General Terms and Conditions for purchase, service contract and other services of RUAG GmbH/Germany (GTC GER Purchase)

1. Scope and validity

1.1 These GTC GER Purchase regulate the conclusion, content and performance of purchase, service and similar procurement contracts of RUAG GmbH (hereinafter referred to as "RUAG"), Landgraf-Karl-Str. 1, 34131 Kassel, Germany, for suppliers (hereinafter referred to as "supplier") who are entrepreneurs within the meaning of section 14 of the German Civil Code [Bürgerliches Gesetzbuch - BGB] (business-to-business). Unless otherwise agreed in writing, these GTC GER Purchase shall apply to all procurement services.

1.2 By concluding a contract/confirming an order, the supplier confirms to agree to the application of and to have become familiar with the following GTC GER Purchase.

1.3 General Terms and Conditions that are contrary to or differ from these GTC GER Purchase will not be recognised by RUAG, unless RUAG expressly agrees in writing to the application of General Terms and Conditions of the supplier. This also applies if the supplier states that RUAG has accepted the contract by confirming the order with a disclaimer of the application of the supplier’s General Terms and Conditions or if RUAG unconditionally procures the services with the supplier in knowledge of the other party’s contrary clauses.

1.4 These GTC GER Purchase in English are an approximate translation of the GTC GER Purchase in German. In case of doubt, the German version takes precedence.

2. Offer and order

2.1 Offers are made free of charge, unless agreed otherwise in writing between RUAG and the supplier.

2.2 Offers are binding during the period stated in RUAG’s request or in the offer itself. In case of missing information, the supplier will remain bound to the offer for 4 months as of the date on which the quote was made.

2.3 If the offer of the supplier differs from the request of RUAG, the supplier must explicitly point this out. Otherwise, in the event of inconsistencies the request of RUAG will have priority over the offer.

2.4 Orders are only binding if placed or subsequently confirmed in writing by RUAG, though electronic form will also suffice, unless agreed otherwise between the parties in writing.

3. Contract subject and service changes

3.1 The contract subject results from the order of RUAG to the supplier.

3.2 The contract subject also includes appropriate transport packaging that properly protects the contractual object, especially when on route.

3.3 Should the contract subject change, e.g. due to technical advances, RUAG must be informed and the changes must be coordinated with RUAG without undue delay.

3.4 The parties may request changes to agreed services in writing at any time. If RUAG requests changes, the supplier must state in writing within 20 calendar days whether these changes are possible and how they may affect the service, remuneration and schedule. RUAG shall decide whether these changes should be made.

3.5 The supplier may not refuse changes requested by RUAG if the changes are objectively possible and the overall character of the service shall be maintained.

3.6 Service changes and any adjustments to remuneration, schedules and other points of the contract must be specified in writing in a supplement to the contract before implementing the changes. Remuneration adjustments shall be made based on the original cost agreement.

3.7 Until the final decision about the changes has been made, the supplier must continue to perform the agreed work without delay, unless agreed otherwise by the parties.

4. Performance

4.1 The supplier must regularly inform RUAG about the progress of the work and must especially obtain any necessary applications and permits. The supplier must report any circumstances that may impair proper contract performance to RUAG without undue delay. This also includes changes to production sites, subcontractors and sub-suppliers.

4.2 If performance of a service requires entering a site of RUAG, the supplier must comply with RUAG’s regulations, especially security regulations and house rules, which shall be provided to the supplier if requested.

4.3 Packaging that must be returned must be collected by and at the expense of the supplier without undue delay. Packaging not collected within 10 calendar days of a request to this effect may be disposed of by RUAG at the supplier’s expense.

5. Subcontractors and sub-suppliers

5.1 The supplier may only commission subcontractors to fully or partially perform the supplier’s services for RUAG with the prior written permission of RUAG. The supplier will remain liable to RUAG for the performance of these services.

5.2 RUAG may require the supplier to commission a specific subcontractor if necessary for contract performance.

5.3 When commissioning subcontractors or sub-suppliers, the supplier must ensure that the type and quality of the services will not differ from the contract subject with RUAG. This especially includes keeping the contract subject free of material and legal defects.

