



JK DEFENCE & SECURITY PRODUCTS GMBH Terms and conditions of purchase

§ 1 General scope of application

(1) The following terms and conditions apply to all contracts concluded between ourselves (JK) and the seller concerning the delivery of goods. They also apply to contracts where the main focus of the contract relates to a contract of sale. They also apply to all future business relationships, even if they have not been expressly agreed to again.

(2) Our terms and conditions of purchase are only valid vis à vis an entrepreneur pursuant to § 14 German Civil Code ("BGB").

(3) The terms and conditions of purchase of JK are exclusive. Divergent, conflicting, amending or additional general terms and conditions will not constitute a part of the contract, even if they are known, unless we would have had expressly approved their validity in writing. Our terms and conditions of purchase are valid, even if we unconditionally take the delivery although we have knowledge of conflicting terms and conditions of the supplier as well as terms and conditions of the supplier differing from ours.

(4) All agreements which are entered into by the supplier and us for the purpose of the execution of the contract are set down in writing in the purchase contracts and in this contract.

§ 2 Offer/offer documents/conclusion of contract

(1) With submission of his offer, the seller generally commits himself to a price validity period of 90 days, commencing with the date of his offer. Other commitment periods are invalid, unless they have been agreed upon with JK in writing and/or explicitly requested by JK.

(2) We retain any rights of ownership and copyrights to illustrations, drawings, calculations and any other document; they may not be made accessible to third parties without our express consent in writing. They are only to be used for production based on our order; after the order has been processed they have to be returned to us upon request. They shall be kept secret from third parties.

(3) An order is only considered to be placed if it has been drawn up and signed by us, unless the parties agree to orders being communicated within the scope of system technology. Verbally placed orders or orders placed by telephone are only binding if confirmed by us with the subsequent submission of an order in writing. Drawings specified by us in individual cases including tolerance specifications are binding. With acceptance of the order the seller recognizes that he has by inspecting the available plans informed himself of the nature and scope of performance. If there are obvious mistakes, typing or calculation errors in the documents, drawings and plans prepared by us, these shall not be binding for us. In this case the seller is obliged to notify us immediately of such errors so that our order can be corrected and renewed. This also applies to missing documents or drawings etc.

Deviations in quantity and quality from the text and content of our order and subsequent contract amendments are only considered to be agreed if we have expressly confirmed them in writing.

§ 3 Time of delivery

(1) The time of delivery stated in the order is binding. Delivery periods and times start with the date of the order. They goods must arrive at the receiving location specified by us within the delivery period or by the delivery deadline. The supplier is obliged to inform us immediately in writing, if any circumstances occur or if he gets knowledge of any circumstances which cause that the stated time of delivery cannot be met. If delays are to be expected (whole or part deliveries cannot be completed on time), he has to inform us in writing (stating the reasons and by how long the deadline is likely to be exceeded) so that the possible damage to us can be prevented or limited and we can make a decision on the continuation of the contract.

(2) In case of a delay of delivery we are entitled to the legal remedies.

(3) Moreover, after having issued a reminder, we have the right to demand a contract penalty of 0.5 % of the net order value for each week started, up to a

maximum of 5 % of the net order. The contract penalty paid will be charged against any claim for compensation for damages. The seller has to pay the contract penalty only in case he is to blame for it.

(4) We are not obliged to accept goods deliveries before the due date as stated on the purchase order.

§ 4 Delivery/packaging/waste

(1) In the absence of a divergent agreement, the prices include delivery "free house" (free delivery). The seller is obliged to bear all of the costs and expenses associated with the delivery. These include, in addition to transport and inspection costs, customs duties and other public charges (toll etc.), even if these are not introduced until after the contract has been concluded.

(2) The risk is not transferred to us until the goods have been accepted at our receiving location or the receiving location specified by us.

(3) Packaging is included in the price. The seller must where applicable select the packaging specified by us and ensure that the packaging protects the goods from damage.

