the business activity with the Buyer, the Supplier is obligated to refrain from doing anything which may lead to culpability due to fraud and embezzlement, insolvency crimes, crimes against competition, granting advantages, bribery, corruption or other crimes relating to corruption on the part of persons or other third parties employed by the Supplier. In case the above is violated, the Buyer is entitled to withdraw from or terminate all existing legal transactions with the Supplier without notice and has the right to break off all negotiations. Irrespective of the above, the Supplier is obligated to adhere to all laws and regulations applicable to it and to the business relationship with the Buyer plus the Code of Conduct and the Compliance Guidelines of Rheinmetall Aktiengesellschaft, which can be accessed on the internet site www.rheinmetall.com and which will be made available in printed form on request.

12. Buyer's Right of Inspection

The Buyer and the main principal have the right to inform themselves at any time of the contractual execution of the work during ongoing production, to inspect the planning documents, to verify that delivery dates will be met and to demand all other necessary information. Should the Buyer conduct tests on the delivery item in the Supplier's factory, the Supplier shall make the necessary equipment etc. available at no charge. The same shall apply to the quality testing service of the main principal.

13. Assembly Costs

Should the Supplier be responsible for the proper assembly and/or start-up of the delivered items, it shall bear the costs thus incurred.

14. Extraordinary Termination and Remaining Payment

The Buyer has the right to terminate this contract in total or in part at any time without providing reasons if the end-user demands this.

Should the Contracting Party stop its payments or insolvency proceedings or an out-of-court settlement have been applied for, then the other Party is entitled to withdraw from the unfulfilled portion of the contract.

With regard to remaining payments according to Art. 10 ABBV (General Terms and Conditions for Procurement Contracts placed by the Federal Ministry of Defence) in the case of delivery items that are used for the purposes of an order from the German public entity, the Supplier is only entitled to claims if and when the Buyer obtains indemnity from the end-user.

The application of Art. 649 BGB (German Civil Code) is excluded.

15. Replacement Delivery

- a) The obligation to deliver spare parts according to Art. 12 ABBV ends 20 years after delivering the last contractual item
- b) Should the Supplier cease producing spare parts, it is obligated to inform the principal contracting entity and the Buyer at least 2 years in advance. In this case, the Supplier is obligated to implement a one-off order, which is intended to cover the spare part needs until the end of the life of the defence technological system. With the execution of the order, the Supplier's obligation shall end on condition that it has returned the drawings and technical documents that are necessary to produce the spare parts to the principal contracting entity.

16. Terms of Payment

Invoices must be handed to the Buyer after the delivery items have been shipped. Unless special payment terms are stated on the order, the Buyer shall make payments as follows:

After receipt of goods and invoicing

Within 14 days with a 3% discount or within 30 days without deduction.

Payment deadlines start with the day the invoice and complete delivery of goods or services with all required documents has been received. Payment shall be deemed to have been made when the financial institute instructed by the Buyer receives the payment authorisation.

For deliveries before the agreed delivery date, the Buyer reserves the right to make payments according to the delivery date agreed upon in the order.

Without the Buyer's prior consent, the Supplier is not permitted to assign existing legal claims against the Buyer to third parties, either in total or in part. The same shall apply to the advance assignment of future claims.

17. Provisioning

In addition to the ongoing fulfilment of the delivery plan, the Supplier is obligated to maintain stock of work-tested contractual items to cover the requirements of one month. Evidence of this delivery reserve must be provided to the Buyer on request at any time.

18. Delivery

Delivery must be made at the expense and risk of the Supplier free of any ancillary costs, in particular, customs duty, transport insurance costs and including packaging, unless otherwise agreed.

Unless otherwise agreed, the delivery items must be shipped on EURO/DIN pallets.

Delivery notes or packing slips, on which quoted order number, order position number as well as quantity (litre, kg, metre etc.) and the type of packing are clearly legible, must be attached to goods deliveries; in addition, shipping notifications in duplicate showing the same details must reach us by separate mail at the latest on the day of delivery.

Otherwise, we are entitled to refuse acceptance of the goods without assuming the costs thus incurred.

The exterior of the packaging used for the parts to be shipped should be clearly marked with the Buyer's order number in two places if possible. The Supplier is liable for each defect and for all costs, e.g. warehouse errors that arise when this provision is not adhered to.

The Buyer reserves the right to postpone the agreed upon delivery dates by a maximum of 6 months. The Supplier undertakes not to charge any additional costs to the Buyer for this.