5.4 If requested by RUAG, the supplier must disclose the commissioned sub-suppliers.

6. Remuneration

6.1 The supplier shall provide the services at the quoted fixed prices or according to expenditure with an upper limit on remuneration. If requested, the supplier must disclose the costs of each item of the offer to RUAG.

6.2 This remuneration covers all services necessary for contract performance. In particular, it includes installation, testing and documentation costs, initial instruction costs, expenses (especially for meals, travel and lodging), licence fees, packaging costs, costs of equipment, gauges, tools, etc., that must be produced separately and public charges, such as taxes and customs.

6.3 Unless agreed otherwise, rent and usage fees for transport devices, temporarily-installed components and repairs are included in the remuneration.

7. Terms of payment

7.1 Unless agreed otherwise, payments will become due upon acceptance or inspection by RUAG. Invoices issued after their due date shall be paid by RUAG within 30 calendar days with a 3%-discount or fully within 60 calendar days of receipt.

7.2 RUAG reserves the right to return and have inaccurate invoices corrected. This especially applies if order identifiers or numbers of individual items are missing. The payment period for corrected invoices will commence when the corrected invoice is issued.

7.3 If advance or partial payments (deposit or interim payments) are agreed, RUAG may obtain collateral from and at the expense of the supplier or discount these payments by 4%.

8. Property of provisions furnished by RUAG

8.1 Material (e.g. cast or forged parts, components, small parts, etc.) of RUAG will remain the property of RUAG and must be labelled as such until they are installed or consumed. Samples, drawings, equipment, such as testing devices, gauges or tools, provided by RUAG will remain the property of RUAG and must be labelled as such. This property must be returned to RUAG if requested.

8.2 Provisions must be properly inspected when received by the supplier and shall be deemed defect-free if no damage, defects or missing parts are reported to RUAG in writing within 5 calendar days.
9. Deadlines, default, non-performance

9.1 In the event of non-compliance with agreed service performance deadlines (fixed transaction), the supplier shall enter into default without further deadlines. In any other case, the supplier will be in default after an appropriate grace period (reminder) granted by RUAG.

9.2 Partial or advance deliveries are not permitted unless expressly agreed otherwise by the parties in writing.

9.3 Default by the supplier must be reported to RUAG in writing without undue delay.

9.4 If the supplier defaults, the supplier will owe 1.0% of the total fee per week of default, though no more than 10% of the total remuneration for the delivery. This payment shall also be owed if the service is accepted unconditionally. This payment will not exempt the supplier from other contractual obligations but shall be deducted from any further damages to be paid.

9.5 Apart from that, in the event of non-performance (e.g. of the service) or breach of contract, RUAG will have a right to compensation for damages and to withdraw from the contract. RUAG’s claim to compensation for damages especially includes the additional expenses and costs (e.g. of replacements) incurred by commissioning or concluding agreements with other parties.

10. Right of withdrawal

10.1 RUAG may fully or partially withdraw from the order at any time. The supplier shall be informed in writing of such withdrawal.

10.2 In this case, the supplier shall only be entitled to compensation for verifiably-performed services. This does not apply to withdrawal based on a breach of contract, non-performance or defective performance by the supplier.

10.3 RUAG shall only be required to pay compensation in accordance with clause 10.2 if the supplier transfers the services performed until then to RUAG free of third-party rights or claims.

11. Place of performance

11.1 Unless agreed otherwise in writing, RUAG’s warehouse, Am Setzebach 1, 34260 Kaufungen, Germany (DAP under Incoterms 2020) shall serve as the place of performance.

11.2 The supplier shall enclose with each shipment a delivery note containing the contract and performance data as well as all contractually agreed documents. If the delivery of a test report containing complaints shall be deemed to be a notice of defects; or

11.3 The risk shall be transferred to RUAG upon inspection or acceptance of the contract subject. In case of missing documents, RUAG shall store the contract subject at the expense and risk of the supplier.

12. Inspection and acceptance

12.1 RUAG shall inspect the contract subject in the case of purchase contracts within 2 weeks of delivery. In case of installations by the supplier, this period will commence after the installation.

12.2 In the case of a service contract, an acceptance test shall be carried out. Specifics of acceptance and its performance may be agreed separately between the parties.

12.3 If the acceptance inspection under the service contract reveals, significant defects, acceptance shall be postponed. Supplier shall remedy detected defects without delay and agrees a new acceptance date with RUAG.

