

Definitions

1. In these General Purchasing Conditions, the term 'Purchaser' shall refer to a purchasing company that forms part of the Nolato Group, or to another purchaser designated by Nolato. 'Seller' refers to a firm, person, or company with which/whom an agreement has been made, or to which/whom an order has been submitted.
2. The term 'Product' refers to such a product, contract-manufactured product, processed product or raw material, components, parts, tooling, equipment or any other item as has been the subject of a purchasing contract, or has been stated in an order submitted by the Purchaser.
3. The term 'Specifications' refers to such specifications regarding the quality, function, performance, characteristics, field of application, standards of the Product and ethical code of behaviour, etc. as the Purchaser has given or dispatched to the Seller before or in connection with the order concerned. To the extent that it agrees with the Purchaser's specifications, the 'Specifications' concept shall also comprise any statement concerning the quality, performance, and characteristics of the Product that the Seller has given the Purchaser concerning the Product by means of data-sheets, specifications, brochures, or other information materials.
4. The term 'Tools' refers to all special models, jigs, fixtures, moulds, or other Tools or type-bound equipment that are required for the manufacture or inspection of the Product and, wherever applicable, of the general equipment supplied by the Purchaser.
5. When either of the concepts 'written' or 'in writing' is used in these General Purchasing Conditions, it shall also be deemed to refer to faxes, e-mail messages, and, where applicable, EDI communication.

Formation of the contract. Terms of the contract

6. The Parties are bound by a contract as soon as the Purchaser has submitted his written order or written confirmation of an oral order. An order made orally is not binding.
7. These General Purchasing Conditions shall, in their entirety, apply to all orders submitted by the Purchaser as well as to all contracts that have been entered into, unless the Parties agree otherwise in writing.
8. Any condition stated in an offer or tender, in the confirmation of an order, in an invoice or in any other document drawn up by the Seller that is in breach of these Conditions shall not be binding for the Purchaser, unless there is a written contract to that effect. Should the Purchaser fail to object to such a condition, this omission shall not be construed as an acceptance, partial or entire, of an alteration of these General Purchasing Conditions.

Quality

9. The Seller understands that the Purchaser operates in a market where his own customers expect all deliveries to be flawless to meet a zero-defect principle. Consequently, each Product is to be free from faults and shall, with regard to type, quantity, quality, function, performance, area of application, standards, and other characteristics, agree in every respect with the order and with the Specifications. Furthermore, each Product shall agree with those requirements as to its nature and quality that are contained in the United Nations Convention on Contracts for the International Sale of Goods (CISG), Articles 35.1-35.2, as well as, wherever applicable, with dispatched outturn samples which have been approved by the Purchaser. The Purchaser's approval of an outturn sample only entails a limitation in the Seller's liability to the extent that the Purchaser has observed, or ought reasonably to have observed, any deviations from the agreed quality by studying the outturn sample.
10. The Seller guarantees that the Product, in addition to possessing the requirements stated in Section 9 above, also agrees with the quality certification stated in the Purchaser's order or in the Specifications, as well as with those national and international directions and requirements that pertain to the Product at the time of delivery. Furthermore, the Seller guarantees that the Product is suitable for the purpose for which the Purchaser intends to use it.
11. The Seller guarantees that the Product will not, when used in a

normal manner, cause any bodily injury or any damage to property (product liability) for the Purchaser or for his customers.

12. The Seller guarantees that all delivered Products fulfil those requirements in respect to traceability that are at any time stipulated in valid legislation, as well as in any applicable ISO -- ISO/TS standard or in any other standard to which the Purchaser has referred in his order, and accepts the conditions stipulated in these standards as legally binding terms.

13. The Purchaser operates in an international market where the Products form part of end products, which may be marketed and sold in a global market by globally operating end customers. In view of this, the Seller guarantees that the Product may be exported without restrictions, unless otherwise agreed in writing.