19. Title, Provision

The Buyer only recognises the Supplier's simple retention of title.

Should we provide the Supplier with parts, we reserve the title to these. Processing or conversions done by the Supplier are performed for us. If our retention goods are processed with objects that do not belong to us, we shall acquire co-ownership in the new item at the ratio of the value of our goods to that of the other processed item at the time of processing.

Should the item provided by us be mixed inseparably with objects that do not belong to us, then we shall acquire co-ownership in the new item at the ratio of the value of the retention goods to that of the other mixed item at the time of mixing. Should mixing occur in such a way that the Supplier's item must be regarded as the main item, then it is agreed that the Supplier assigns proportional co-ownership to us; the Supplier shall store the objects under our sole ownership or co-ownership for us.

20. Special Obligations of the Supplier

Unfinished and finished goods produced according to the Buyer's specifications, drawings and models may only be delivered to the Buyer. Delivery may also not be made to a third party when the manufacturing equipment, e.g. moulds, were procured at the Supplier's expense, acceptance of badly made parts was refused or no further orders are placed by the Buyer. Should this equipment not be needed for the manufacture of spare parts according to number 10, the Supplier undertakes to destroy it or alter it so that it can no longer be used to manufacture the same goods. The Supplier may also not give such special equipment to a third party unaltered. After processing the order, the Supplier must return all drawings and other production documents that it was given by the Buyer including all duplicates made, without being prompted.

Changes that the Supplier intends to make to the component to be delivered by it, because of product range revisions, must be communicated to the Buyer and coordinated with it before making the changes.

21. Type Specific Tools (TST)

Should type specific tools be produced/procured within the framework of this order, the costs of upkeep and maintenance are included in the price. The Supplier shall provide evidence to the Buyer of the purpose of use, value and location of the produced/procured type specific tools in an index that must be prepared 4 weeks after the start of serial production.

If type specific tools have been fully paid for, they may no longer be included in the price calculations of subsequent orders or spare part orders.

Unless specially regulated in separate a TST contract - or in the order, all type specific tools produced in the course of this order are the property of the Buyer.

Models, moulds, patterns, samples, tools and other manufacturing equipment as well as confidential information that were made available to the Supplier by the Buyer and fully paid for by the Buyer, may only be used for delivery to third parties with the Buyer's prior written consent if this does not violate the Buyer's industrial property rights/intellectual property rights (know-how).

22. Proprietary Rights

When the delivered items are used with Rheinmetall products in line with the contract, the Supplier is liable for claims that arise from the violation of third party applications for proprietary rights and third party proprietary rights, irrespective of the countries in which they are protected, if the Supplier is responsible for the violation.

In the event of a proprietary rights violation according to the above paragraph 1, the Supplier indemnifies the Seller and its customers from all third party claims resulting from this.

The above paragraphs 1 and 2 shall not apply to delivery items that were manufactured by the Supplier purely on the basis of technical specifications and know-how received from the Buyer (drawings, descriptions, other information). In such cases, the duty to act with due diligence, in order to avoid possible proprietary rights violations, is the Buyer's responsibility. If the Supplier is not liable according to this principle, the Buyer shall indemnify it from all third party claims arising from possible proprietary rights violations.

If the delivery items are manufactured on the basis of the both Supplier's know-how and the Buyer's know-how and technical specifications, the Supplier and the Buyer shall be liable jointly and severally for claims arising during contractual use of the delivery items from the violation of third party applications for proprietary rights and third party proprietary rights, irrespective of the countries in which these proprietary rights exist. In this case, the Supplier and the Buyer shall agree on how a proprietary rights violation that has become evident should be redressed. Costs incurred in connection with this, such as attorney fees, proceedings and court costs and/or licence fees to be paid to third parties, will be borne in equal measure by the Supplier and the Buyer.

Each Contracting Party undertakes to inform the other Contracting Party immediately when a risk of violation is recognised or a violation of proprietary rights is discovered and to coordinate the future course of action. The responsibility for further processing the recognised problems lies with the Contracting Party that, according to the above paragraphs 1 and 2, is liable in such cases. In the case of paragraph 3, the responsibility lies with the Contracting Party that has caused or contributed to the majority of the damage.

The Supplier shall inform the Buyer on request of the publicised and unpublicised own as well as licensed proprietary rights applications and proprietary rights used on the delivery item.

