

General Terms and Conditions of Procurement

February 2011 edition

1 Exclusive Scope

- 1.1 These General Terms & Conditions shall apply to procurement. They shall be applicable to all orders placed by SSM Schärer Schweiter Mettler AG ("SSM"), to the exclusion of the supplier's general terms and conditions, and subject to contrary written agreements.
- 1.2 Both parties shall be bound only by what has been agreed IN WRITING, including contrary agreements and any waiver of this requirement of written form. Pending signature of an agreement, no claims shall be derived from premature break-off of negotiations.

2 Quotation

- 2.1 The supplier shall forward a quotation free of charge in response to an inquiry. Such quotation shall conform exactly to the inquiry, and draw express attention to any deviations. If the supplier sets no duration of validity for the quotation, it shall be binding for 60 days.

3 Order

- 3.1 If conclusion of the contract is made conditional upon order confirmation by the supplier, the client shall only be committed if such confirmation contains no deviation from the order.
- 3.2 If the supplier detects errors or ambiguities in the order, particularly in terms of feasibility, quantity, price or deadlines, it shall draw attention to them immediately. Before proceeding with performance, the supplier shall familiarize itself with all key dates and circumstances for fulfillment of the order and with the intended purpose.

4 Prices

- 4.1 Unless otherwise agreed, established prices shall be deemed firm and inclusive of all secondary costs, e.g. packing, carriage, value-added taxation, etc.

5 Execution of Order

- 5.1 In the absence of special technical information, material specifications or quality regulations, only the most suitable, tried materials shall be used.
- 5.2 Quality changes of any kind shall only be made if the supplier has received SSM's prior written approval.
- 5.3 The supplier undertakes to comply with the relevant product safety legislation, e.g. the EU Directives on Machinery (89/392/EEC), Electromagnetic Compatibility (89/336/EEC) and Low Voltage Electrical Equipment (73/23/EEC). The supplier also undertakes to hand over the relevant conformity declaration as required and related documentation. All technical working resources shall comply with the recognized rules of technology, health, safety and accident prevention, and be equipped with protective devices against accidents and occupational illnesses.
- 5.4 Subcontracting shall require the prior written consent of SSM. Such consent shall not release the supplier from sole responsibility for the entire order.
- 5.5 Material provided by SSM shall, even after processing, remain SSM's property until completion of the supply. The quantity and quality of such provided material shall be checked on receipt, and objections immediately notified in writing. Substitute material shall be sourced from SSM.

- 5.6 Defects and poor workmanship which are willfully suppressed, or rectified without SSM's consent, shall entitle SSM to cancel execution of all current orders, without prejudice to compensation claims.
- 5.7 During execution, the quality assurance requirements of standards ISO 9000 – 9004 shall be met.
- 5.8 The supplier undertakes to conform to the legal requirements of environmental protection and to the latest state of technology at the time of execution. If the order contains no specific requirements, use shall be made: of environment-friendly and recyclable materials; of low-emission, low-pollutant constructions that are easy to dismantle and re-use; and of economical, energy-saving solutions.

6 Delivery Time and Consequences of Delay

- 6.1 Delivery shall take place on the agreed delivery date (the set deadline) at destination.
- 6.2 If the supplier cannot meet the set delivery date, it shall notify the client within eight days of receipt of order.
- 6.3 Failing such notification by the supplier, the delivery date shall become binding.
- 6.4 The supplier undertakes to give prompt notice of any deadlines that it is going to miss. In case of missed deadlines, the client shall be entitled to cancel the order without granting an extension and to claim compensation, or to insist upon subsequent performance plus compensation.
- 6.5 The right of withdrawal from the contract is reserved.
- 6.6 The supplier shall only invoke client failure to furnish necessary documents, extras or additional parts if the supplier requested them in good time. In such case the delivery period shall be extended accordingly.
- 6.7 If it is predictable, before delivery is due, that the supplier will miss the deadline, the client may withdraw from the contract and cancel the order.
- 6.8 Excess supplies shall require SSM's prior written consent. Stockpiling of production by the supplier without a matching order shall not obligate SSM to buy.
- 6.9 Deliveries before agreed dates shall require the prior written permission of SSM. If it has given no such permission, SSM shall be entitled, at the supplier's expense and risk, to return goods delivered too early, or to place them in storage elsewhere until due, and to suspend payment of the invoice until the agreed delivery date.
- 6.10 Delivery takes place more than two (2) weeks after the agreed date, the supplier shall pay a contractual penalty of 0.5 % of the agreed purchase price, per week of delay, up to a maximum amount of 5 % of total purchase price, plus compensation for loss caused by the delay. This amount will be deducted from the invoice.