14. Seller recognises Purchaser's commitment to working only with parties who embrace (i) standards of ethical behaviour that are consistent with Purchaser's Code of Conduct and (ii) standards of quality that are consistent with Purchaser's quality requirements. Seller represents and warrants and undertakes that it: (a) shall perform its obligations and operate its business in compliance with all applicable laws and regulations; (b) has read and fully understood Purchaser's Code of Conduct as well as quality requirements, and that it shall perform this agreement and operate its business - including any sub-contractors - to standards consistent with those set out in Purchaser's Code of Conduct and quality requirements respectively; and (c) shall cause its sub-suppliers and sub-contractors to operate their business in compliance with all applicable laws and regulations and in a manner consistent with the ethical standards set out in Purchaser's Code of Conduct and quality requirements respectively.

15. The Seller guarantees that the Product can be used in the relevant area of application without such use constituting, in any respect, an infringement of any existing patent, trademark, or any similar intellectual property right belonging to a third party. The Seller shall protect the Purchaser and his customers from any claims that may be made in consequence of such an infringement, and shall indemnify the Purchaser against all costs and damage he may suffer as a result.

16. The Seller shall, at the Purchaser's request, draw up a delivery certificate, which guarantees the Product's complete conformity with the Specification.

Spare parts

17. The Seller shall ensure that the Purchaser can fulfil his obligations to customers with regard to the delivery of spare parts, in those cases where the Product forms part of an end product belonging to the Purchaser's customer, for a period of up to 15 years after the manufacture of the relevant model ceased.

Tools

18. Tools that have been provided, paid for, or in some other way financed by the Purchaser in accordance with a written agreement, are the Purchaser's property, and the Purchaser has the right to utilise them without any restrictions. Payment for Tools will be made in accordance with a special agreement.
19. Tools that are the Purchaser's property will be marked by the Seller in such a way that it is obvious that the Tool concerned belongs to the Purchaser. No Tools may be utilised for manufacture on anyone else's behalf without the Purchaser's written consent.
20. It is incumbent on the Seller to handle and store the Tools in a safe manner, keeping the Tools apart from other Tools that are not intended for manufacture on the Purchaser's behalf, and to sign and maintain such an insurance policy as is required for the purpose, throughout the period of the contract.
21. The Seller undertakes, at no cost to the Purchaser, to take care that the Tools receive any repairs and maintenance services that are required in order for them to retain entirely satisfactory functions during the lifetime agreed for the Tools in question. The Purchaser is responsible for any alterations to the Tools that are the outcome of changes to the Product, as well as for the production of replacement Tools after the expiry of the Tools' agreed life-span. The scrapping of Tools calls for the Purchaser's written consent.

Inspection and monitoring

22. The Seller is aware that the Purchaser will normally, on receiving and inspecting a delivery, only check the identity and quantity of the Product and verify its freedom from visible transport damage, relying on the Seller to have checked that the Product complies with the regulations in the relevant contract(s) before dispatching the delivery. Hence, the Seller guarantees that the Product, on delivery, fulfils the requirements articulated in Sections 9-16 above in every respect. Inspections and check-ups shall be performed in accordance with what has been stated in the Specifications and, if these do not address the issue at hand, with those norms that are generally applied in the relevant branch of industry and against the background of the fact that the Product is not subjected to inspection on arrival at the Purchaser's. The Seller is obliged to report any observed or apprehended defect on the part of a delivered Product to the Purchaser immediately.

23. The Purchaser has access to the Seller's premises in order to inspect manufacturing and monitoring measures, as well as to implement sampling procedures or perform any other investigations that may be required concerning, among other things, systems, processes, and Products. The Seller shall also reserve the corresponding right to inspection for the Purchaser in relation to any subcontractors. Such inspection measures do not in themselves entail any reduction in the Seller's liability.

24. The Seller is obliged to provide the Purchaser, on request, with such information and samples as may be required for the continuous assessment of the Product's quality.

