

## LAPPSET GROUP General Conditions of Purchase Rev 2.0

### 1. Application

These General Conditions of Purchase ("General Terms") shall apply to the purchase of any and all goods, products, equipment, parts, components, raw materials and/or services ("Goods") by Lappset Group Ltd. or any of its subsidiaries or affiliates ("Purchaser") from the supplier ("Supplier"), unless the parties agree otherwise in writing.

The Products to be delivered by Supplier are specified in a Purchase Contract, which means either (a) a written agreement (e.g. annual or frame agreement), including attachments thereto, which written agreement is executed by the parties and any purchase order issued under such written agreement, or (b) the purchase orders issued by the Purchaser (including attachments thereto). In the event of any inconsistency between these General Terms and the Purchase Contract, the Purchase Contract shall prevail.

The parties specifically reject any attempt to incorporate the Supplier's own or industry-wide or other general terms and conditions, even if such general terms and conditions have not been expressly rejected and whether such attempt is made in relation to offering, correspondence, order confirmation, invoicing or by other means.

Neither party shall have the right to assign or transfer the Purchase Contract or any right or obligation thereunder without the prior written consent of the other party. However, the Purchaser shall have the right to transfer the Purchase Contract to any Lappset group company by written notice to the Supplier.

Any offer made by the Supplier shall be binding until further notice, unless explicitly stated otherwise in the offer. The measures, capacities and other technical information of the Goods stated in the offer shall be binding.

### 2. Drawings, documents and other technical specifications

All technical specifications including but not limited to drawings, documents, computer software and files disclosed or provided by Purchaser to the Supplier or produced by Supplier for manufacturing the Goods, manufacturing tools or services, shall be the property of the Purchaser and freely usable by the Purchaser. The Supplier is not allowed to use, copy, reproduce, hand over or in any other way give information on them to a third party without the Purchaser's prior written consent.

Changes in the specifications, the agreed requirements and/or any other change that may affect the quality, fit, form and/or function of any Goods is subject to Purchaser's prior written approval.

### 3. Tools, models, moulds, raw materials and other manufacturing equipment

All manufacturing equipment, including but not limited to tools, models, moulds and raw materials provided by the Purchaser to the Supplier or paid for by the Purchaser, which are to be used in the manufacturing of the Goods, shall be owned by the Purchaser. Unless otherwise agreed, the Supplier shall provide the necessary manufacturing equipment at its own cost.

The Supplier is responsible for the proper storage, protection, maintenance and care of the manufacturing equipment owned by the Purchaser. The Supplier shall label such manufacturing equipment as the property of Purchaser so that such manufacturing equipment can be separated from the manufacturing equipment owned by the Supplier. The Supplier shall store the manufacturing equipment (save for raw materials) during manufacturing and throughout the warranty period of the Goods, however not less than for 5 years, unless otherwise agreed between the parties in writing. Manufacturing equipment owned by the Purchaser shall be used exclusively for producing Goods to the Purchaser and may not be used for manufacturing for any other buyer or party or handed over to any third party unless expressly approved in writing by the Purchaser. The

Supplier shall, at the Purchaser's request, return the manufacturing equipment to the Purchaser or deliver them to a place determined by the Purchaser.

### 4. Quality and environmental requirements, CSR Requirements

The Supplier shall be responsible for and warrants that the Goods comply with all quality and environmental requirements as well as the agreed standards. The Goods shall also comply with applicable product safety, chemical and radiation standards and requirements applicable in the EU in the subject industry including without limitation the European Regulation 1907/2006 on the Registration, Evaluation, Authorisation and restriction of Chemicals ("REACH"), entered into force on 1 June 2007, as amended, the Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment 2002/95/EC (commonly referred to as the Restriction of Hazardous Substances Directive or RoHS), as amended, and the Waste Electrical and Electronic Equipment Directive (WEEE) 2002/96/EC, as amended. For the avoidance of doubt, mandatory laws, regulations and other requirements, as applicable, shall always be complied with by the Supplier. The Supplier agrees to use environmentally harmless methods while performing its obligations under the Purchase Contract.

The Supplier agrees to comply with the Purchaser's Corporate Social Responsibility requirements ("CSR Terms") (as amended from time to time). Purchaser will endeavour to post the most current version of the CSR Terms on the Internet within its own web site located at [www.lappset.com](http://www.lappset.com) and a copy shall be provided to the Supplier upon request.

The Purchaser or the Purchaser's representative has the right to conduct inspections, audits and surveillance visits to the Supplier's and Supplier's subcontractors' manufacturing sites to verify their compliance with the Purchase Contract as well as the quality and environmental requirements and the CSR Terms.

### 5. Ordering Process

Purchaser shall not have any minimum purchase commitments for Goods. Purchaser shall place purchase orders for the Goods by e-mail, fax, EDI or any other agreed manner to the agreed order points. The Supplier shall without delay and latest within two (2) days send the Purchaser a written confirmation of the purchase order. If no such confirmation is received by Purchaser, the purchase order shall be deemed accepted as such.

