

Essemtec AG – General Sales Conditions

March 2017

1) Validity

The following conditions are binding when expressly or tacitly consented to by the relevant parties. Any alterations and associated agreements only become effective when confirmed in writing by Essemtec AG (herein after referred to as the 'Supplier') to the customer (herein after referred to as the 'Buyer').

2) Scope of Supply and Technical Specifications

The Scope of Supply of the Equipment shall be defined in detail in a formal Supplier quotation. The Equipment standard specifications are detailed in the Supplier's brochures and specifications. Any custom specifications required by the Buyer must be defined, approved and then quoted separately.

3) Prices / Payment

Prices are fixed and valid for the scope of supply and work defined in the reference quotation or the general price lists. By default, all Supplier prices are FCA (Aesch/LU, Switzerland) INCOTERMS 2010 excluding any taxes, fees and custom clearances. Freight insurance shall be covered by the Buyer. Risk of loss or damage to the product shall pass to Buyer FCA Supplier's. Buyer will keep the product insured to the full purchase price, title will pass to the Buyer only when all due payments have been collected. Prices are subject to change without prior notice. Quotation's validity date will prevail.

Unless specifically stated, the quoted price for the Equipment excludes any transportation, insurance, installation, on-site acceptance or training. The Contract Price means the contractual price of the order within the scope of the reference quotation or general price list.

Currency and payment terms are defined in the reference quotation. By default, standard payment terms by the Supplier are:

- 50% of the Contract Price due as a down-payment upon receipt of the order. The manufacturing of the Equipment will only start once the down-payment has been received. No bank guarantees will be provided for down-payments.
- 40% of the Contract Price due five days prior to shipment
- 10% of the Contract Price due no later than 30 days after completion of the installation and Site acceptance (SAT) or prior to machine production start at customer site, whichever is the sooner. This payment is still due even in cases where there may be open points which do not hinder production capabilities. In all cases the final payment is due when the machine is in production mode at the Buyer's site.

The Supplier may also accept schemes through Letter of Credit, but any additional extra costs related to any form of alternative payment terms will be charged back to the Buyer. The invoices are binding if the buyer does not object immediately upon receipt. All Supplier invoices are payable within 30 days by default. In case of late payment, an interest rate of 0.04%/day will be applied to the overdue amount. In case of re-scheduled delivery, not caused by any fault of the Supplier, the same interest rate will be applicable on all delayed amounts. Reference dates are the ones stated on the invoices.

In the case of requests for non-standard or specific exports documents the Supplier reserves the right to quote and charge separately for any such demands.

The minimum order value (for spare parts and consumables) is set at 150.-CHF



Order cancellations are not accepted. In case of an order cancellation Essemtec AG will proceed with cancellation fees as follow:

- Cancellation less than 2 weeks prior to the shipment - 80% of the Contract Price
- Cancellation less than 4 weeks prior to the shipment - 50% of the Contract Price
- Cancellation less than 6 weeks prior to the shipment - 20% of the Contract Price

For specific RFNS (Request For Non Standard) orders cancellation fees will be 100% of the actual work-in-progress at the time of the cancellation.

4) Customer Acceptance Test (CAT)

The CAT, if ordered, will be performed at the Supplier's manufacturing location in Switzerland. The CAT is intended to demonstrate the correct operation of the Equipment, and the performance within the general and custom ordered specifications, prior shipment. The typical CAT duration is one working day. The operating parameters will be defined by the Supplier's specialists in conjunction with the Buyer. Specific performance criteria, tests conditions or CAT duration required by the Buyer must be defined, approved, quoted in writing and ordered at the time of the System purchase order. Any Customer training at the factory will, if applicable, only be held only after the Equipment has been duly accepted. On completion of the CAT, the CAT report will be signed by the Buyer and so implies the approval for shipment.

In case any of the Buyer's specific material (PCB, components, feeders, medium etc.) is required for the CAT, it shall be duly shipped sufficiently in advance DDP to Essemtec AG, free of charge.