25. Once the relevant contract has been signed, the Seller is not allowed to make any changes whatsoever to the Product, unless an explicit, written approval of the pertinent change or changes has been granted by the Purchaser.

26. In addition, before any significant change takes place at the Seller's, information to that effect shall be communicated to the Purchaser, without whose written consent the change must not go ahead. The concept 'significant change' in the terms of this section shall always be relevant in relation to the following: any change of material; any change of subcontractors; any change in the production process, production equipment, or manufacturing technology, involving, for instance, tools, methods, and tests; any change of manufacturing site; changes to quality-assurance systems; changes in packaging or packaging methods; and the removal of production to another plant.

27. The Seller shall inform the Purchaser of changes affecting the Seller's operations and its business firm and address, as well as change of ownership, if such a change is significant.

28. The Purchaser shall be entitled to receive information about the Seller's financial position as the need arises and to a reasonable extent.

Environmental aspects

29. The Seller undertakes to avoid or minimise unfavourable effects on the environment when performing his obligations under these contract terms, as well as to comply with any pertinent environmental legislation. Within this framework, the Seller shall, in all his operations, comply with and at the Purchaser's request document his compliance with any and all EU rules and regulations that may be applicable at any given point in time, both as regards rules and regulations on raw materials and other rules and regulations. The same applies to compliance with rules and regulations that obtain in other markets than that of the EU, on condition that the Purchaser has stated that the Product will be sold in such markets. Furthermore, the Seller shall, at the Purchaser's request and to the required extent, co-operate in the production of information concerning delivered Products for insertion in any relevant materials databases (IMDS).

30. Up until the point in time when the Product has been delivered to the Purchaser, the Seller shall be responsible for ensuring that any rules and regulations on the handling of hazardous goods are adhered to in their entirety.

Packaging and transport

31. The Seller shall take care that the Product is packaged in such a way that it is safe for transportation, thereby ensuring that it is pre-

served and protected during transport to the Purchaser and storage on his premises, in accordance with the Purchaser's instructions on packaging wherever applicable.

32. All prices include packaging, carrier, and transport assurance, unless otherwise explicitly agreed.

33. The Seller is liable for any costs that may arise if he, or anyone else for whom he is responsible, fails to comply with those instructions regarding dispatching, packaging, marking, etc. that are stated in the order or in these General Purchasing Conditions.

Deliveries

34. Where deliveries are concerned, delivery clauses shall be interpreted in accordance with those INCOTERMS (latest edition) that are in force at the signing of the contract. If no specific delivery clause has been agreed, deliveries shall be taken to signify DDP, the Purchaser's storage premises.

35. The concepts 'delivery time' and 'delivery date' refer to the day, stated in the order, on which the relevant Products are to be in the Purchaser's hands at the place stated. If the delivery time mentioned in the order has not been stated as a specific date or a specific week, but as a number of days or weeks, the thus stated time of delivery shall be regarded as running from the day on which the order was made.

36. Purchaser shall at no additional cost be entitled to postpone delivery time with up to four (4) weeks by written notice to Seller.

37. With regard to the storage and delivery of Products, the Seller undertakes consistently to apply the 'first in, first out' system. Any Product delivered in a way that deviates from this principle shall be regarded as faulty.

38. If a delivery or a partial delivery is delayed for a reason other than such grounds for exemption as are stated below in Section 63 or an action or omission on the part of the Purchaser, the Purchaser is entitled to liquidated damages for delay. The liquidated damages shall amount to 2 per cent of the value of the delayed delivery per commenced week during the period of delay, but shall not exceed 10 per cent.

39. In the case of a considerable delay, the Purchaser shall also be entitled to cancel the contract and/or orders made, partially or in its/their entirety. What is said in the preceding Section regarding the right to liquidated damages shall also obtain if the Purchaser utilises his right to cancel up until such time as the cancellation takes effect. In such a case, however, the Purchaser shall, besides the liquidated damages referred to, be entitled to higher damages, if he is able to verify that he has suffered damage in excess of the liquidated damages that may be due to him under the preceding Section.

