GENERAL CONDITIONS FOR THE SUPPLY OF MECHANICAL, ELECTRICAL AND ELECTRONIC PRODUCTS

PREAMBLE

1. These General Conditions shall apply when the parties agree thereto. Any modifications of or deviations from them must be agreed In Writing.

DEFINITIONS

2. In these General Conditions the following terms shall have the meanings hereunder assigned to them:

- « Contract » : the agreement In Writing between the parties concerning supply of the Product and all appendices, including agreed amendments and additions In Writing to the said documents;
- « Gross Negligence » : a deliberate or reckless failure to take such care as is obviously required in the circumstances to avoid serious consequences for the other party;
- « In Writing » : communication by document signed by both parties or by letter, electronic mail, fax and by such other means as are agreed by the parties;
- « the Product » : the object(s) to be supplied under the Contract, including software and documentation;
- « Contract Price » : the agreed price, which shall be either a fixed price or, in case the parties have specifically agreed on a price revision clause, the revised price.

PRODUCT INFORMATION/INSTRUCTIONS

3. All information and data contained in general product documentation and price lists, regardless of form, shall be binding only to the extent that they are by reference In Writing expressly included in the Contract.

4. The Supplier shall, not later than at the date of delivery, provide free of charge information and drawings which are necessary to permit the Purchaser to install, commission, operate and maintain the Product. Such information and drawings shall be supplied as a paper copy of each or electronically. The Supplier shall not be obliged to provide manufacturing drawings for the Product or for spare parts.

INTELLECTUAL PROPERTY AND CONFIDENTIALITY

5. All intellectual property rights in the Product, including in any embedded software, and in any technical information relating to the Product, shall rest with the Supplier or, in the appropriate case, with a third party which has licensed the Supplier to sublicense these rights. Subject to any limitations that may have been agreed between the third party and the Supplier, the Purchaser shall acquire a nonexclusive, perpetual and transferable right to use these intellectual property rights, but limited to the extent required by the purpose of the Contract. The Supplier shall not be obliged to provide the Purchaser with the source code or with updates for any embedded software. This clause shall also apply when the Product and/or software has been specifically developed for the Purchaser, unless otherwise agreed In Writing.
6. Technical, commercial and financial information and information, which has been declared as confidential or which must by its very nature be deemed to be confidential, disclosed In Writing or orally by one party to the other, shall be treated confidentially. The information shall therefore not without the consent of the disclosing party In Writing be used for any other purpose than that for which it was provided. It may not, without the consent of the disclosing party In Writing, be transmitted, communicated or otherwise disclosed to a third party.

ACCEPTANCE TESTS

7. Acceptance tests provided for in the Contract shall, unless otherwise agreed, be carried out at the place of manufacture during normal working hours. If the Contract does not specify the technical requirements, the tests shall be carried out in accordance with general practice in the appropriate branch of industry concerned in the country of manufacture.

8. If the acceptance tests show the Product not to be in accordance with the Contract, the Supplier shall without delay remedy any deficiencies in order to ensure that the Product complies with the Contract. New tests shall then be carried out at the Purchaser's request, unless the deficiency was insignificant.

DELIVERY. PASSING OF RISK

9. Any agreed trade term shall be construed in accordance with the INCOTERMS® in force at the formation of the Contract. If no trade term has been specifically agreed, the delivery shall be Free Carrier (FCA) at the place of manufacture of the Product. If, in the case of delivery Free Carrier, the Supplier, at the request of the Purchaser, undertakes to send the Product to its destination, the risk will nevertheless pass to the Purchaser as soon as the Product is handed over to the first carrier. Partial delivery shall not be permitted, unless otherwise agreed In Writing.

TIME FOR DELIVERY. DELAY

10. If the parties, instead of specifying the date for delivery, have specified a period of time within which delivery shall take place, such period shall start to run as soon as the Contract is entered into and all agreed preconditions to be met by the Purchaser have been fulfilled, such as official formalities, payments due at the formation of the Contract and securities.