The seller shall take back all containers, packaging (including all transport, sales and outer packaging) and means of transport delivered by him.

He will ensure at his own cost that all packaging and means of transport are collected upon our request from our premises or from a location specified by us. If the seller does not comply with his duty to collect within 10 days of receiving our request, we retain the right to have the containers, packaging and means of transport removed at the seller's cost.

In addition the German Packaging Ordinance ("Verpackungsverordnung") applies in its current version, as do other relevant laws, regulations and directives.

The duties described above also include all environmentally harmful waste from the goods delivered by the seller.

Waste in terms of these provisions is all waste in particular in terms of the Waste Management and Recycling Act ("Kreislaufwirtschafts- und Abfallgesetz") and the regulations and directives passed for this purpose and the corresponding directives of the European Communities.

If we provide the packaging materials, handover of the packaging materials will take place from our warehouse. With handover and collection the risk of accidental loss of the packaging materials is transferred to the seller.

(4) We are only liable for damage to the containers, packaging and other means of transport taken back by the seller or for their loss if we expressly consented to them being left behind, and even then only if the damage or loss was caused deliberately or as a result of serious negligence by us or one of our vicarious agents.

(5) We are therefore not liable in the event of a slightly negligent breach of this negligible contractual obligation.

We point out that the above limitation of liability does not apply if in addition to the damage to the containers, packaging and other means of transport there are also physical injuries. In such cases we are liable without limitation in accordance with the legal regulations.

§ 5 Insurance

(1) The seller is obliged to take out liability insurance and to maintain this at least until the end of the guarantee. The liability insurance cover must be at least EUR 5 million for personal injury, material damage and financial loss, unless other amounts are specified in the order.

(2) We can also demand that the seller takes out other insurance, e.g. transport insurance, assembly insurance, guarantee insurance etc. and maintains this at least for the appropriate period. We are to be included in these insurance policies as the co-insured party. The nature and scope of the insurance will be specified in the orders.

(3) The costs of insuring the goods and in particular transport insurance will not be borne by us.

(4) In the seller's insurance policies recourse by the insurer against us shall be expressly excluded. The seller must obligate his insurers to inform us without



delay of any change in the insurance policies occurring during the agreed period and which affects the insurance protection.

(5) The seller has to submit proof of cover for all of the required insurance at the latest with the order confirmation. We have the right to demand from the seller that he informs us at appropriate intervals of the continuation of the insurance and proves this with suitable documents.

§ 6 Documents

The seller is obliged to state on all shipping documents, delivery notes and packaging the order number, the delivery note number, the JK part number, the quantity per container and the delivery date; if he fails to do this we shall not be responsible for delays in processing. Single copies of invoices, delivery notes and packing slips are to be enclosed with each consignment. These documents must include, as stated above, the order number, the quantity and unit of quantity, the gross, net and if applicable calculation weight, the item description for our item number and with partial deliveries the relevant remaining quantity.

§ 7 Prices – Terms and conditions of payment

(1) Unless otherwise is expressly specified and agreed, the agreed prices are fixed prices, providing the seller does not generally lower the prices concerned. The seller shall not grant us prices and conditions which are less favorable than for other customers, if and when these customers offer him the same or equivalent

conditions in the specific case.

(2) The legal VAT (value added tax) is not included in the price and will be added to the particular agreed price.

(3) Payments are only made after full receipt of defect-free goods or full defect-free performance and after receipt of the invoice. With partial deliveries this applies accordingly. Time delays which are caused by incorrect or incomplete invoices do not affect any discount periods or similar payment benefits. We can only process invoices if they are in accordance with the specifications in our order (order number stated); the seller is responsible for all consequences which occur as a result of non-compliance with this obligation, unless he proves that he was not responsible.

(4) We are entitled to the statutory rights of offset and retention to their full extent.

