



- 5.1. The delivery and performance dates indicated in orders shall be fixed dates. The delivery period starts to run once the order was placed. Deliveries shall be deemed on time if they are timely made to the place agreed in writing or, failing an express written agreement to the contrary, to our factory in Lustenau (Factory opening hours Mon-Thu 7:30 a.m. to 11:00 and 12:30 p.m. to 3 p.m. and Fri 7:30 a.m. to 11:00 a.m.).
- 5.2. Contractor undertakes to maintain an adequate back-up strategy for its production sites and facilities to guarantee timely supplies to KRAL at any time. Contractor shall promptly notify any expected delay in delivery by written notice to ein-kauf@kral.at; such notice must contain the order number.
- 5.3. If there is any delay in delivery for any reason whatsoever, we may withdraw from the contract and charge a penalty of 1% of the order total per week, yet not more than 10% of the order total, without being required to prove the damage or grant a grace period. We expressly reserve the right to recover any damage in excess thereof or other costs arising from the delay.
- 5.4. Acceptance of a delayed delivery or service does not prevent us from asserting compensation claims, if any. This includes also cover purchases and damage from any interruption or loss of production.
- 5.5. KRAL may return deliveries that have arrived prior to the agreed target date or exceed the agreed volumes at the Contractor's cost and risk or may charge the Contractor for costs incurred for the storage of these goods.
- 5.6. Whenever the order does not define any special provisions for transport, KRAL may select dispatch route and means of transport, to the exclusion of any liability. Contractor shall be liable for delayed transportation and for damage during transport.
- 5.7. As a matter of general principle, the risk will transfer to KRAL only with the delivery of the goods to KRAL (at the place agreed in writing or, failing an express written agreement to the contrary, at the factory in Lustenau), yet not prior to the agreed delivery date.

6. PACKAGING / SHIPMENT / PROOF OF ORIGIN:

- 6.1. Unless otherwise agreed in writing, the Contractor shall independently select the form of packaging in consideration of the specific requirements of the deliverables. Any packaging shall ensure that the deliverables are protected from damage and corrosion during transport and during a storage period of at least one year at KRAL's customary storage conditions.
- 6.2. Contractor guarantees to fully and independently check prior to delivery the marking, packaging, labelling, identification, the type of goods, as well as the quantity and quality and dispatch of the ordered deliverables. Delivery note and invoice must contain at least KRAL's order number and item number. The delivery note shall also contain the delivered volume by packaging unit (stating arrears in case of partial deliveries), the name of the deliverable (tested type of goods, quantity and quality), the delivery date, batch, the country of origin as well as the delivery address/unloading point. Prior to delivering the contractual item, the Contractor will fully and independently check the type of goods, their quantity and quality, and will record that information on the delivery note. The invoice shall also contain any additional information (such as bank details) which KRAL may request.



- 6.3. Packaging must allow both manual reloading as well as reloading using cranes, electric carts, lifting gear, and other transport facilities.
- 6.4. The Contractor shall reimburse KRAL for all additional expenses (handling costs) resulting from non-compliance with the terms and conditions described above.
- 6.5. The customs origin of the deliverables or any change in origin shall automatically and immediately be notified to KRAL. The Contractor shall be liable for any disadvantage KRAL suffers due to an improper or delayed supplier's declaration. If necessary, the Contractor shall submit an information certificate confirmed by a customs office to prove the information regarding the deliverables' true origin. Any extra costs arising due to any change of origin shall be borne by the Contractor.
- 6.6. KRAL will accept COD shipments only with its prior written consent.

7. TOOLS:

- 7.1. Tools shall mean all production resources (devices, prototypes, models, moulds, forming tools, templates, patterns, control devices, gauges etc) which are necessary exclusively for the production and testing of the products which the Contractor produces for KRAL.
- 7.2. The tools provided to Contractor are owned by KRAL and will be loaned to the Contractor free of charge.
- 7.3. Should KRAL instruct the Contractor to make tools, these will unconditionally transfer to KRAL's property with payment of the agreed production costs; the time for payment of the agreed production costs will not start to run before KRAL has approved the tools in writing.
- 7.4. KRAL reserves the right to inspect the tools held by the Contractor at any time during regular business hours.