In the event of using the delivery item for the purpose of an order from the German public entity, the provisions of Art. 12 ABEI (general terms and conditions for development contracts with industrial companies) shall apply in their currently valid version.

The Supplier grants the Buyer the non-exclusive, free, transferable right to use all proprietary rights and proprietary rights applications, drawings and other know-how during the manufacture of the delivery items.

23. Subcontractors, Transfer of Contractual Rights

The Supplier requires the Buyer's prior written consent in order to assign individual or all parts of the order to a subcontractor.

Transferring contractual rights to third parties requires the Buyer's prior written consent.

24. Secrecy

The Supplier undertakes to treat all commercial and technical details which are not public knowledge but known to it through the business relationship as trade secrets.

Drawings, models, patterns, samples and similar items may not be given to third parties or made available to them in any other way. Copying such items is only permitted within the framework of operational requirements and of the provisions relating to copyright. Sub-suppliers must be obligated according to the above paragraphs of this number.

The Supplier may only use this business relationship for advertising purposes with prior written consent.

25. Certified Company

Our company is certified according to Art. 9 of the Directive 2009/43/EC of the European Parliament and of the Council of 6/5/2009 „simplifying terms and conditions of transfers of defence-related products within the Community“ (Official Journal of European Union of 10/6/2008, L 146, 1 ff.; "ICT-Directive").

The delivery of certain defence goods to these certified companies is possible under simplified procedures.

The Supplier hereby declares and is solely responsible that he fulfills all and any provisions which are necessary to deliver defence goods to ICT-certified companies under the legislation of the country which he is a resident in and of the country where the goods are exported from. There has to be a note on the delivery documents on the basis of which General Transfer Licence (national law in the country of the Supplier) the defence goods were exported.

26. Miscellaneous Order Conditions

Should recourse be taken against the Buyer due to mandatory legal provisions (e.g. pursuant to the product liability law) and the reason for recourse lies in the Supplier's delivery item or in the conduct of its vicarious agents and representatives, the Supplier shall indemnify the Buyer from such claims even if recourse is not based on German law.

27. Place of Fulfilment

Place of fulfilment for deliveries is the place of destination. Place of fulfilment for payments is the head office of the respective Rheinmetall MAN Military Vehicles commercial unit.

28. Place of Jurisdiction

Place of jurisdiction for all disputes arising directly or indirectly from this contractual relationship is Duesseldorf.

All legal relationships between the Supplier and the Buyer are subject exclusively to the substantive law of the Federal Republic of Germany; the UN Convention on Contracts for the International Sale of Goods (CISG) shall not apply. Should Incoterms have been agreed upon, the Incoterms in their currently valid version shall apply to the interpretation of delivery clauses.

Annex A - Supplementary Conditions

In addition or deviating from the above Purchasing Conditions the following provisions shall apply, if applicable:

- a) The regulations governing works contracts (Verdingungsordnung fuer Leistungen) - part B - with the additional contracting terms of the Federal Ministry of Defence (VOL/B with ZVB/BMVg).
- b) General terms and conditions for procurement contracts (Allgemeine Bedingungen fuer Beschaffungsverträge) of the Federal Ministry of Defence (ABBV)(BWB-B 084/05, 1999).
- c) General terms and conditions for development contracts with industrial companies ABEI (Allgemeine Bedingungen fuer Entwicklungsverträge mit Industriefirmen).
- d) General terms and conditions for research contracts with industrial companies ABFI (Allgemeine Bedingungen fuer Forschungsverträge mit Industriefirmen).
- e) Regulation PR no. 30/53 on prices for public contracts.
- f) The conditions on secrecy issued by the relevant authorities.
- g) Furthermore, the technical terms and conditions of delivery of the main principal must be adhered to, especially the Allied Quality Assurance Publication (AQAP) of NATO and DIN ISO 9000 FF consulted.

General Terms and Conditions of Purchase

Indirect Material and services

For orders placed by RMMV - hereinafter called "Buyer" - only the following terms and conditions shall apply, unless otherwise agreed upon in writing.

1. General Terms and Conditions

Should individual provisions of these Terms and Conditions of Purchase be or become invalid, for any reason whatsoever, or should there be a loophole that needs closing, this shall not affect the validity of the remaining Terms and Conditions of Purchase. The Contracting Parties are obligated to replace the invalid provisions with a stipulation that comes as close as possible to the economic performance.