We are entitled to assign all claims relating to the purchase contract without the approval of the seller. The seller is not entitled to assign claims relating to the contractual relationship to third parties without our prior approval in writing.

Payments are only made to the seller.

Any payments made will not constitute a recognition that the good or service is contractually conforming

(5) The terms and conditions of payment are, unless otherwise agreed, as follows: The standard payment condition of JK is 14 days 3 % / 45 days net.

Payment shall be made in the payment period immediately following the date the invoice becomes due and payable by the payment method of JK's choice.

(6) If advance payments/payments on account/part payments are made by us, we are entitled to make these dependent on the seller providing security with a bank guarantee etc. in the same amount.

§ 8 Inspection for defects/liability for defects

(1) We are obliged to check within a reasonable period of time if there are any deviations regarding the quality or the quantity of the goods; the notice of defect is considered to be in time, if it arrives at the seller within a period of 5 working days, counted from the receipt of the goods or, in case of hidden defects, from their discovery.

(2) We shall be entitled to all claims relating to defects permitted by law; we shall in any case be entitled to demand of the seller remedy of defects or delivery of replacement goods, as we choose. We expressly retain the right to compensation for damages, in particular to compensation for damages in lieu of performance.

(3) We are entitled to carry out the remedy of defects at the supplier's expense if danger is ahead or if there is a particular need for hurry. We will though inform the seller in this event of the defect so that the seller can satisfy himself whether there is any defect at all.

(4) The limitation period is 36 months, calculated from the transfer of risk.

(5) Claims relating to defects shall exist even if there is only a minor deviation from the agreed quality and if there is only a minor impairment of usability.

(6) If a material defect appears within 6 months of the transfer of risk, it is assumed that the defect was already present at the time of the transfer of risk, unless this assumption is incompatible with the nature of the object or the defect.

(7) We point out that, in addition to the above provisions, the provisions in the quality assurance agreements prevail.

§ 9 Liability of the seller/insurance protection/product liability/indemnity

(1) In so far as the supplier is responsible for a damage of the product, he is obliged to indemnify us at first request in this respect against any damage claims of third persons, if the damage is caused in his sphere of influence and organization.

(2) Furthermore the supplier is obliged to reimburse possible expenses arising from or in connection with a recall action carried out by us in accordance with §§ 683, 670 BGB as well as §§ 830, 840, 426 BGB to the extent of his liability for cases of damages pursuant to paragraph 1 above. We will inform the supplier about the

contents and the extent of the recall measure which has to be carried out so far as possible and appropriate and we will give him the opportunity to make a statement. Other legal remedies are not affected.

(3) The seller is obliged to maintain product liability insurance with a lump sum insured of EUR 10 million per personal injury/material damage; if we are entitled to more extensive claims for compensation for damages, these shall remain unaffected.

§ 10 Prohibition and declaration of substances

(1) The supplier commits himself to use only materials that comply with the respectively applicable legal requirements and safety regulations, in particular with regard to restricted, toxic and hazardous substances. The same is true for measures to protect the environment and regulations related to electricity and electromagnetic fields.

This commitment includes all national, European and global legal regulations.

§ 11 Protective rights

(1) The supplier promises that any rights of third persons will not be violated in connection with his delivery.

(2) If a third person exercises a right against us relating to this, the supplier is obliged to indemnify us against these claims at first written request; we are not entitled to come to any agreements with the third person without the supplier's approval, we are particularly not entitled to reach a settlement

(3) The supplier's duty to indemnify us includes all our expenses which arise necessarily from or in connection with claims of third persons.

(4) The limitation period is ten years, starting with the conclusion of the contract.

§ 12 Retention of title/indemnity/tools

(1) Provided that we put additional parts at the supplier's disposal, we reserve the title of these parts for ourselves. The processing or the reconstruction will be carried out for us by the supplier. If privileged concerning the goods (Vorbehaltsware) is processed with other objects not belonging to us, we will acquire joint ownership/joint property of the new object according to the ratio of the value (purchase price plus VAT) of the other objects being processed at the time of the processing.