8. QUALITY, QUALITY ASSURANCE, ISO 9001:

- 8.1. The Contractor shall develop, manufacture and supply the object of the contract according to accepted rules and the state-of-the-art and the specific requirements and regulations of KRAL (such as description, specifications, standards, guidelines, data sheets, drawings, samples) and is obliged to adhere to and to comply with all legal provisions applicable to the object of the contract.
- 8.2. The Contractor will immediately examine whether any description provided by KRAL contains apparent errors, is unclear, incomplete or apparently deviates from the sample. Contractor will immediately notify KRAL in writing if he realizes that this is the case.
- 8.3. Contractor maintains a quality management system according to ISO 9001 and will manufacture and test the products according to the rules of this quality management system. This includes the Contractor's obligation to pursue a zero-error policy



and to continuously improve his services. KRAL will classify suppliers according to a supplier evaluation process.

- 8.4. Whenever the Contractor sources means of production or testing equipment, software, services, material or any other input materials from third parties, Contractor will include these into his quality management system by contractual agreement or will assure the quality of input material at its own initiative.
- 8.5. Contractor will record the implementation of the above quality assurance measures, including but not limited to measurement data and test results, and properly keep these records as well as any product samples. Contractor will allow KRAL to inspect and to copy the records and make available samples, if any, when necessary.
- 8.6. Contractor will allow KRAL to verify the implementation of these quality assurance measures. For this purpose, Contractor will give KRAL reasonable access to its premises by prior appointment and will make available a qualified employee to assist KRAL during its visit.
- 8.7. Contractor will notify KRAL in due time of any changes in manufacturing processes, materials or supply parts, relocations of production sites, changes of processes or facilities for testing the products or changes of any other quality assurance measures to allow KRAL to examine any potentially adverse effects emanating from these changes.
- 8.8. Should the Contractor establish any increase in deviations between the products' actual condition compared to their target condition (deteriorating quality), Contractor will immediately notify KRAL thereof and of any remedial measures planned. If KRAL has a complaint, the Contractor shall propose immediate action in writing within 24 hours. After 14 days, the Contractor shall submit an unsolicited final statement (8D report).
- 8.9. After a complaint, the Contractor shall examine at least the entire first subsequent delivery in terms of the error pattern and mark that delivery accordingly, so that KRAL can clearly identify the goods as such.
- 8.10. Contractor will mark the products or, if marking is impossible or unreasonable, take other appropriate measures that allow Contractor, in case of defective products, to establish immediately any other products that could be affected. Contractor will inform KRAL of its labelling system or any other measure taken by the Contractor in a manner, which allows KRAL to make its own necessary determinations.

9. NOTICE OF DEFECTS:

- 9.1. As soon as flaws were discovered in the proper course of business, KRAL shall notify these to the Contractor in writing within a reasonable time limit and not earlier than after three months. Contractor expressly waives to plead delayed inspection of the supply or service and delayed notice of defects.

Furthermore, KRAL will inspect incoming goods only as a form of supplementary, non-mandatory measure of quality assurance. Contractor therefore has sole and full



responsibility for the flawless and document-conforming quality of its products and expressly waives any objection of absence or improper notification of defects pursuant to Section 377 of the Austrian Companies Act (UGB).

- 9.2. Any long-lasting use or processing of a supply or services shall not be construed as approval of such supply or service or a waiver of any claims.