12.4 If the acceptance inspection under the service contract reveals insignificant defects, acceptance shall be performed with an agreement to remedy the detected defects. Supplier shall remedy detected defects without delay.

12.5 The delivery of a test report containing complaints shall be deemed to be a notice of defects.

13. Warranty

13.1 The supplier warrants that the contract subject has the agreed material and legal characteristics and is suitable for their intended use. The supplier warrants that he is entitled to supply and/or perform the contract subject and the services to RUAG and that the use of the contract subject does not conflict with any rights of third parties.

13.2 The notice of defects shall be reported under the respective circumstances in consideration of the complexity of the contract subject. Apart from that, the notice of defects shall be determined in accordance with the statutory provisions. If the contract subject is defective, RUAG may demand rectification of the defect.

13.3 The supplier must remedy the defects within the specified period and must bear all resulting costs. If a defect can only be remedied through reprogramming or reproduction, the right to remedies will also include the right to reprogramming or reproduction.

13.4 Claims based on fraudulently-concealed defects may be exercised within 10 years of the delivery or acceptance.

13.5 Under the contract, a free replacement is equivalent to free rectification.

13.6 If the supplier fails to provide or properly provide the requested replacement or rectification, RUAG may obtain compensation for damages and:

- deduct the reduced value from the fee; or
- fully or partially withdraw from the contract, though only in case of significant defects; or
- obtain the necessary documents—unless prevented contractually or by law—and perform the necessary remedies itself or have the necessary remedies performed by a third party at the expense and risk of the supplier.

13.7 Irrespective thereof, recourse (regress) against the supplier remains reserved to RUAG for damages based on third-party product liability claims.

14. Liability

14.1 Liability for compensation for damages and for wasted expenditure applies as required by law.

14.2 Any claims will expire within the legal statute of limitations. Apart from that, liability under the German Product Liability Act [Produkthaftungsgesetz - ProdHaftG] applies.

14.3 Furthermore, the supplier assures that they have obtained the necessary liability insurance (e.g. business and product liability insurance) with appropriate coverage per claim for personal, material, environmental and asset damages and to maintain this insurance for the term of the contract. RUAG may obtain corresponding evidence.

15. Investment protection

15.1 The supplier warrants to RUAG the compatibility of contract subjects with further developments of the supplier for at least 8 years after corresponding defect claims expire. The supplier warrants to supply spare and extension parts to RUAG for at least 30 years after acceptance. Furthermore, the supplier must enable RUAG to maintain sufficient stock before suspending supplies. Deviating deadlines must be agreed contractually.

15.2 If requested by RUAG, the supplier must maintain and provide support for the hardware and software in accordance with a separate agreement between the parties for at least 8 years after corresponding defect claims expire. If (due to a) tachnical, imminent bankruptcy, bankruptcy proceedings or other reasons) the supplier’s services are no longer performed by the supplier or are performed by third parties at the same conditions or if an economically equivalent alternative is quoted, RUAG may perform or have the services performed by a third party. In this case, RUAG may access and use the source code or other documents of the supplier without further notice if necessary for supporting the hardware and software.

15.3 To secure surrender obligations under warranty or support for hardware or software, RUAG may have the necessary documents of the supplier stored and kept up-to-date on a protected system specified by RUAG at any time at the expense of the supplier. This will not exempt the supplier from any performance obligations.
15.4 The supplier’s deliveries of replacement parts after the expiry of the limitation period of the defect rights shall be against payment and shall be made according to the rates of the original cost basis or at conditions customary in the market at that time.

16. Licences and export regulations

16.1 The supplier must stay informed about national and international export regulations (e.g. ITAR, the German Arms Control Act [Kriegswaffenkontrollgesetz - KWaffKontrG], export licence requirements) and must inform RUAG in writing without undue delay if contractual services are fully or partially subject to such regulations. The supplier must comply with any applicable export regulations and, if requested, must disclose any relevant information to RUAG. This obligation shall continue to apply even after the contract expires.

16.2 Unless expressly agreed otherwise in writing, the supplier must do anything necessary to obtain official permits or licences necessary for performance of the services and use of the contract subject. Insofar as RUAG has to apply for these permits or licences, the supplier shall provide RUAG with appropriate support, in particular in obtaining the required information and data (e.g. proof of origin).