11. If the Supplier anticipates that he will not be able to deliver the Product at the time for delivery, he shall forthwith notify the Purchaser thereof In Writing, stating the reason and, if possible, the time when

delivery can be expected. If the Supplier fails to give such notice, the Purchaser shall be entitled to compensation for any additional costs which he incurs and which he could have avoided had he received such notice.

12. If delay in delivery is caused by any of the circumstances mentioned in Clause 44, by an act or omission on the part of the Purchaser, including suspension under Clauses 20 and 47, or any other circumstances attributable to the Purchaser, the Supplier shall be entitled to extend the time for delivery by a period which is necessary having regard to all the circumstances of the case. This provision shall apply regardless of whether the reason for the delay occurs before or after the agreed time for delivery.

13. If the Product is not delivered at the time for delivery, the Purchaser shall be entitled to liquidated damages from the date on which delivery should have taken place. The liquidated damages shall be payable at a rate of 0.5 per cent of the Contract Price for each commenced week of delay. The liquidated damages shall not exceed 7.5 per cent of the Contract Price. If only part of the Product is delayed, the liquidated damages shall be calculated on that part of the Contract Price which is attributable to such part of the Product as cannot in consequence of the delay be used as intended by the parties. The liquidated damages shall become due at the Purchaser's demand In Writing but not before delivery has been completed or the Contract is terminated under Clause 14. The Purchaser shall forfeit his right to liquidated damages if he has not lodged a claim In Writing for such damages within six months after the time when delivery should have taken place.

14. If the delay in delivery is such that the Purchaser is entitled to maximum liquidated damages under Clause 13 and if the Product is still not delivered, the Purchaser may In Writing demand delivery within a final reasonable period which shall not be less than one week. If the Supplier does not deliver within such final period and this

is not due to any circumstances which are attributable to the Purchaser, then the Purchaser may by notice In Writing to the Supplier terminate the Contract in respect of such part of the Product as cannot in consequence of the Supplier's failure to deliver be used as intended by the parties. If the Purchaser terminates the Contract he shall be entitled to compensation for the loss he suffers as a result of the Supplier's delay, including any consequential and indirect loss. The total compensation, including the liquidated damages which are payable under Clause 13, shall not exceed 15 per cent of that part of the Contract Price which is attributable to the part of the Product in respect of which the Contract is terminated. The Purchaser shall also have the right to terminate the Contract by notice In Writing to the Supplier, if it is clear from the circumstances that there will occur a delay in delivery which, under Clause 13, would entitle the Purchaser to maximum liquidated damages. In case of termination for this reason, the Purchaser shall be entitled to maximum liquidated damages and compensation under the third paragraph of this clause.

15. Liquidated damages under Clause 13 and termination of the Contract with limited compensation under Clause 14 shall be the only remedies available to the Purchaser in case of delay on the part of the Supplier. All other claims against the Supplier based on such delay shall be excluded, except where the Supplier has been guilty of Gross Negligence.

16. If the Purchaser anticipates that he will be unable to accept delivery of the Product at the time for delivery, he shall forthwith notify the Supplier In Writing thereof, stating the reason and, if possible, the time when he will be able to accept delivery. If the Purchaser fails to accept delivery at the time for delivery for a reason which is not attributable to the Supplier, he shall nevertheless pay any part of the Contract Price which becomes due at the time for delivery, as if delivery had taken place at the time for delivery. The Supplier shall

arrange for storage of the Product at the risk and expense of the Purchaser. The Supplier shall also, if the Purchaser so requires, insure the Product at the Purchaser's expense.

17. Unless the Purchaser's failure to accept delivery is due to any of the circumstances mentioned in Clause 44, the Supplier may by notice In Writing require the Purchaser to accept delivery within a final reasonable period. If, for a reason which is not attributable to the Supplier and not the result of any of the circumstances mentioned in Clause 44, the Purchaser fails to accept delivery within such period, the Supplier may by notice In Writing terminate the Contract in whole or in part. The Supplier shall then be entitled to compensation for the loss he suffers by reason of the Purchaser's default, including any consequential and indirect loss. The compensation shall not exceed that part of the Contract Price which is attributable to that part of the Product in respect of which the Contract is terminated.