10. GUARANTEE:

- 10.1. Contractor guarantees for proper, state-of-the-art design, consistent with the application purpose, quality of execution, function and performance, use of flawless material, completeness of and compliance with specific requirements and regulations of KRAL and compliance with all other warranted properties over a period of 12 months (without work-shifts restrictions) from the agreed commissioning date or the date of final acceptance of the facility, whichever occurs later.
- 10.2. Contractor shall deliver the entire contractual item and timely provide the related services, whether or not the specifications describe in detail all supplies and services which are necessary for flawless production. Furthermore, Contractor guarantees that it will also supply all individual parts, accessories, supplementary and connecting parts, protective devices etc., which are if necessary to complete and operate the contractual item to be delivered by Contractor and to achieve and comply with the warranted properties and safety.
- 10.3. Contractor shall also supply the special tools, which are necessary to install and maintain the contractual item, as well as foundation bolts and fixing screws which might be needed.
- 10.4. Whenever the Contractor delivers flawed contractual items, Contractor must first be allowed to improve these or deliver replacements, unless this would be unreasonable for KRAL. If Contractor is unable to do so or does not immediately take these measures within the time limit set by KRAL, KRAL may withdraw from the contract and return the contractual item to the Contractor at the Contractor's cost and risk. In urgent cases, KRAL may make improvements either itself or through a third party without having set a grace period. The resulting costs shall be borne by Contractor.
- 10.5. If a flaw is discovered only after commissioning (e.g. due to a hidden flaw), the above guarantee period will start to run with the discovery of that flaw, and KRAL may continue to assert the guarantee defined above; Contractor therefore expressly waives the objection of late notification of defects. In this case, Contractor shall be required to pay for the costs pursuant to Section 10.4 and the costs of dismantling and assembly which are necessary to rectify the defect, calculated on the basis of KRAL's fee rates, as valid from time to time. KRAL shall submit to Contractor a notice of defects within three months after the flaw was discovered. At Contractor's request and unless agreed otherwise, the contractual items to be replaced by Contractor shall be made available to Contractor as soon as possible at the Contractor's cost and expense.
- 10.6. In all cases referred to in Sections 10.4. and 10.5., Contractor shall also pay for those documented costs which KRAL incurs for example due to special measures.

10.7. In all other respects, the statutory warranty provisions shall apply.

11. SAFETY AND ENVIRONMENT (MINIMUM REQUIREMENTS):

- 11.1. Any Contractor performing any supply and service at KRAL's business premises shall be subject to KRAL's standards.
- 11.2. Contractor undertakes to mark the contractual item consistent with the respective regulations if such item has any properties, which are relevant in terms of safety and environment.
- 11.3. Products to be marked pursuant to EU Directives shall feature the corresponding CE mark and the declaration of conformity.
- 11.4. All containers with safety or environmentally-relevant content must feature international hazard labels and clear references in German language.
- 11.5. Contractor shall also indicate the batch number, production date and expiry date of products with limited shelf life. Contractor ensures that only products that have not exceeded one third of their shelf life will be delivered to the principal.

12. DAMAGES/LIABILITY:

- 12.1. Unless otherwise agreed, damages shall be governed by legal regulations.
- 12.2. Unless otherwise agreed elsewhere herein, Contractor shall compensate any damage KRAL incurs directly or indirectly as a result of any flawed or delayed delivery, any breach of official safety regulations or for any other reasons attributable to Contractor.
- 12.3. Whenever claims are asserted against KRAL by virtue of strict liability according to mandatory Austrian law (e.g. Product Liability Act) or foreign law, Contractor will be internally liable towards KRAL as if would be directly liable (on a fictitious basis).
- 12.4. Contractor shall be liable for any costs KRAL incurs to avert damage (e.g. recall campaigns).
- 12.5. Contractor shall be required to purchase adequate insurance against the above risks and to prove such insurance cover at KRAL's request.

13. CONFIDENTIALITY:

- 13.1. Contractor undertakes to treat as business secrets any non-public commercial, technical and legal information and documents which it becomes aware of through the business relationship.
- 13.2. All documents, including but not limited to drawings and models, templates, samples and similar items, may not be made available or otherwise accessible to unauthorized third parties. These documents and items may be reproduced only within the scope of business requirements in compliance with copyright provisions.



13.3. Contractor shall impose corresponding obligations to its sub-suppliers.

13.4. Contractor may refer to the business relationship in advertising materials only with prior written consent.

14. PROPERTY RIGHTS:

14.1. Contractor guarantees towards KRAL to hold all property rights and licenses necessary for the production, supply and maintenance of the contractual item and grants KRAL all rights related to the proper use of the contractual item, such rights being free of charge and unlimited in terms of time. Furthermore, Contractor guarantees towards KRAL that the intended use of the contractual item will not infringe upon rights of natural or legal third parties.