5) Site Acceptance Test (SAT)

The SAT will be performed at Buyer's site. The SAT is intending to demonstrate the correct running of the Equipment and the performance within the general and custom ordered specifications immediately following a successful installation. The typical SAT duration is one working day. The operating parameters will be defined by the Supplier's specialists in conjunction with the Buyer. Specific performance criteria, tests conditions or SAT duration required by the Buyer must be defined, approved, quoted in writing and ordered at the time of the System purchase order. Any specialised process optimisation, if applicable, is not part of the installation and SAT and shall be subject to a specific quote.

Any Buyer's training at his site will, if applicable, only be held only after the Equipment has been duly accepted. On completion of the SAT, the SAT report will be signed by the Buyer and so implies the approval for final payment.

6) Warranty / Service

The Warranty Period is 12 months or 2'000 hours of operation (6 months, 1,000 hours in case of Pre-Owned and re-furbished parts), whichever is the sooner. The starting date of the Warranty Period will be a) upon the signature of the SAT b) at the start of a production mode of the Equipment c) latest 2 months after shipment; whichever is the sooner. In cases where the installation by the Supplier's Authorised Service Technician is delayed through no fault of the Supplier, the Warranty Period will not exceed 14 months from the shipment date.

The Supplier warranty covers the repair or replacement of defective parts (CIF Incoterms, importation by the Buyer), the Supplier's Authorised Service Technician labour and associated travel costs (if applicable). The Buyer may be required to proceed with minor replacement works themselves, without specific costs recharging to Essemtec AG. Warranty is restricted to machines that have been installed by the Supplier's Authorised Service Technician. Parts that are considered as consumable under normal wear and tears, such as O-rings, hoses, bearings, etc... are not covered by the warranty.

All warranty claims must be immediately notified in writing at the first occurrence including a detailed description, to the Global Essemtec Support network. From the time of notification of the occurrence the Buyer

shall agree to follow any given instructions from the Supplier and to proceed correctly with the troubleshooting and/or replacement of and/or return of parts process.

Based on root cause analysis of the case and the conditions under which it happened, the Supplier reserves the right to accept or reject the claim in whole or in part. In such cases, the Supplier further reserves the right to invoice any associated costs incurred. In all cases the warranty will not cover any situation where there has been any inappropriate use of the Equipment, including but not limited to; not strictly following the official Supplier manuals and/or instructions, insufficient servicing, inadequate repair, modification work carried out by any third party not approved by the Supplier, as well as the use of non-original ESS spare parts.

In all case the original Warranty Period will not be extended in respect of any warranty case occurrence during the warranty period.

The standard Supplier Warranty Period can be extended on request (maximum 2 years). The specific warranty conditions for such extensions will be defined through a custom Service contract, to be signed separately.

In all cases the supplier is not liable for any incidental or consequential damages, nor any loss of production time and/or materials due to any defects from the delivered Equipment.

7) Software Licenses

All Supplier software (Machine & Applications) remains strictly the property of Essemtec AG. All purchased software must be used in compliance with the license agreement and is to only be used with the appropriate hard lock software security system (dongle).

The customer, upon installation and acceptance of the ordered system, is granted a one-time, paid up and non-transferable license to use the machine software for its intended purpose.

8) Intellectual property

Essemtec AG is strictly the owner of the entire intellectual property in relation with any supplied equipment, process related to equipment and services under any kind of transaction. No rights to any such intellectual property is transferred by supplying equipment, or process related to equipment or services.

9) Disposal

After use of the delivered product, the Buyer has the duty to dispose of it at their own cost. The Buyer exempts the Supplier from all duties of disposal, namely any possible duty to take back goods, disposal costs, or any related claims of a third party.

10) Applicable law and jurisdiction

The contract is subject to Swiss law, the place of jurisdiction being Lucerne/Switzerland. The reference language will be German or English.

Aesch, March 2017