### 6. Delivery Term, Transfer of Title and Risk

Any agreed delivery term shall be construed in accordance with Incoterms 2010. If no delivery term is specifically agreed, the delivery term shall be DAP the place of the ordering unit of the Purchaser.

Title to the Goods and risk of loss passes from Supplier to the Purchaser when the Goods have been delivered.

### 7. Time of delivery

Delivery times are specified in the Purchase Contract. The specified delivery times must be followed punctually by the Supplier. The Supplier shall promptly inform the Purchaser in writing of any delay or expected delay in delivery. The Supplier shall take its best efforts to expedite the delivery and shall take actions to mitigate any adverse impact of actual or anticipated delay.

The Purchaser shall not be obliged to take the Goods into its possession before the agreed time of delivery. Partial deliveries are not allowed, unless accepted by the Purchaser in writing.

The Purchaser has the right to reschedule the delivery provided such rescheduling is done within a reasonable time before the agreed delivery time. The Purchaser has the right to cancel purchase orders of

Goods free of charge and liability at a minimum of twenty-one (21) days written notice prior to the agreed date of delivery.

When there is a delay in the delivery of any Goods, the Purchaser is entitled to liquidated damages equalling to two (2) per cent of the price of the delayed part of the Goods for each beginning week of delay. Liquidated damages for delay shall not exceed ten (10) per cent of the price of the delayed part of the Goods in total. The liquidated damages shall not exclude the right to a compensation for damage caused by the delay and the amount of liquidated damages shall not be deducted from the compensation. If maximum liquidated damages become payable, the Purchaser shall have the right to cancel the delivery without incurring any liability towards the Supplier.

## 8. Warranty

Goods shall conform to what has been agreed in the Purchase Contract and Supplier warrants that the Goods shall especially be fit for the purposes for which the Purchaser intends to use them. The Supplier shall request information of the purpose of use and environmental conditions if needed.

The Supplier warrants that the Goods will be new and unused and free from defects in material and workmanship and will conform to applicable specifications and quality standards. If the Supplier is responsible for designing the Goods, Supplier warrants further that the Goods will be free from defects in design. The warranty shall extend for a period of 10 years after first use, unless a different warranty period has been agreed in the Purchase Contract. The Supplier shall ascertain beforehand that all materials, manufacturing equipment and technical specifications provided by the Purchaser are suited for production. The Supplier undertakes to repair or replace immediately at its own risk and expense all defective Goods at premises specified by the Purchaser. The Supplier shall indemnify the Purchaser against all costs arising from repair or replacement of defective Goods. The warranty period for repaired or replaced Goods shall be extended by a period equalling to the original warranty period computed from the date on which the Purchaser accepted the repair or replacement.

Should the Supplier fail to repair or replace defective Goods immediately after Purchaser's notice, the Purchaser shall be entitled to remedy the relevant defect by itself or have the defect remedied by a qualified third party, at the sole cost and expense of the Supplier.

The Purchaser has the right to deduct the value of the defective Goods from any invoice of the Supplier.

If the number of defective Goods exceeds the maximum amount agreed upon in the Purchase Contract, the Purchaser has the right to return the lot and require a new delivery. If maximum amounts have not been agreed upon in the Purchase Contract the maximum amount shall mean a defect which appears within five (5) years from the date of delivery in more than two (2) % per cent of Goods delivered or manufactured in the same delivery lot. If there is a risk that the defective Goods cause personal injury or property damage, the Purchaser has the right to decide on the recall of the defective Goods and all other Goods, which may be affected by such defect. The Supplier shall assist the Purchaser in such actions at its own cost and shall compensate Purchaser all costs incurred by Purchaser in conjunction with such recall.

The Seller shall indemnify the Purchaser against any losses, damage, costs and expenses arising from any defect of the Goods, including the cost of notification of defects.

## 9. Packing and marking

Goods are to be packed and protected for transportation and storage as required by the Purchaser. Supplier agrees to ensure that packing complies with industry standards (including without limitation ISPM 15) and is proper to prevent damage to Products during transportation (both national and international) and storage. Prices in offers and Purchase Contracts shall include the cost of packing and/or protection required to prevent damage to or deterioration of the Goods during transportation and storage. Supplier agrees to reimburse the Purchaser for any damage due to improper packing and protection.

Supplier agrees to inform the Purchaser in writing and shall clearly mark all substances dangerous to health in accordance with applicable regulations. Any specific marking instructions provided by Purchaser shall be followed by the Supplier.

## 10. Product liability

The Supplier agrees to indemnify the Purchaser against and hold the Purchaser harmless from any and all consequences of any and all claims, suits, actions and demands asserted against the Purchaser directly or indirectly related to and/or arising from any product liability, product safety, personal injury and/or death, loss of and/or damage to property made by third persons, which claims, suits, actions or demands are attributable to the Goods. The Supplier shall inform the Purchaser of risks related to the properties or usage of the Goods.