16.3 The supplier shall be responsible for any re-export regulations and incompleteness concerning re-exports and related re-export regulations and shall be remedied by the supplier without undue delay.

16.4 If necessary, the supplier must provide the following information, at the latest, when concluding the contract:

- Customs tariff numbers of the country of consignment and the country of origin of all products.
- If products are subject to national export controls, the supplier must state the applicable export list number and, if products or services are subject to US export control regulations, the Export Control Classification Number (ECCN) or the classification number under the International Traffic in Arms Regulations (ITAR).
- The supplier must submit proof of preferential origin and statements of conformity and conformity markings of the country of consignment or country of destination to RUAG without solicitation and certificates of non-preferential origin if requested.
- Potential re-export requirements.

17. Pre-existing intellectual property rights

17.1 Unless agreed otherwise, RUAG shall be entitled to any intellectual property rights (copyrights, patents, etc.), especially to works, concepts, hardware and software, including source codes, program descriptions and documentation in written or machine-readable form, created for RUAG during contract performance.

17.2 Intellectual property rights (copyrights, patents, etc.) that were created during contract performance, but are not part of the contract (e.g. by-products, accidental developments) belong to:

a) RUAG, if created by employees of RUAG;
b) the supplier, if created by employees of or third parties commissioned by the supplier;
c) RUAG and the supplier, if created jointly by employees of or third parties included by RUAG and the supplier. The parties mutually waive any licence fees and may transfer their rights or grant rights of use to third parties without the permission of the other party.

17.3 Both parties may use and dispose of protected ideas, processes and methods and will not be subject to disclosure obligations.

18. Existing intellectual property rights

18.1 Existing intellectual property rights (copyrights, patents, etc.) will remain with the supplier or third party. If a third party is entitled to such rights, the supplier warrants to hold the necessary rights of use, disposal and distribution.

18.2 RUAG shall be granted non-exclusive and transferrable rights of use to the above-stated intellectual property rights without geographic or material limitation as part of the contract. For these rights, the supplier agrees not to establish rights that may prevent the intended use and disposal of the contract subject.

18.3 For standard software, this right includes use of the contractually-agreed hardware and of its successor systems. In case of operating system changes or increased performance classes, changes to and expansions of this right of use require the permission of the supplier who may only refuse this permission for a compelling reason. Fees for changes to and expansions of this right of use shall be determined based on the original costs.

18.4 RUAG may create backups of standard software for security and archiving purposes. In case of downtime of contractually-agreed hardware, RUAG may use the standard software on substitute hardware at no additional cost.

18.5 Both parties may use and dispose of protected ideas, processes and methods and shall not be subject to disclosure obligations.

19. Infringement of intellectual property rights

19.1 The supplier must defend third-party claims based on intellectual property rights infringements directly related to his services at his own expense and risk. If a trial of a third party against the supplier is pending, the supplier must inform RUAG in writing without undue delay. If the third party exercises claims directly against RUAG, the supplier must become involved in the dispute if requested by RUAG. The supplier agrees to bear any costs (including compensation for damages) incurred by RUAG through the trial and/or an out-of-court settlement of the dispute.

19.2 If claims exercised under intellectual property rights make the use of contractual services fully or partially impossible for RUAG, the supplier may either change the service to no longer infringe third-party rights while fulfilling the contract or may obtain a licence from the third party at the expense of the supplier. If the supplier does not implement any of these options within a reasonable period of time, RUAG may withdraw from the contract with immediate effect and receive a full refund and indemnity for the service of or after returning the contract subject to the supplier.

20. Confidentiality

20.1 Confidentiality Obligations

20.1.1 The parties undertake, as mutual recipients of confidential information:

a) to treat the confidential information as strictly confidential and not to use it any further,
b) to disclose the confidential information only to those representatives who have to rely on the knowledge of the information to fulfil the purpose, provided the recipient has ensured that their representatives will comply with this agreement as if they were themselves bound by it,
c) to secure the confidential information also by appropriate secrecy measures within the meaning of section 2 para. 1 (b) of the German Trade Secret Act [Geschäftsgesheimnigsgesetz - GeschGehG] against unauthorised access by third parties and to comply with the legal and contractual provisions on data protection when processing the confidential information (in particular the GDPR and the Federal Data Protection Act [Bundesdatenschutzgesetz - BDSG] as amended). This also includes technical and organisational measures for data security adapted to the current state of the art (art. 32 GDPR) and the obligation of employees to comply with the data protection requirements of the GDPR and compliance with data protection.