7 Carriage, Passing of Risk, Insurance and Packing

- 7.1 Special transport modes and routes shall require written agreement.
- 7.2 The passing of risk and benefit shall take place on delivery at destination.
- 7.3 Save contrary instruction, consignments shall be dispatched without the mediation of a forwarding agent, and without insurance unless expressly required. Additional expenses due to part-shipments or freight surcharges (express or rapid freight) deriving from supply delays shall only be accepted if caused by SSM.

- 7.4 The supplier shall bear full responsibility for proper packing and point out the need for special care in removing support structures etc. Packing shall effectively protect the supplies against damage and corrosion during carriage and during any short-term storage up to a maximum of 60 days. The supplier shall be liable for all damage resulting from inappropriate packing, from customs clearance and from breach of carriage instructions.
- 7.5 Shipping units made available by the client shall be returned immediately after use. SSM reserves the right to return and request credit for packing material.
- 7.6 A CONSIGNMENT NOTE shall be packed with each consignment.

8 Disposal

- 8.1 The supplier shall guarantee the client's right of return of supplies containing environmentally hazardous substances as defined by the statutory provisions.
- 8.2 The client shall in any case be entitled to return packing, shipping units etc. to the supplier free of charge for disposal.

9 Warranty and Complaints

- 9.1 Unless otherwise agreed, goods inwards shall be inspected as quickly as possible at destination. However, there shall be no deadline for complaint. When components are supplied for plant, acceptance of such supply shall only take place at the time of acceptance by SSM's customer of the whole plant.
- 9.2 Raw material and semi-finished products that prove defective when processed shall be replaced charge- and carriage-free, irrespective of time lapse between delivery and objection.
- 9.3 In urgent cases SSM or a third party shall repair urgent defects and invoice the supplier for the work at cost.
- 9.4 The supplier shall pay carriage and any traveling expenses for work done under warranty.
- 9.5 Warranty term shall be one year from delivery to SSM's customer but at the most two years from the date of delivery to SSM.
- 9.6 The supplier shall warrant that the use or deployment of supplied objects infringes no third-party intellectual property or other rights. The supplier shall indemnify SSM in this respect and in any case ensure that SSM can use what has been received under the contract.

10 Secrecy

- 10.1 All information, drawings, etc. which the client shall pass to the supplier for manufacture of the supply shall not be used otherwise, copied or made accessible to third parties. Any copyright shall vest in the client. All documents and copies or reproductions shall be returned to the client immediately on request. If supply does not proceed, the supplier shall surrender the documents to the client unprompted.
- 10.2 The supplier shall treat the order and all related works or supplies as confidential.
- 10.3 The client shall treat the supplier's or its subcontractors' technical documents as confidential. They shall remain the intellectual property of the supplier or subcontractors.
- 10.4 Advertising publications mentioning or picturing SSM or its products shall require the prior written approval of SSM.
- 10.5 The binder of secrecy, accepted by the supplier, shall apply equally to its subcontractors and the supplier shall impose it on them.

11 Right of Inspection, Work on Client's Premises

- 11.1 The client shall have the right of inspection of execution of the order. Such right shall neither alter nor restrict the supplier's duty of contractual performance. SSM may carry out quality audits on the supplier's or its subcontractors' premises by prior arrangement.
- 11.2 Works on the client's premises shall comply with its safety directives, in addition to these General Terms & Conditions.
- 11.3 The supplier shall insure its assembly personnel against illness, accident, the event of death and third-party liability, thereby releasing the client from all liability in respect thereof.

12 Payment Terms

- 12.1 Unless otherwise agreed, payment shall be made either net within 60 days of receipt of goods/invoice, or at a 2% discount 30 days after receipt of goods/invoice. Payment shall be made at the earliest after delivery has been taken. The right of set-off against counterclaims is hereby reserved.
- 12.2 The supplier shall not be entitled to assign claims against the client to third parties.

13 Force Majeure

- 13.1 The contracting parties shall not be liable for breach of contractual obligations caused by events of force majeure. Force majeure shall mean unforeseeable and objectively unavoidable circumstances occurring after conclusion of the contract and beyond either party's control.
- 13.2 The contracting party invoking force majeure shall notify the other party of its occurrence and presumed duration immediately, failing which it cannot invoke force majeure.
- 13.3 The supplier shall produce to the client, on request, certified confirmation of the circumstances that it invokes as force majeure.

14 Place of Performance and Jurisdiction

- 14.1 Place of performance for supply and payment shall be our Horgen establishment.
- 14.2 Jurisdiction shall be Horgen.
- 14.3 Swiss law shall apply. Application of the UN Convention on Contracts for the International Sale of Goods (CISG) of April 11, 1980 is hereby precluded.
- 14.4 These General Terms & Conditions shall replace all previous versions.