By accepting the order, the Supplier declares its agreement with these Terms and Conditions of Purchase. Should the Supplier's order confirmation deviate from these Terms and Conditions, then also the Buyer's Terms and Conditions of Purchase shall apply exclusively, even if there is no objection on the part of the Buyer. Thus deviations shall only apply if they were expressly accepted by the Buyer in writing. Should the Supplier not agree with the above, it must indicate this immediately in a special letter. In this case, we reserve the right to cancel the order. These Terms and Conditions shall also apply to future business transactions, even when they have not been expressly referred to.

Orders as well as telephonic or verbal additions, modifications or ancillary agreements are only legally binding on the Buyer if they have been confirmed in writing, whereby this includes electronic messages. Price quotations and offers from the Supplier are free of charge to the Buyer and do not oblige the Buyer to place an order. This shall also apply to visits and the provisions of samples in order to prepare offers.

In addition, the provisions stated in Annex A to these Terms and Conditions of Purchase shall apply, if applicable.

2. Delivery Item

Unless further requirements are determined in the order, the delivery items must be supplied with excellent merchantable quality and in conformity with DIN, VDE, VDI, DVGW or similar norms, if they exist. The items of delivery must be produced in such a way that they meet the operational conditions communicated by the Buyer on the day of delivery as well as the legal provisions valid at the place of use.

3. Order Confirmation / Prices

The order must be checked immediately to determine whether all necessary technical documents for its execution are available; otherwise the missing documents must be requested without delay.

The Supplier is obligated to confirm the order in writing without delay - at the latest within 3 workdays from the date of order. Should the Buyer not receive the order confirmation within this period, the Buyer reserves the right to cancel the order. Should the Supplier not receive written cancellation from the Buyer, the order shall still be considered to have been placed. Aside from the order confirmation, the execution of the order, in particular delivery or partial delivery or the acceptance of payment shall be considered as an unreserved acceptance of these Terms and Conditions of Purchase.

Prices quoted in the order are fixed prices unless otherwise agreed upon. This also includes the costs for copyable operating, service and storage instructions as well as spare parts lists and other written, graphic and electronic documents regarding the delivery item, which are necessary for using, maintaining, servicing and cataloguing the delivery items.

4. EU Chemical Regulation (REACH-Regulation)

By accepting accepting the order and this related delivery stipulation, the Supplier declares that it as manufacturer, importer or supplier knows the following regulations in their currently valid version and shall adhere to them, when delivering a substance or a mixture of substances in terms of the EC Regulation 1907/2006/EC (REACH Regulation) and 1272/2008/EC (CLP Regulation). In the event that the delivery contains a product in terms of the above mentioned regulations, the Supplier declares that it knows and shall adhere to Articles 7 and 33 of the Regulation 1907/2006/EC when accepting the order. When delivering a substance or a mixture of substances in terms of the REACH Regulation (1907/2006/EC), the recipient of the goods is entitled to refuse delivery, if the delivery does not include current and REACH-conform safety specifications or these are not otherwise made available. For the delivery of a product in terms of the REACH Regulation (1907/2006/EC) that contains one of the so-called SVHC substances (substance of very high concern) on the current candidate list, the Supplier is obligated according to Art. 33 of the REACH Regulation to state the name of the substance, when the product contains more than the permissible threshold of 0.1 % (w/w). Violating this provision, entitles the recipient to refuse delivery.

5. Delivery Dates

Fixed delivery deadlines or specific delivery dates must be strictly adhered to exactly at all times. If delivery free works (DDP) has been agreed upon, the Supplier must make the goods available on time, while taking the time necessary for loading and shipping into consideration, so that the delivery date stipulated in the order is adhered to.

A release from the obligation to meet the agreed delivery dates can only be granted in the case of events of force majeure. Should the delivery date not be adhered to, the Buyer is not obligated to grant a period of grace. The Buyer is rather entitled to immediately assert all rights arising from the delay in delivery. Possible reasons for delay must be communicated to the Buyer immediately when they occur or are foreseeable by simultaneously stating the duration of the delay, so that other measures can be taken in time, if necessary. The reasons for the delay indicated, must be verified towards the Buyer on request immediately.

In the event of delayed delivery, the Buyer is entitled to assert a contractual penalty of 1.0% of the price of the outstanding part of the delivery per week or part thereof, however, no more than 5%. The Buyer is entitled to deduct the contractual penalty from the payments owed to the Supplier. The Buyer may assert the contractual penalty up to 6 months after the last delivery of the order, even if it has not specifically reserved this right when accepting or approving the delayed delivery. The right to assert further compensation claims due to default shall remain unaffected.