14.2. Contractor shall be liable for claims arising in connection with the contractual use of the contractual item due to an infringement of property rights and applications for property rights, even if Contractor is not at fault. Contractor will fully hold harmless and indemnify KRAL for and against any infringement of property rights.

14.3. The parties undertake to immediately inform one another of any risks of infringements and purported infringements and allow the other party to defend corresponding claims.

14.4. Whenever the subject-matter of a contract includes or necessitates the provision of development services (such as components, systems, tools, products or processes) by Contractor, the respective results, samples, models, inventions and any related know-how (hereinafter the "Results") shall transfer to KRAL's property once these are created. If Results are capable of protection, KRAL shall have the sole right to apply for and to register property rights for those Results. Contractor shall not do anything, which could jeopardize the registration of property rights by KRAL and shall immediately inform KRAL of the creation of those Results. If necessary for the use of Results, KRAL will be granted a world-wide, unrestricted, transferable and free right to use the Contractor's existing property rights.

Contractor shall ensure that any inventor attributable to Contractor receives its compensation.

Whenever the Contractor makes available personnel to KRAL (hereinafter "Temporary Workers"), Contractor undertakes to transfer to KRAL at the Contractor's cost and expense inventions of Temporary Workers, to the extent that KRAL has participated in the creation of those inventions. For this purpose, the Contractor will make suitable contractual agreements with Temporary Workers and will submit these to KRAL at KRAL's request.

14.5. Contractor will inform KRAL of the use of published and unpublished own and licensed property rights and applications for property rights relating to the contractual item.

15. FORCE MAJEURE:

15.1. In case of force majeure, such as any form of war, natural disasters and other unpredictable and inevitable serious events, the contracting parties shall be released



from their service obligation throughout the duration and within the scope of such event. The parties shall immediately provide one another with the necessary and reasonable information and shall adjust in good faith their obligations to the changed circumstances.

15.2. Strikes, manufacturer's errors, rejects, shortage of supply and delay of sub-suppliers shall not be events of force majeure.

15.3. Whenever an event of force majeure lasts more than four weeks, Contractor and KRAL will conduct negotiations to regulate the operational effects. A party relying upon an event of force majeure shall be required to prove it to the respective other party.

16. SUPPLY WITH SPARE PARTS:

16.1. The Contractor undertakes to maintain, repair and hold suitable spare parts for the contractual item at KRAL's request over a period of at least ten years after commissioning or final acceptance of a facility, whichever occurs later.

17. WITHDRAWAL/CANCELLATION:

17.1. KRAL shall be entitled to withdraw from the entire or any part of the contract at any time also for reasons beyond Contractor's control. In that event, KRAL shall reimburse the Contractor for verified costs actually incurred until the termination date. Contractor may not assert any other claims.

17.2. KRAL may withdraw from the contract with immediate effect if the Contractor suspends its payments or if an application is made to initiate insolvency proceedings in respect of Contractor's assets or judicial or non-judicial composition proceedings. Similarly, KRAL may immediately withdraw from this contractual relationship if the majority of Contractor's shares is sold to a third party who is a competitor of KRAL.

18. LIABILITY – NO ASSIGNMENT:

18.1. Contractor shall be required to purchase adequate business liability insurance. Insurance cover shall be evidenced upon request.

18.2. In the absence of an express written consent, claims against KRAL may not be assigned.

19. PLACE OF PERFORMANCE - JURISDICTION - GOVERNING LAW:

19.1. Place of performance in respect of deliveries and payments shall be our registered offices at Lustenau. The same applies even if goods are delivered at another place pursuant to an agreement.

19.2. Jurisdiction for all disputes arising from the contractual relationship shall exclusively lie with the court having subject-matter jurisdiction for Lustenau.

19.3. The contract shall be governed by and construed in accordance with Austrian law.



20. SEVERABILITY:

20.1. Should any term hereof be or become invalid, this shall not affect the validity of the remaining terms hereof. In this case and in case the contract should contain a gap, the invalid or unenforceable or missing term shall be replaced by a reasonable term that closest reflect legally the parties' intent or what the parties had intended in view of the economic purpose of the contract, had they considered that issue when concluding the contract.

READ AND ACCEPTED

, this

Contractor's signature