PAYMENT

18. Payment shall be made in advance, unless otherwise agreed. The Supplier shall not be obliged to commence production, delivery, or any other performance under the Contract until full payment has been received.

19. Whatever the means of payment used, payment shall not be deemed to have been effected before the Supplier's account has been irrevocably credited for the amount due.

20. If the Purchaser fails to pay by the stipulated date, the Supplier shall be entitled to interest from the day on which payment was due and to compensation for recovery costs. The rate of interest shall be as agreed between the parties or otherwise 8 percentage points above the interest rate of the European Central Bank for the main refinancing operations (MRO). The compensation for recovery costs shall be 1 per cent of the amount for which interest for late payment becomes due. In case of late payment or in case the Purchaser fails

to give an agreed security by the stipulated date the Supplier may, after having notified the Purchaser In Writing, suspend his performance of the Contract until he receives payment or, where appropriate, until the Purchaser gives the agreed security. If the Purchaser has not paid the amount due within three months the Supplier shall be entitled to terminate the Contract by notice In Writing to the Purchaser and, in addition to the interest and compensation for recovery costs according to this clause, to claim compensation for the costs and loss he incurs, including indirect and consequential loss.

RETENTION OF TITLE

21. The Product shall remain the property of the Supplier until paid for in full to the extent that such retention of title is valid under the relevant law. The Purchaser shall at the request of the Supplier assist him in taking any measures necessary to protect the Supplier's title to the Product. The retention of title shall not affect the passing of risk under Clause 9.

LIABILITY FOR DEFECTS

22. The Product shall be in conformity with the Contract. Pursuant to the provisions of this clause and Clauses 23-42, the Supplier shall remedy any defect in or nonconformity of the Product (hereinafter termed defect) resulting from faulty design, materials or workmanship.

23. The Supplier shall not be liable for defects arising out of a design, materials or production methods provided, stipulated or specified by the Purchaser.

24. The Supplier shall only be liable for defects which appear under the conditions of operation provided for in the Contract and under proper use of the Product.

25. The Supplier shall not be liable for defects caused by circumstances which arise after the risk has passed to the Purchaser, e.g. defects due to faulty or incorrect installation, maintenance or repair, or to any

alteration, carried out by the Purchaser or by a third party on behalf of the Purchaser. The Supplier shall neither be liable for normal wear and tear nor for deterioration.

26. The Supplier's liability shall be limited to defects which appear within a period of one year from delivery. If the use of the Product exceeds that which is agreed, this period shall be reduced proportionately.

27. When a defect in a part of the Product has been remedied, the Supplier shall be liable for defects in the repaired part or in the part in replacement under the same terms and conditions as those applicable to the original Product for a period of one year. For the remaining parts of the Product, the period mentioned in Clause 26 shall be extended only by a period equal to the period during which and to the extent that the Product could not be used as a result of the defect. The Supplier shall not be liable for defects in any part of the Product for more than one year from the end of the liability period referred to in Clause 26 or from the end of any other liability period agreed upon by the parties.

28. The Purchaser shall without undue delay notify the Supplier In Writing of any defect which appears. The notice shall contain a description of the defect. Such notice shall under no circumstances be given later than two weeks after the expiry of the period given in Clause 26 or the extended period(s) under Clause 27, where applicable. If the Purchaser fails to notify the Supplier In Writing of a defect within the time limits set forth in the first paragraph of this clause, he shall lose his right to have the defect remedied and any other rights in respect of the defect. Where the defect is such that it may cause damage, the Purchaser shall immediately notify the Supplier In Writing. The Purchaser shall bear the risk of damage to the Product resulting from his failure so to notify. The Purchaser shall take reasonable measures to minimise damage and shall in that respect comply with instructions of the Supplier.