## 11. Insurance

The Supplier's insurance shall cover the risk for the Goods to the point, where, according to the delivery terms of the Purchase Contract, the risk and liability for the Goods passes to the Purchaser, unless agreed otherwise.

Supplier shall at all times maintain in force, and upon request give evidence of, fully adequate general liability insurance policy and coverage, in adequate coverage amounts which may be reasonably specified by the Purchaser, from a recognized and reputable insurance company to cover any and all obligations attributable to Supplier's potential liability under the Purchase Contract.

## 12. Prices and Payment terms

The price shall be as in the Purchase Contract and shall fully cover the costs of all obligations of the Supplier. The price shall include all packing and transportation costs as well as all applicable taxes, fees and duties in accordance with the agreed Incoterms trade term, except for value-added tax (VAT), which must be stated in accordance with the applicable VAT rules. Unless otherwise provided in the Purchase Contract, payment will be due net sixty (60) days from the Purchaser's receipt of Supplier's invoice. Unless otherwise agreed in the Purchase Contract, Supplier may not invoice Goods prior to delivery. The Purchaser may deduct or set off any amount owed by the Supplier from any payment of the price.

## 13. Intellectual property rights

Unless otherwise agreed in the Purchase Contract, all patents, copyrights, trademarks, design and other intellectual property rights pertaining to any customized Goods or customized parts of the Goods shall be the sole property of the Purchaser.

The Supplier agrees to defend and indemnify the Purchaser against and to hold the Purchaser harmless from any and all consequences of any and all claims, suits, actions or demands asserted against the Purchaser or any of the Purchaser's direct or indirect customers, and against all liabilities, costs and expenses incurred by the Purchaser therewith (including but not limited to attorney's fees) on the grounds that the Goods or any part thereof infringe any patents, trademarks, copyrights, design or other intellectual property rights of any third party. Purchaser undertakes to notify the Supplier of any such claims, suits, actions or demands as soon as reasonably practicable.

## 14. Subcontractors

Supplier shall not have the right to subcontract its obligations under the Purchase Contract without the prior written consent of the Purchaser, such consent not to be unreasonably withheld or delayed. The Supplier shall be liable for the performance of its subcontractors as for its own.

## 15. Confidentiality

The Supplier shall keep confidential all information disclosed by the Purchaser pursuant to or in connection with the Purchase Contract and shall not use such information for any purpose other than the

performance of the obligations contained in the Purchase Contract. The Supplier is not allowed to use the Purchaser's name, offer request, Purchase Contract or other document as a reference to any third party without the Purchaser's written consent. The obligations under this Section remain in force also after the termination of the Purchase Contract.

#### **16. Force majeure**

Neither party shall be liable for a failure to perform any of its obligations in so far as such party can prove: (a) that the failure was due to an impediment beyond its control, and (b) that it could not reasonably be expected to have taken into account the impediment and its effects upon its ability to perform at the time of the conclusion of the contract, and (c) that it could not reasonably have avoided or overcome such failure or its effects ("Force Majeure").

The party wishing to claim Force Majeure shall, without delay, give a written notice to the other party of the Force Majeure event, of the time it began and its probable duration. Notice shall also be given when the Force Majeure event ceases.

#### **17. Termination**

If it becomes evident that the fulfilment of the Purchase Contract will be delayed for more than two (2) months due to Force Majeure, each party shall have the right to terminate the Purchase Contract with immediate effect by notifying the other party thereof in writing.

Each party shall have the right to terminate the Purchase Contract with immediate effect upon written notice to the other party if (a) the other

party commits a material breach of any of the terms and conditions of the Purchase Contract and fails to remedy such breach within thirty (30) days of the other party's written notice thereof; or (b) the other party is insolvent, declared bankrupt, is put into liquidation, sells all of its assets, ends its business or it otherwise ceases with its payments.

Purchaser shall have the right to terminate the Purchase Contract in whole or in part with immediate effect upon written notice to the Supplier if there is a material change in control or ownership of the Supplier or if the Supplier is acquired by a competitor of the Purchaser. Supplier shall notify the Purchaser of such material changes in the ownership or control without undue delay.

#### **18. Export restrictions**

The Supplier shall inform Purchaser about the country of origin of the Goods and any export or re-export restrictions related to the Goods as well as all information necessary to accurately classify the Goods under any applicable export regulations.

#### **19. Disputes**

The Purchase Contract shall be governed by and construed in accordance with the laws of Finland excluding its choice of law provisions. Any dispute arising out of or relating to the Purchase Contract shall be settled by arbitration in accordance with the Rules for Expedited Arbitration of the Central Chamber of Commerce of Finland. Arbitration shall take place in Helsinki, Finland. The award shall be final and binding on the Parties and enforceable in any court of competent jurisdiction.

**Supplier's approval and signature:**

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