The Buyer only accepts excesses and shortfalls in deliveries after concluding an express written agreement. Additional transport costs thus incurred must be borne by the Supplier.

Should the Buyer not have given its consent, the Buyer is entitled to reject shortfalls in the delivery as a defective delivery. Excess deliveries must be taken back by the Supplier immediately on request. In this case, storage costs incurred by the Buyer shall be invoiced to the Supplier.

6. Packaging / Shipping / Acceptance

Delivery must be made to the place stipulated by the Buyer at the expense and risk of the Supplier, without any ancillary costs, in particular, customs duties, transport insurance costs and including packaging, unless otherwise agreed in writing.

If the Buyer bears the costs of shipping after express written agreement and instructions with regard to type of shipment are not available, the delivery must be shipped in the most cost-effective manner, while taking the urgency of the delivery into consideration.

Deliveries must always include delivery notes or packing slips which state the Buyer's order number as well as order position number, description, quantity as well as the receiving centre. Should no proper dispatch documents be available to the Buyer on receiving the delivery item, and should the order numbers on the dispatch documents not be correctly stated, all extra costs thus incurred shall be borne by the Supplier. In this case, the Buyer is also entitled to refuse acceptance of the delivery at the Supplier's expense.

Should accepting the delivery item be impossible or unreasonable due to force majeure or other circumstances that lie beyond the Supplier's control, including industrial action, the Buyer is entitled to name another receiving centre. The Buyer reserves the right to postpone the agreed upon delivery dates by a maximum of 6 months. The Supplier undertakes not to charge the Buyer any additional costs for this.

7. Ownership

The Buyer only recognises the Supplier's simple reservation of ownership.

8. Warranty for Defects

The Buyer is entitled to the statutory warranty for defects without restriction. Irrespective of this, the Buyer is entitled to demand at its discretion that the Supplier either removes the defect or delivers a replacement within a reasonable period of time. In this case, the Supplier is obligated to bear all necessary expenses for the purpose of removing the defect or delivering a replacement. The right to compensation due to non-fulfilment remains expressly reserved.

If remedy fails or if the Supplier does not immediately meet its obligation to remove the defect or deliver a replacement within the time set by the Buyer, if it refuses to fulfil these obligations or cannot deliver a replacement, then the Buyer can assert statutory warranty rights without setting another deadline. In urgent cases, the Buyer is entitled to repair a defective deliver item or procure a replacement from a third party at the Supplier's expense.

Notice of defect shall be deemed to have been made on time if externally visible defects are notified within two weeks after receipt of goods, other defects within two weeks after they were discovered by us or communicated to us by the customers. Defects that cannot be detected without taking random samples are considered hidden defects.

Unless otherwise agreed, the warranty period shall be 24 months. It begins with the handover of the delivery item to the Buyer or a third party named by the Buyer at the receiving office stipulated by the Buyer. It starts again for remedied or replaced delivery items.

9. Liability

If any claims are asserted against the Buyer on grounds of no-fault liability in respect of third parties pursuant to inalienable law, the Supplier shall only assume liability towards the Buyer to the extent that it is directly liable. For a loss adjustment between the Buyer and the Supplier, the provisions of Art. 254 BGB [*German Civil Code*] shall apply accordingly. This shall also apply if claims are legally asserted directly against the Supplier.

The Supplier shall assume liability for measures taken by the Buyer to prevent damage (e.g. recall action) as far as it is legally obligated.

Should the Buyer want to assert claims against the Supplier according to the above regulation, the Buyer will inform and consult with the Supplier immediately and extensively. It must afford the Supplier the opportunity to examine the damage. The Contracting Parties shall coordinate the measures to be taken, especially in the case of conciliation proceedings.

10. Secrecy

The Supplier undertakes to treat all commercial and technical details which are not public knowledge but known to it through the business relationship as trade secrets. Drawings, models, patterns, samples and similar items may not be given to third parties or made available to them in any other way. Copying such items is only permitted within the framework of operational requirements and of provisions relating to copyright. Sub-suppliers must be obligated according to the above.

The Supplier may only use this business relationship for advertising purposes with prior written consent.

