



1 Contract Execution / Formalities

The following terms and conditions ("General Terms") apply to the legal relationship between the Supplier and Sauter, Bachmann AG ("SABA"). These General Terms form an integral part of the agreement with the Supplier ("Supply Agreement") when these General Terms are expressly referred to, be it as an appendix, as a copy to requests or orders or as disclosed as a link on the website of SABA. Terms and conditions of written agreements, binding orders and order confirmations of SABA shall prevail these general conditions in case of contradictions. Deviations to the General Terms or additional delivery conditions of the Supplier are only valid for purchases to the extent that they are expressly acknowledged in writing by SABA. Acknowledgement is not deemed to be made by the silence of SABA nor by the acceptance of services nor the payment of them.

The Supply Agreement as well as any modifications, supplementary agreements, statements as to its termination as well as any other statements and notices are required to be in writing. In the event that the Supplier does not accept an order within two weeks of its receipt, SABA is authorized at any time to cancel the order.

2 Offers of the Supplier

Offers of the Supplier ("Offer(s)") shall be free of charge. Offers must comply with the descriptions and targets of SABA. Deviations must be expressly referred to by the Supplier. The Supplier shall explain to SABA all circumstances, which could be of interest for the Offer of items or services to be delivered ("Delivery Items"). When the Supplier does not provide for any specific time period, the offer is binding for 30 days. In the event that an offer is not accepted by SABA, the Supplier shall not be entitled to any compensation.

3 Delivery Items / Changes in the Delivery Items / Spare Parts

The Supplier shall make sure to obtain in time all information and to understand the circumstances required for the fulfillment of its contractual obligations as well as the use of the Delivery Items intended by SABA. The Supplier represents and warrants that the Delivery Items are qualified for a correct, secure and economic use, that they are suitable for the intended use and that they correspond to the standards of science and technology. The Supplier will observe in supplying the Delivery Items all governing standards, laws and regulations, in particular the governing regulations in regard to environmental protection, hazardous substances and goods, and accident prevention at the destination as well as the compliance with the generally recognized safety technology and occupational health rules. Furthermore, the Supplier is obliged to proactively inform SABA of any substances supplied to SABA (even only as ingredients or constituents) and affected by the EU Directive ROHs (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) and the EU Directive REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and to proactively propose possible alternative products.

Translated with www.DeepL.com/Translator The Supplier must inform SABA of the required official permits and registration obligations for the import and operation of Delivery Items.

SABA may request from the Supplier necessary modifications of the Delivery Items in construction and realization. The Supplier must implement the modifications within an appropriate time period. The parties shall mutually agree on the additional or reduced costs as well as the delivery date. Should no agreement be achieved, SABA shall decide at its own discretion.

The Supplier represents and warrants that he can deliver to SABA at reasonable conditions (i) Delivery Items or parts thereof as spare parts for a time period of 10 years after the last order and (ii) for Delivery Items or parts for the aviation or aerospace industry during the time period of the "operational life span of the Delivery Item", at least for a minimum of 40 years.

In case of an early termination of the manufacturing of the Delivery Items or a part thereof by the Supplier or its sub-contractors the Supplier must give notice to SABA in time as to enable SABA to place a final order for sufficient quantities. In the event of a breach of this obligation, SABA is authorized, regardless of any patents or other rights, to have the Delivery Items manufactured for its own use without compensation to the Supplier and to use samples and drawings of the Supplier for this purpose. The Supplier shall give to SABA the corresponding documentation and tools upon request.

4 Prices / Payment Conditions

The agreed prices are fixed prices in the agreed currency (in doubt: CHF). Payments shall be made within 30 days net from the receipt of the contractual delivery or service and an appropriate and verifiable invoice. In case of acceptance of early deliveries by SABA, the payment period begins at the earliest on the agreed delivery date. The choice of payment methods remains up to SABA. The invoice must include the order, article and supply number of SABA.

The Supplier shall not transfer or have collected by third parties claims against SABA. Advance payments will be made only against reasonable security (e.g. bank guarantee).

5 Delivery Conditions / Transfer of Ownership and Risk

Deliveries shall be shipped DDP (Incoterms 2010) to the location designated by SABA, including packing and protection. A delivery note in duplicate shall be included in each delivery. The delivery note must include the order-, article- and supply number of SABA. For deliveries across borders the Supplier shall comply with the governing export control regulations and shall inform SABA in writing of the export control registration number of the deliveries, at the latest upon delivery, without being requested. Should the shipment documents not be supplied in accordance with the Supply Agreement or SABA'S instructions, the Delivery Items shall be stored by the Supplier at his charge and risk until arrival of the missing shipment documents.