40. The Purchaser's right to liquidated damages and/or cancellation in accordance with Sections 38 and 39 above shall not prevent the Purchaser from claiming any other legal compensation to which he may be entitled under pertinent legislation.

41. Should a delivery be premature, or contain quantities in excess of those agreed on, the Purchaser shall have the right to return the inappropriate delivery at the Seller's expense.

Documentation

42. The marking of the Products, as well as the wording of delivery and consignment notes, shall adhere to the instructions issued by the Purchaser.

43. The Purchaser's order number shall be stated on the invoice.

44. At the Purchaser's request the Seller shall procure, and meet any costs involved in the procurement of, any certificate of origin that the Purchaser may require.

Prices and payments

45. Prices are fixed, unless otherwise agreed in writing. The Seller is not entitled to impose an invoicing charge or any other price increment that has not been agreed in writing by the Parties.

46. If the Parties have agreed on flexible prices, the price on the agreed date of delivery shall apply, even if a delivery does not take place within the agreed period of time.

47. An invoice must not be dispatched before delivery has taken place.

48. Unless otherwise agreed, payment terms are 10 days with a 2% discount or 90 days net.

49. Payment does not imply acceptance of the Product.

Warranty. Liability in case of faulty Products

50. The Seller guarantees that the Product, its manufacture, and the handling of it agree, in every particular, with the requirements articulated in the Conditions above.

51. In case of a deviation from the warranty formulated in the preceding Section, the Purchaser shall be entitled to demanding, in accordance with his own preference, either a re-delivery of a faultless Product at the expense of the Seller, or a rectification of the fault, or a reduction of the price under Article 50 §, United Nations Convention on Contracts for the International Sale of Goods (CISG). In addition, the Purchaser shall be entitled to damages in accordance with what is stated in Section 52 below.

52. The Purchaser shall be indemnified against any and all losses, damage, injury, and costs that are due to faults of the kind mentioned above, including such expenditure as he has incurred in consequence of his being, in his turn, obliged to indemnify a customer of his, or a third party, owing to losses, damage, injury, or costs caused by a fault or faults in a Product delivered by the Seller.

53. The right to rectification according to the above comprises a right to rework and correct the Product, at the Seller's expense, with a view to avoiding an interruption of production at the Purchaser's or delivery problems for the Purchaser in relation to a customer of his. The Seller shall be notified of the need for rectification and shall be offered the opportunity to correct his faults himself, provided this can be done without imposing costs or other inconveniences on the Purchaser. However, the Purchaser shall always have a right to take adequate measures himself, according to what is stated above, in urgent cases where this is justified in view of production conditions or consideration for the Purchaser's customer. Moreover, when a fault has arisen and circumstances make this advisable, the Purchaser shall be entitled to perform over-all check-ups at the Seller's expense, to avoid interruption of production or the risk of systematic faults in the end product.

54. In case of a complaint against faulty Products, or if these Products are returned, the Seller shall immediately dispatch an initial response to the effect that the complaint has been received and what measures have been taken and are being planned. Subsequently, having performed an investigation, the Seller will speedily resume contact with the Purchaser, reporting on the cause of the faults and stating what corrective measures have been taken. The rework of returned Products for the purpose of a new delivery to the Purchaser presupposes the latter's approval. In such a case the relevant Products shall be clearly marked, to permit traceability and facilitate continued handling.

55. If the Seller refuses or neglects to fulfil his warranty obligations in accordance with the above immediately, and at no cost or inconvenience to the Purchaser, the Purchaser is likewise entitled to procure faultless Products from another supplier at the Seller's expense, as well as to cancel his contract with the Seller, partly or in its entirety.