(2) If the object provided by us is mixed inseparably with other objects which do not belong to us, we acquire joint ownership of the new object in propor-



tion to the value of the object (purchase price plus VAT) to the other objects mixed at the time of the mixing. If the mixing is done in a way that the object of the seller is considered to be the main object, then it shall be considered to be agreed that the seller shall assign proportionate joint ownership to us; the seller shall hold the object of sole or joint ownership in safe custody for us.

(3) We reserve the title of the tools which we put at the supplier's disposal or have separately ordered for ourselves. The supplier is obliged to use the tools exclusively to manufacture the goods ordered by us. The seller is obliged to carry out any necessary maintenance and inspection work on our tools and all maintenance and repairs at its own cost. The seller has to notify us immediately of any disruptions; if he is culpable in failing to do so, claims for compensation for damages shall remain affected.

(4) In so far as the securities which we are entitled to exceed in accordance with para. 1 and/or para. 2 the buying price of all our privileged property concerning the goods not yet paid by more than 10 %, we are obliged to release the securities which we are allowed to choose at the supplier's request.

§ 13 Secrecy

(1) The supplier is obliged to treat all illustrations, diagrams, drawings, calculations and other documents and information strictly confidential.

(2) All documents and information are only allowed to be revealed vis à vis third persons with our express approval.

(3) The obligation of confidentiality remains effective after the completion of the contract; it expires, if and in so far as the knowledge of productions contained in the illustrations, diagrams, drawings, calculations and other documents ceded to the supplier becomes generally known.

(4) The seller is obliged to treat our orders and all associated commercial and technical details as business secrets.

§ 14 Indemnity against advertising statements – liability

(3) The seller indemnifies us from claims which his customers assert based on advertising statements made by the seller, the seller's suppliers or a helper of these and which would not exist in this nature or value without the advertising statement.

(4) This provision applies irrespective of whether the advertising statement was made before or after this agreement was concluded.

§ 15 Data protection

(1) The seller agrees that data concerning him which we obtain within the scope of the business relationship will be processed and stored using computers and made accessible to companies affiliated with us.

(2) This shall only apply if the data concerned is needed by us for processing the contract. We will also observe the provisions of the data protection law.

§ 16 Force majeure

(1) War, civil war, export or trading restrictions due to changes in political conditions, strikes, lock-outs,

operational disruptions, operational restrictions and similar events which make contractual performance impossible or unreasonable for us will be considered to be force majeure and release us from our duty of prompt acceptance for the duration of such events.

(2) We undertake to inform the supplier immediately of this. Both we and the seller undertake thereupon to adjust the relevant obligations to the changed conditions in good faith.

§ 17 Legal venue – place of performance – applicable law – severability clause

(1) The legal venue is at the registered seat of our administration.

However, we are entitled to sue/bring a legal action against the supplier at his general place of jurisdiction.

(2) The registered seat of our administration is the place of performance, unless otherwise agreed.

(3) This contract is entered into and governed by the laws of the Federal Republic of Germany. The CISG ("The United Nations Convention on the International Sale of Goods") is not applicable. Clauses of the seller relating to choice of law are herewith expressly excluded. This applies in particular to clauses relating to choice of law which intend to prevent the German Civil Code of the 01.01.02 from applying. In any event and in addition to the terms and conditions of purchase, the Act on the Modernization of the Law of Obligations (Gesetz zur Modernisierung des Schuldrechts) of the 01.01.02 shall apply.

(4) If a provision in the contract or these terms and conditions should be ineffective in whole or in part, the effectiveness and enforceability of all remaining provisions in this contract and the terms and conditions will not be affected by this. The ineffective or unenforceable provision is to be considered to be replaced by the effective and enforceable provision which is closest