The Delivery Items are to be packed in an appropriate and standard commercial manner corresponding to the security regulations at the destination. SABA is authorized to stipulate the type and manner of packing. In the event that SABA sends back the reusable packing freight paid to the Supplier, SABA has a right to a refund in the amount of the value of the packing material.



Transfer of ownership shall take place at the time when the Delivery Items or parts thereof have been accomplished. Between transfer of ownership and delivery, the Supplier shall store the Delivery Items without costs to SABA and mark them as owned by SABA. Furthermore, the Supplier undertakes to store and insure the Delivery Items as if the ownership had not been transferred to SABA. Risk shall pass to SABA in accordance with the clauses of Incoterms 2010 (DDP).

6 Delivery Dates / Delays

Agreed upon delivery dates and periods are binding. The delivery date is met by the timely receipt of the Delivery Items and agreed documents by SABA or the consignee designated by SABA. In the event the agreed delivery date is exceeded, the Supplier is automatically in default. The presumption in Art. 190 par. 1 of the Swiss Code of Obligations (CO) is excluded. The Supplier must immediately give notice of an apparent delay of its performance in writing to SABA with information as to the reasons and foreseeable duration of the delay. Should it emerge before the delivery date that the Supplier will exceed it, SABA can set a deadline for the Supplier to cure the problem. If the Supplier fails to cure the problem within the deadline SABA is entitled to cancel the order and waive the delivery and claim compensation instead. Partial deliveries and early deliveries are only allowed with explicit agreement of SABA.

For any delay attributable to the Supplier which the Supplier does not remedy within one (1) week, the contractual penalty (delivery damage) shall be payable:

(A) 2% for deliveries that are between 8-14 days overdue on the material requirement date ("Delay"); 4% for delays between 15-21 days; 6% for delays between 22-30 days; and 10% for delays of more than 30 days, these percentages being the percentage of the price of the goods or service delayed;

(B) (B) any amount of liquidated damages owed by SABA to its client for failure by the Supplier to deliver the goods/services on time.

(A) and (B) together correspond to the total delivery damage.

The entitlement to liquidated damages does not affect the further claims due to delay provided by law (Art. 102 et seq. CO in particular) to which SABA is entitled in addition. Any paid liquidated damages are not to be credited against claims for damages.

If the Supplier is more than thirty (30) days in default of delivery, SABA may (a) reduce the quantity for the specifically delayed goods until the Supplier is no longer in default and/or (b) consider the delay to be a material default and withdraw from the contract without any obligation to pay compensation to the Supplier. The Supplier shall be liable to SABA for all additional costs arising therefrom.

7 Regular deliveries or partial deliveries agreed in advance

In case of recurring or partial deliveries agreed by the parties, SABA reserves expressly the right to adjust delivery dates, delivery periods or delivery quantities.

8 Confidentiality / Information / Intellectual Property

All information exchanged between SABA and the Supplier (in writing, verbal, electronic, as sample, as model, as shape or otherwise) shall be classified as confidential ("Confidential Information"). Not to be deemed as Confidential Information is such information proofed by the receiving party to be: (a) already known by the receiving party without a breach of this confidentiality obligation upon communication; (b) already obvious or become obvious without a breach of these confidentiality obligation by the receiving party upon communication; (c) known by the receiving party independently of the development and production of the Delivery Items and without the use of Confidential Information; (d) made accessible to a third party due to a statutory obligation resp. an administrative or court order.

The receiving party undertakes to: (a) hold all Confidential information strictly confidential; (b) take all necessary measures to avoid access to Confidential Information by unauthorized persons; (c) not use Confidential Information to any other purpose than the fulfilment of the Supply Agreement; (d) make Confidential Information accessible only to employees who need them for the fulfilment of the Supply Agreement and who are obliged to maintain confidentiality during and after the termination of the employment relationship; (e) assign these confidentiality obligations to third parties involved by the Supplier for his performance of the Supply Agreement.

The Supplier acknowledges and understands that Confidential Information relating to defense articles or Dual-Use goods may be subject to international export control. The Supplier confirms that such Confidential Information may not be disclosed, exported or transferred in any manner, to any other foreign national or foreign country without the prior written approval of the competent authorities.