11. Compliance

Within the business activity with the Buyer, the Supplier is obligated to refrain from doing anything which may lead to culpability due to fraud and embezzlement, insolvency crimes, crimes against competition, granting advantages, bribery, corruption or other crimes relating to corruption on the part of persons or other third parties employed by the Supplier. In case the above is violated, the Buyer is entitled to withdraw from or terminate all existing legal transactions with the Supplier without notice and has the right to break off all negotiations. Irrespective of the above, the Supplier is obligated to adhere to all laws and regulations applicable to it as well as to the business relationship with the Buyer plus the Code of Conduct and the Compliance Guidelines of Rheinmetall Aktiengesellschaft, which can be accessed on the internet site www.rheinmetall.com and which will be made available in printed form on request.

12. Terms of Payment

Invoices must be handed to the Buyer after the delivery items have been shipped. Unless special payment terms are stated on the order, the Buyer shall make payments as follows:

After receipt of goods and invoice

Within 14 days with a 3% discount or within 30 days without deduction.

Payment deadlines start with the day the invoice and complete delivery of goods or services has been received. At the Buyer's request the Supplier must present evidence of performance. Payment shall be deemed to have been made when the financial institute instructed by the Buyer receives the payment authorisation. For deliveries before the agreed delivery date, the Buyer reserves the right to make payments on the delivery date agreed upon in the order.

Without the Buyer's prior consent, the Supplier is not permitted to assign existing legal claims against the Buyer to third parties, either in total or in part. The same shall apply to the advance assignment of future claims.

For reciprocal business transactions, the Buyer is entitled to offset counter claims of any kind. This shall also apply if these are directed against a company in which the Supplier holds a share of at least 50%.

13. Proprietary Rights

The Supplier guarantees that by delivering or using the goods no third party rights, especially proprietary rights, such as patents, trademarks and utility models, are violated. It undertakes to indemnify the Buyer from all third parties claims arising from an alleged violation and to reimburse possibly incurred expenses.

The Supplier grants the Buyer the non-exclusive, free, transferable right to use all proprietary rights and copyright applications, drawings and other know-how during the manufacture of the delivery items.

14. Certified Company

Our company is certified according to Art. 9 of the Directive 2009/43/EC of the European Parliament and of the Council of 6/5/2009 „simplifying terms and conditions of transfers of defence-related products within the Community“ (Official Journal of European Union of 10/6/2008, L 146, 1 ff.; "ICT-Directive").

The delivery of certain defence goods to these certified companies is possible under simplified procedures.

The Supplier hereby declares and is solely responsible that he fulfills all and any provisions which are necessary to deliver defence goods to ICT-certified companies under the legislation of the country which he is a resident in and of the country where the goods are exported from. There has to be a note on the delivery documents on the basis of which General Transfer Licence (national law in the country of the Supplier) the defence goods were exported.

15. Place of Fulfilment

Place of fulfilment for deliveries is the place of destination. Place of fulfilment for payments is the head office of the respective Rheinmetall MAN Military Vehicles commercial unit.

16. Place of Jurisdiction

Place of jurisdiction for all disputes arising directly or indirectly from this contractual relationship is Duesseldorf.

All legal relationships between the Supplier and the Buyer are subject exclusively to the substantive law of the Federal Republic of Germany; the UN Convention on Contracts for the International Sale of Goods (CISG) shall not apply. Should Incoterms have been agreed upon, the Incoterms in their currently valid version shall apply to the interpretation of delivery clauses.

Annex A - Supplementary Conditions

In addition or deviating from the above Terms and Conditions of Purchase, if applicable, the following provisions shall apply:

- a) The regulations governing works contracts (Verdingungsordnung fuer Leistungen) - part B - with the additional contracting terms of the Federal Ministry of Defence (VOL/B with ZVB/BMVg).
- b) General terms and conditions for procurement contracts (Allgemeine Bedingungen fuer Beschaffungsvertraege) of the Federal Ministry of Defence (ABBV)(BWB-B 084/05, 1999).
- c) General terms and conditions for development contracts with industrial companies ABEI (Allgemeine Bedingungen fuer Entwicklungsvertraege mit Industriefirmen).
- d) General terms and conditions for research contracts with industrial companies ABFI (Allgemeine Bedingungen fuer Forschungsvertraege mit Industriefirmen).
- e) Regulation PR no. 30/53 on prices for public contracts.
- f) The conditions on secrecy issued by the relevant authorities.
- g) Furthermore, the technical terms and conditions of delivery of the main principal must be adhered to, especially the Allied Quality Assurance Publication (AQAP) of NATO and DIN ISO 9000 FF consulted.