29. On receipt of the notice under Clause 28, the Supplier shall at his own cost remedy the defect without undue delay, as stipulated in Clauses 22-42. The time for remedial work shall be chosen in order not to interfere unnecessarily with the Purchaser's activities. Remedial work shall be carried out at the place where the Product is located unless the Supplier deems it more appropriate that the Product is sent to him or a destination specified by him. If the defect can be remedied by replacement or repair of a defective part and if dismantling and re-installation of the part do not require special knowledge, the Supplier may demand that the defective part is sent to him or a destination specified by him. In such case the Supplier shall have fulfilled his obligations in respect of the defect when he delivers a duly repaired part or a part in replacement to the Purchaser.

30. The Purchaser shall at his own expense provide access to the Product and arrange for any intervention in equipment other than the Product, to the extent that this is necessary to remedy the defect.

31. Unless otherwise agreed, necessary transport of the Product or parts thereof to and from the Supplier in connection with the remedying of defects for which the Supplier is liable shall be at the risk and expense of the Supplier. The Purchaser shall follow the Supplier's instructions regarding such transport.

32. Unless otherwise agreed, the Purchaser shall bear any additional costs which the Supplier incurs for remedying the defect caused by the Product being located in a place other than the place specified in the Contract for putting the Product into service, or if not specified, the place of delivery.

33. Defective parts which have been replaced shall be made available to the Supplier and shall be his property.

34. If the Purchaser has given such notice as mentioned in Clause 28 and no defect is found for which the Supplier is liable, the Supplier shall be

entitled to compensation for the costs he incurs as a result of the notice.

35. If the Supplier does not fulfil his obligations under Clause 29 or 41, the Purchaser may by notice In Writing fix a final reasonable period for completion of the Supplier's obligations, which shall not be less than one week. If the Supplier fails to fulfil his obligations within such final period, the Purchaser may himself undertake or employ a third party to undertake necessary remedial work at the risk and expense of the Supplier, provided the Purchaser or third party does so in a professional manner. Where successful remedial work has been undertaken by the Purchaser or a third party, reimbursement by the Supplier of reasonable costs incurred by the Purchaser shall be in full settlement of the Supplier's liabilities for the said defect.

36. Where the defect has not been successfully remedied, as stipulated under Clause 35,

    - a) the Purchaser shall be entitled to a reduction of the Contract Price in proportion to the reduced value of the Product, provided that under no circumstances shall such reduction exceed 15 per cent of the Contract Price, or
    - b) where the defect is so substantial as to significantly deprive the Purchaser of the benefit of the Contract as regards the Product or a substantial part of it, the Purchaser may terminate the Contract by notice In Writing to the Supplier in respect of such part of the Product as cannot in consequence of the defect be used as intended by the parties. The Purchaser shall then be entitled to compensation for any loss, including any consequential and indirect loss, up to a maximum of 15 per cent of that part of the Contract Price which is attributable to the part of the Product in respect of which the Contract is terminated.

37. Save as stipulated in Clauses 22-36, the Supplier shall not be liable for defects. In consequence, the Supplier shall not be liable for any other loss the defect may cause, including loss of production, loss of profit and other indirect loss. This limitation of the Supplier's liability shall not apply if he has been guilty of Gross Negligence.

LIABILITY FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

38. Unless otherwise agreed, the Supplier shall, in accordance with this clause and Clauses 39 - 42 be liable towards the Purchaser for the Product infringing patents, copyrights or any other intellectual property rights of a third party in the Purchaser's country. The Supplier shall in such case indemnify the Purchaser and hold the Purchaser harmless against claims of third parties, provided that such claims are confirmed as valid by a final award or a settlement approved by the Supplier. The Supplier shall however not be liable for the Purchaser's loss of production, loss of profit, loss of use and loss of contracts, unless the Supplier has been guilty of Gross Negligence.

39. The Supplier shall have no liability for infringement of intellectual property rights arising out of:

    - the Product being used elsewhere than in the Purchaser's country;
    - the Product being used otherwise than agreed or in a way the Supplier could not have foreseen;
    - the Product being used together with equipment or software not supplied by the Supplier, or
    - a design or construction stipulated or specified by the Purchaser.