All documents, data carriers, samples, models, shapes etc., transferred by SABA to the Supplier, remains fully owned by SABA. The Supplier shall safely store, maintain and insure at its own costs the documents, data carriers, samples, models, shapes etc. made available to him as well as copies of it. The Supplier shall anytime upon request and choice of SABA return or destroy the documents, data carriers, samples, models, shapes etc. The complete return, resp. destruction, shall be confirmed in writing by the Supplier. The Supplier has no right of retention for whatever reasons.

All intellectual property rights in connection to Confidential Information remains fully owned by the disclosing party. By communicating Confidential Information, the receiving party obtains no further rights of use of existing intellectual property rights than necessary to fulfil the Supply Agreement. For this purpose the disclosing party grants the receiving party a non-exclusive, worldwide and royalty-free right and license to use the necessary intellectual property rights.

All documents, data carriers, samples, models, shapes etc. produced by the Supplier in performing of its obligations under the Supply Agreement or any order, and all respective intellectual property rights, shall be the exclusive property of SABA. The Supplier undertakes to supply copies of all such documents, data carriers, samples, models, shapes etc. to SABA. At any time on request of SABA the Supplier shall sign any further documents or perform any other act reasonably necessary to ensure SABA's ownership of such intellectual property rights. If, under applicable law, the transfer of any intellectual property right should not be possible, the Supplier shall grant the exclusive, worldwide and royalty-free right and license to use, copy or exploit such intellectual property rights.



If the Supplier or any employee or subcontractor of the Supplier makes any invention or improvement to the Delivery Items, the Supplier shall grant to SABA an exclusive, worldwide and royalty-free right and license to exploit such invention or improvement, including the right to sub-license.

The Supplier warrants that the Delivery Items and any component part thereof shall not infringe any intellectual property rights of third parties.

The Supplier may not advertise its business relationship with SABA without prior written approval from SABA.

In the event of a breach against any confidentiality or obligations with respect to intellectual property rights, liquidated damages in the amount of CHF 25'000.00 are due immediately for each case of infringement. In addition, SABA shall be entitled to specific performance, further damages and injunctive or equivalent relief and further claims provided for by the law.

9 Quality Guarantee / Control of Delivery Items upon Receipt

SABA measures the supplier's quality performance using the following two indicators:

(A) Organisation (maturity, qualification and quality system)

(B) Performance (overall rate of nonconformity, exported nonconformity, nature of nonconformities and, if applicable, other nonconformities)

The supplier represents and warrants, that Delivery Items and all his used materials are original items and that he determined its origin. Suppliers and sub-suppliers must obtain their products exclusively from original manufacturers, certified dealers or maintenance companies. It is the Supplier's responsibility to recognize counterfeits or imitations and to inform SABA (quality notification). The Supplier is liable for its sub-suppliers in the same manner as for his own performance.

The Supplier represents and warrants that the Delivery Items shall be free of defects affecting their value or usability, that they have the agreed upon characteristics, that they conform to the specifications and documentation and that material, design and construction are unobjectionable. If it is recognizable that the characteristics demanded by SABA or the given specifications for the agreed use of the Delivery Items are incapable or unfavorable, the Supplier shall immediately give written notice to SABA (quality notification). The Supplier is liable for its sub-suppliers in the same manner as its own deliveries and services.

(i) SABA shall have the right to charge the Supplier non-conformity costs up to a maximum of CHF 250.00 per event in the event of improper delivery due to an incomplete or incorrect delivery note and/or a false invoice or any other administrative problem to which the Supplier is entitled. Payment of this amount shall in no way constitute an exemption from the Supplier's contractual obligations.

(ii) Furthermore, SABA shall have the right, for the processing of a quality notification - which is either (A) prepared by the Supplier and requires a deviation from SABA's required drawings or specifications for the goods; or (B) prepared by SABA due to the receipt of defective goods caused by the Supplier - to charge the Supplier a quality notification fee of CHF 1'500.00 for each quality notification or to set off outstanding payments against the Supplier. The parties agree that such a Quality Notification Fee is a reasonable estimate of the initial administrative costs incurred by the Buyer in processing a confirmed Quality Notification and that the Quality Notification Fee is not a penalty.

The Parties agree that this Quality Notification Fee shall indemnify SABA only for the initially estimated administrative costs; it shall not indemnify SABA for any further damages which SABA may suffer as a result of non-compliance with the Supplier's quality requirements, including but not limited to: (I) costs and expenses and damages incurred by SABA as a result of SABA reacting to, correcting or mitigating the effects of the Supplier's non-compliance with the quality requirements; and (II) costs and expenses and damages paid by SABA to its clients as a result of the Supplier's non-compliance with the quality requirements. Apart from the initially estimated administrative costs, the parties agree that the Quality Notification Fee shall not and cannot be construed as the sole or exclusive remedy of SABA for non-compliance by the Supplier with the quality requirements.