20.1.2 Companies of the RUAG Group, in particular RUAG MRO Holding AG as well as their subsidiaries and enlisted specialists (lawyers, auditors, experts) are not deemed to be third parties for the purposes of clause 20.1.1 (c).

20.1.3 To the extent that the recipient is obliged to disclose some or all of the confidential information by virtue of applicable stipulations of court or administrative orders, they shall inform the owner thereof without undue delay in writing and make all reasonable efforts to limit the scope of the disclosure to a minimum and, where appropriate, provide the owner with any reasonable support that aims at a protection order against the disclosure of all or parts of said confidential information.
20.2 Confidential Information

20.2.1 Confidential information means any information (in written, electronic, oral, digital/electronic, physical or other form) the owner discloses directly or indirectly (e.g. via remote access) to the recipient or to an affiliate within the meaning of section 15 et seq. of the German Stock Corporation Act (Aktiengesetz - AktG) of the owner for one of the above-stated purposes.

20.2.1 Confidential information especially includes:
- trade secrets, order data, products, drawings, instructions, production processes, know-how, inventions, business relationships, business strategies, business plans, financial planning, credit ratings, data of the other party to the contract or of suppliers, marketing and distribution data, access data, especially for the IT infrastructure, HR matters and digital information;
- any of the owner’s information and documents subject to technical and organisational confidentiality measures and labelled as confidential or, due to the type of information or circumstances, recognisable as confidential;
- information clearly recognisable as sensitive when applying the necessary diligence;
- information to be treated as confidential due to the accompanying or other circumstances.

Confidential information does not include information that
- was known or available to the public before it was disclosed or provided by the owner or subsequently becomes known or available to the public without violating confidentiality obligations;
- was verifiably known to the recipient before it was disclosed by the owner without violating confidentiality obligations;
- was obtained by the recipient without using or referencing confidential information of the owner;
- was provided or made available to the recipient by an authorised third party without violating confidentiality obligations;
- must be disclosed to authorities or courts due to legal requirements or that a party, in compliance with written form requirements, expressly approved for disclosure to a third party or for general publication.

20.2.2 If confidential information does not satisfy the requirements of a trade secret within the meaning of the German Trade Secret Act, this information will nonetheless be subject to the confidentiality obligations according to clause 20.2.

20.3 Contractual Penalty

If a party, its employees or other persons for whom this party is responsible under section 31, 278 or 831 of the BGB violate obligations under these GTC GER Purchase, the parties agree that the recipient must, irrespective of fault, pay to the owner or subsequently becomes known or available to the public without violating confidentiality obligations; without violating confidentiality obligations; without violating confidentiality obligations; without violating confidentiality obligations; without violating confidentiality obligations; without violating confidentiality obligations; without violating confidentiality obligations; without violating confidentiality obligations).

Confidential information does not include information that
- was known or available to the public before it was disclosed or provided by the owner or subsequently becomes known or available to the public without violating confidentiality obligations;
- was verifiably known to the recipient before it was disclosed by the owner without violating confidentiality obligations;
- was obtained by the recipient without using or referencing confidential information of the owner;
- was provided or made available to the recipient by an authorised third party without violating confidentiality obligations;
- must be disclosed to authorities or courts due to legal requirements or that

20.4 Term

This confidentiality obligation applies before the conclusion and shall continue to apply for 10 years after the expiration of the contract.

21. References

Advertisements and publications of specific services related to the contract require the written permission of RUAG. Without the written permission of RUAG, the supplier may not use the current or previous collaboration between the parties in advertisement and may not cite RUAG as a reference. The same applies to the logo and trade mark rights of RUAG.

22. Data protection

22.1 Both parties will comply with the GDPR and require their employees, representatives, advisors, agents, contractors and other persons to comply with the GDPR and the GeschGehG.