40. The Supplier shall only be liable if the Purchaser notifies the Supplier In Writing without delay of any claim as referred to in Clause 38 which he receives and allows the Supplier to decide how the claim shall be dealt with. Defence against claims referred to in Clause 38 shall be

for the Supplier's account. The Supplier shall compensate the Purchaser for any amounts the latter is obliged to pay under a final award or a settlement approved by the Supplier.

41. Infringement of intellectual property rights shall, at the Supplier's discretion, be remedied by:
    - providing the right for the Purchaser to use the Product,
    - adjusting the Product so that the infringement ceases, or
    - by replacing the Product with another product, which can be used without infringing applicable intellectual property rights.
42. If the Supplier fails to remedy the infringement in accordance with Clause 41 without undue delay, Clauses 35, 36 and 37 shall apply.

ALLOCATION OF LIABILITY FOR DAMAGE CAUSED BY THE PRODUCT

43. The Supplier shall not be liable for any damage to property caused by the Product after it has been delivered and whilst it is in the possession of the Purchaser. Nor shall the Supplier be liable for any damage to products manufactured by the Purchaser or to products of which the Purchaser's products form a part. If the Supplier incurs liability towards any third party for such damage to property as described in the preceding paragraph, the Purchaser shall indemnify, defend and hold the Supplier harmless. If a claim for damage as described in this clause is lodged by a third party against one of the parties, the latter party shall forthwith inform the other party thereof In Writing. The Supplier and the Purchaser shall be mutually obliged to let themselves be summoned to the court or arbitral tribunal examining claims for damages lodged against one of them on the basis of damage allegedly caused by the Product. The liability between the Supplier and the Purchaser shall however be settled in accordance with Clause 49. The limitation of the Supplier's liability in the first paragraph of this clause shall not apply where the Supplier has been guilty of Gross Negligence.

FORCE MAJEURE

44. Either party shall be entitled to suspend performance of his obligations under the Contract to the extent that such performance is impeded or made unreasonably onerous by force majeure, meaning any of the following circumstances: industrial disputes and any circumstance beyond the control of the parties such as fire, war, extensive military mobilization, insurrection, requisition, seizure, embargo, restrictions in the use of power, currency and import or export restrictions, epidemics, natural disasters, extreme natural events, terrorist acts and defects or delays in deliveries by sub-contractors caused by any such circumstance referred to in this clause. A circumstance referred to in this clause whether occurring prior to or after the formation of the Contract shall give a right to suspension only if its effect on the performance of the Contract could not be foreseen at the time of the formation of the Contract.

45. The party claiming to be affected by force majeure shall notify the other party In Writing without delay on the intervention and on the cessation of such circumstance. If a party fails to give such notice, the other party shall be entitled to compensation for any additional costs which he incurs and which he could have avoided had he received such notice. If force majeure prevents the Purchaser from fulfilling his obligations, he shall compensate the Supplier for costs which the Supplier incurs in storing, securing and protecting the Product and avoiding unreasonable interference with his other activities.

46. Regardless of what might otherwise follow from these General Conditions, either party shall be entitled to terminate the Contract by notice In Writing to the other party if performance of the Contract is suspended under Clause 44 for more than six months.

ANTICIPATED NON-PERFORMANCE

47. Each party shall be entitled to suspend the performance of his obligations under the Contract, where it is clear from the circumstances that the other party is not going to perform his obligations. A party suspending his performance of the Contract shall forthwith notify the other party thereof In Writing.

CONSEQUENTIAL LOSSES

48. Save as otherwise stated in these General Conditions or in case of Gross Negligence there shall be no liability for either party towards the other party for loss of production, loss of profit, loss of use, loss of contracts and for any other consequential or indirect loss whatsoever, whether the loss was foreseeable or not.

DISPUTES AND APPLICABLE LAW

49. All disputes arising out of or in connection with the Contract shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules.

50. The Contract shall be governed by the substantive law of the Supplier's country.