56. If the Seller (i) repeatedly delivers faulty Products, (ii) deviates from those general demands that are made on the Seller, for instance with regard to environmental aspects or code of conduct under Section 14 above, or (iii) fails to implement agreed measures geared to enhancing the quality of the Products or to improving his quality-assurance system, the Purchaser is entitled to cancel the contract with the Seller, in part or in its entirety.

57. In addition to the remedies stated above, the Purchaser shall, for each occasion on which a complaint is made, be entitled to insist that the Seller pay an administrative charge amounting to EUR 125.

58. The Seller's warranty does not cover faults and defects which the Seller is able to show to have been caused by incorrect handling or storing of the Product, or by the Product's having been used for a purpose for which it was not intended.

59. Unless otherwise agreed in writing, the Seller's liability only comprises faults which become manifest within a period of two (2) years, counted from the point in time when the risk pertaining to the Product passed to the Purchaser. However, the Purchaser shall always, and

without any temporal restrictions, be entitled to start an action for recourse against the Seller (i) in respect of any claim made against the Purchaser by a third party on the basis of rules and regulations in the applicable product liability legislation; and (ii) in case of the recalling of Products if, and to the extent that, the Purchaser is, in his turn, liable in relation to his customer after the expiry of the above-mentioned two-year period.

60. During the period of the contract, the Seller shall sign and maintain such a product liability insurance policy as is required with regard to the amounts and quantities involved, comprising the Products covered by the contract between the Parties. At the Purchaser's request, this insurance policy shall be presented to the Purchaser and his customers.

Secrecy

61. Any and all information that is of a technological or commercially sensitive nature is confidential and must not be used for any other purpose than for the execution of the Purchaser's order. It must not be shown to or used by other persons than those members of the Seller's employees who are directly involved in the execution of the order, and with whom the required undertakings to observe secrecy have been signed. The Purchaser is entitled to demand that electronically transferred information be encrypted.

62. Once all orders have been executed, the Seller shall, at the Purchaser's request, return all drawings and designs, including copies, that he has received from the Purchaser. In such a case, any copy that the Seller has himself made, or has caused to be made, shall be returned or destroyed forthwith.

Grounds for exemption

63. Circumstances beyond a Party's control that were not caused by the Party or by any other party for whom the Party is liable, and that could not have been avoided even if due care had been taken, shall be deemed to constitute grounds for exemption, provided they come into being after the contract was signed, prevent the fulfilment of the contract obligations, and could not reasonably have been foreseen by the Party concerned at the time when the contract was signed. Grounds for exemption are deemed to exist for as long as any circumstance mentioned here above is shown to constitute an impediment to fulfilment.

64. Grounds for exemption are not to be invoked unless a Party is able to show that he has taken all reasonable steps to limit the effect of the impediment and, once the impediment ceased to exist, has tried to make up for lost time. Nor should grounds for exemption be invoked unless the relevant Party has informed the other Party in writing, and with no unreasonable delay, that such a circumstance has arisen, and stated the expected effect of the impediment.

65. If a delivery is delayed by more than one month owing to a circumstance of the kind mentioned in Section 63 above, the Parties shall be free to cancel the part of the contract that deals with delayed delivery, without incurring any liability towards the other Party.

Transfer of the contract

66. The Seller is not entitled to transfer his rights and obligations to another party unless the Purchaser states his approval of such a transfer in writing.

Arbitration, applicable law

67. All questions concerning purchases that are made according to these General Purchasing Conditions, including questions pertaining to the signing and interpretation of the contract, shall be settled according to Swedish law.

68. Any dispute, controversy, or claim arising out of or in connection with these Conditions, or the breach, termination, or invalidity thereof, shall be finally settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce.

The arbitral tribunal shall be composed of three arbitrators.

The place of arbitration shall be St. Gallen, Switzerland.

The language to be used in the arbitral proceedings shall be English.