22.2 Personal data shall only be processed in compliance with the GDPR and, in accordance with art. 6 para. 1 (b) GDPR, for the performance of the contracts concluded under clause. 1.1. Data will only be transmitted to third parties outside of the European Union or European Economic Area if the special requirements of art. 44 et seq. GDPR are satisfied. Processing will only be performed on behalf of another controller in accordance with art. 28 GDPR.

22.3 If the data processing controller is not established in the European Union or European Economic Area, the GDPR will, under art. 3 para. 2 (a) GDPR, apply likewise when processing personal data of a data subject in the European Union or European Economic Area if the processing is related to the offer of goods or services within the European Union or European Economic Area.

23. Compliance

23.1 The supplier must comply with applicable laws, especially competition and anti-trust laws, employment and youth protection laws, Regulation (EU) 2017/821 concerning conflict resources, human trafficking prohibitions, International Labour Organisation Conventions and regulations against forgery and concerning environmental protection and health (e.g. the REACH Regulation and RoHS Directive). The supplier must comply with the current code of conduct (retrievable at: www.ruag.ch) for business partners of RUAG which shall be provided if requested.

23.2 The supplier agrees not to accept financial or other gifts if the giver expects or will provide unreasonable benefits in return. The supplier also agrees to comply with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions signed on 17 December 1997.

23.3 The supplier must contractually require employees, subcontractors, sub-suppliers and other third-parties involved in contract performance to comply with this provision.

23.4 If the supplier violates the above compliance obligations, the supplier must pay a penalty, unless the supplier proves not to have been at fault. This penalty will amount to 10% of the total fee per violation or, in case of recurring fees, 10% of the annual fee, though no more than EUR 50,000.00. This payment will not exempt the supplier from the supplier’s contractual obligations, but shall be deducted from any damages. Consequences under criminal law remain reserved. RUAG may obtain this payment if RUAG reserves the right to this penalty until, at the latest, 1 month of learning of the breach of contract.

24. Audit rights

24.1 Following prior written notice of at least 15 days, the supplier, during regular business hours at the supplier’s registered office, must provide any documents necessary for reviewing compliance with this contract, especially the development and production of the contract subject, to RUAG or an auditor commissioned by RUAG. RUAG or the auditor commissioned by RUAG will take the measures necessary for protecting the confidentiality of such documents.

24.2 Any costs and expenditure related to this verification shall be borne by RUAG. If this verification shows that the supplier did not comply with the contract, all costs and expenditure of the verification must be borne by the supplier.

24.3 Authorised representatives of RUAG (e.g. quality inspectors under the AQAP 2110 standard) and competent authorities may freely access any spaces and data of the supplier to perform inspections and audits following proper legitimisation. Any requested information and documents must be provided to this staff.

25. Assignment and pledge

25.1 The contractual relationship and rights and obligations thereunder may only be transferred or assigned with the prior written permission of the other party. Apart from that, RUAG may assign rights and obligations under the contract to any other subsidiary of the RUAG Group at any time. Section 354a of the German Commercial Code (Handelsgesetzbuch - HGB) will remain unaffected.

25.2 Any claims to which the supplier is entitled under the contract may not be assigned or pledged without the prior written permission of RUAG.

26. Right of retention

The supplier has no right of retention.

27. Offsetting

Offsetting is not permitted to the supplier.
28. Further provisions

28.1 Any amendments or supplements to the order/contract shall only be valid if agreed to by the parties in writing. The same shall apply to the revocation of this written form requirement. If written form is required, any comparable signature services of trust service providers recognised by RUAG shall be deemed to suffice.

28.2 Should any provision of these GTC GER Purchase be or become invalid or if the contract contains an inadmissible deadline or an unintended gap, the validity of the remaining provisions shall remain unaffected. The invalid provision shall be replaced by whichever valid provision that comes closest in commercial terms to the intended purpose of the Parties. The same applies to any unintended gap in the agreement. In the event of an inadmissible deadline, the legally admissible duration shall apply.

29. Applicable law and place of jurisdiction

29.1 The contract and any resulting claims and rights are governed by the law of the Federal Republic of Germany, under exclusion of its conflict of law provisions and of the United Nations Convention on Contracts for the International Sale of Goods.

29.2 The competent courts for any disputes under or in relation to the contractual relationship are the courts of law of the registered office of RUAG.