(iii) SABA may determine additional criteria such as OTD (On-Time-Delivery, DoD (Dept-of-Delivery, ppm (parts-per-million)) to measure the supplier's ability to deliver. Such criteria and the targets to be achieved are communicated to the supplier in writing and reviewed by SABA at least once a year. The result shall be communicated to the supplier in writing. If the achievement of the targets does not correspond to the agreed values, SABA shall have the right to invoice the Supplier for any resulting damage and costs.

The Supplier shall constantly monitor the quality of the Delivery Items and services and shall comply with any quality assurance agreements of SABA in their respective valid version. Modifications to the Delivery Items require prior written agreement by SABA. The Supplier shall protect and safeguard electronically and / or in paper form in a readable format all development and / or manufacturing documentation and drawings for 10 years (in case of items of the aviation and aerospace industry during the "operational life span of the Delivery Item", however for at least 40 years). Should the working relationship between SABA and the Supplier be terminated, the Supplier shall give to SABA all development and / or manufacturing documents and drawings.

SABA shall not be obliged to inspect the Delivery Items or parts thereof immediately. Defects will be notified after detection. The Supplier hereby waives the defense of tardy notification (Art. 201 CO). SABA is entitled to send back the entire shipment at Suppliers costs in the event defects are determined.

10 Access, Inspection and Participation Rights

Upon acceptance of the order, the Supplier allows SABA, its customers or the aviation authorities European Aviation Safety Agency (EASA) and the Federal Office of Civil Aviation (FOCA) as well additional authorities access to its premises and inspection of all documentation (electronic or paper) relevant in connection with the Supply Agreement. The Supplier ensures by means of corresponding agreements with its partners and sub-contractors that these access-, inspection- and participation rights are likewise allowed.



11 Liability for Defects / Reimbursement for Expenses / Guarantee Period / Insurance

Should the Delivery Items be defective, the claims of SABA shall depend on the statutory provisions, provided nothing otherwise is contained in the Supply Agreement or these General Terms. SABA shall be entitled at its own discretion, to claim for instant remedy or for instant subsequent delivery of unobjectionable Delivery Items. In the event of risks with regard to the operational security, danger of damages or if necessary for SABA to perform its obligations towards customers, SABA can itself or have third parties remedy the defect at costs of the Supplier. Instead of remedy or subsequent delivery SABA shall be entitled, at its own discretion, to cancel the Supply Agreement or the respective order and claim for full damages. The Supplier shall be liable for all direct or indirect damages and expenses incurred by SABA due to the defects. If the Supplier's performance is served by third parties, the Supplier is liable for these third parties as for auxiliary persons.

The Supplier shall also refund expenses of SABA or of its customers which arise in connection with early prevention, resistance or reduction of damages (e.g. recalls).

The Supplier shall refund expenses which SABA is obligated to pay by law to its customers and which are caused by defective Delivery Items.

The warranty and guarantee period for the Delivery Items shall be 36 months from the date of delivery or acceptance (if acceptance is stated by law or agreement) of the Delivery Items by SABA. For repaired or replaced goods, the warranty and guarantee period shall start anew from the date these are put into operation. Delivery Items produced with other materials than those specified or with defective materials shall be replaced by the Supplier free of charge during five years from delivery.

In the event of disputes on quality parameters, an expert opinion from the Swiss Federal Laboratories for Materials Testing & Research (EMPA) shall be requested. The parties undertake to accept the expert opinion of EMPA as binding. The costs of the expert opinion will be borne by the party at fault.

The Supplier is obligated for the duration of the supply relationship and until the end of the guarantee periods to maintain adequate insurance coverage in which all possible risks are taken into consideration. Upon request of SABA, the Supplier shall proof sufficient insurance coverage.

12 Product Liability

Should a claim of a third party be brought against SABA based on product liability law, the Supplier shall indemnify SABA to the full extent. SABA shall inform the Supplier as soon as it receives notice of such claims in order to enable the Supplier to defend against such claims. SABA may allow the Supplier to handle the litigation in case SABA concludes that the Delivery Items delivered by the Supplier are the cause of the damage.

Should a product recall be required according to the assessment of SABA due to defective Delivery Items, SABA shall inform the Supplier beforehand, provided there is no imminent danger. The Supplier shall carry the costs of the recall if the recall was caused by defective Delivery Items.

13 Supplies

Material, parts, containers, special packing material, tools, measuring tools or similar ("Supplies") provided by SABA remain the property of SABA. Supplies shall be used exclusively for the manufacture or servicing based on SABA's orders. Copies of Supplies may only be made with the advance written consent of SABA. These copies are transferred upon their production to the ownership of SABA. The Supplier is not entitled to a right of retention for any reason. Supplies as well as copies of them may not be made accessible to third parties and may not be used for any other purpose than agreed upon.

14 Tools

SABA shall receive full or partial ownership to tools used to manufacture the Delivery Items to the extent that SABA participates in the substantiated costs for these tools. The tools become (co-) ownership of SABA upon payment. As long as the tools are in the possession of the Supplier they remain borrowed by the Supplier. The Supplier shall dispose of the tools, transfer them or make them unable to function only with the prior written approval of SABA. The tools must be marked by the Supplier as (co-) owned by SABA. The Supplier shall carry the costs of the maintenance, repair and replacement of the tools.

Replacement tools are the property of SABA to the same proportion which SABA has in the original tools. For co-owned tools, SABA is entitled to a preemptive right to the co-owned portion of the Supplier. The Supplier must use the tools which are in the (co-) ownership of SABA exclusively for the manufacture of the Delivery Items.

After fulfillment of the respective order, the Supplier must upon request return the tools immediately to SABA. For tools which are co-owned, SABA shall refund to the Supplier after receipt of the tools the present value of the co-owned portion of the Supplier. The Supplier does not have a right of retention in any case. The return obligation applies to the Supplier also in the event of an insolvency claim against it or of a longer term interruption of the deliveries. The Supplier shall insure the tools at its original value against loss and destruction.

15 Software

Provided non-standardized software forms part of the Delivery Items, the Supplier shall be prepared for a period of five years from the delivery to make modifications/improvements in the software pursuant to the instructions of SABA for reasonable compensation. Inasmuch as the software originates from a prior supplier, the Supplier will correspondingly obligate this prior supplier.



If the supplies and services delivered by the Supplier include software, SABA is granted a non-exclusive right of use and transfer of the software together with the Delivery Items.

16 Data protection

SABA is entitled to process the personal data of the Supplier in order to perform the Supply Agreement. Furthermore, the Supplier consents in particular to SABA transmitting such data to third parties in Switzerland and abroad for the purpose of performing and maintaining the business relationships between the parties.

17 Force Majeure / Longer Term Delivery Obstacles

Epidemics, mobilization, war, civil war, acts of terrorism, riots, political unrest, revolutions, sabotage, serious breakdown in the works, accidents, labour conflicts, late or deficient delivery by subcontractors of raw materials, semifinished or finished products, the need to scrap important work pieces, actions or omissions by any authorities or state or supranational bodies, embargoes, unforeseeable transport problems, fire, explosion, natural catastrophes and other unforeseeable and unavoidable occurrences release the Supplier and SABA from performance obligations for the duration of the disturbance and to the extent of its effect. The party affected must immediately inform the other contractual partner in detail and do everything reasonable in order to limit the effect of such an occurrence. The party affected must immediately inform the other contractual party of the end of the disturbance.

In the event of a longer term prevention of the delivery, suspension of payments or the initiation of insolvency proceedings against one of the parties, the other party is entitled to withdraw from the Supply Agreement in regard to the yet unfulfilled portion. Should the Supplier be affected by one of the above-mentioned occurrences, it will to the best of its ability support the shift of the production of the Delivery Items to SABA or a third party including a licensing of the necessary commercial industrial property rights for the production at customary conditions.

18 Place of Performance, Applicable Law, Place of Jurisdiction, Arbitration

Place of performance for deliveries and services is the destination specified by SABA.

Swiss law shall exclusively be applicable to the Supply Agreement and the present General Terms and Conditions of Purchase with the exclusion of the Treaty of the United Nations regarding agreements for the international sale of goods (CISG, Vienna Convention on the Sale of Goods) of 11. April 1980.

If the Suppliers legal seat is in Switzerland: **The legal venue for any dispute is Glarus** (legal seat of SABA). However, SABA is entitled to sue the Supplier at another relevant court.

If the Suppliers legal seat is outside of Switzerland: Any dispute, controversy or claim arising out of or in relation to the Agreement, including the validity, invalidity, breach or termination thereof, shall be settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be one or three. The seat of the arbitration shall be in Zurich, Switzerland. The arbitral proceedings shall be conducted in English.