

STANDARD TERMS OF PURCHASE
1 DEFINITIONS

As used in these standard terms of purchase (“**Standard Terms**”), where appropriate, the plural shall include singular and vice versa and, unless expressly otherwise stated or evident in the context, references to Sections and subsections shall mean Sections and subsections of these Standard Terms.

In these Standard Terms, the following words shall have the following meanings:

- 1.1 “**Agreement**” shall mean any agreement entered into between the Parties in Writing for the purchase of Products and/or Services, regardless of whether a reference to these Standard Terms has been made in the respective agreement or not.
- 1.2 “**Confidential Information**” shall mean technical or commercial information, including Documentation that the disclosing Party has stated or implied to be confidential, whether at the time of the conclusion of the Agreement or at a later point, or that the receiving Party should otherwise have understood to be of confidential nature. For the sake of clarity, information and materials regarding End Customers shall always be deemed Confidential Information of Promeco.
- 1.3 “**DAP**” shall mean delivered at place, as further specified in the Incoterms.
- 1.4 “**Documentation**” shall mean the Specifications, drawings, technical documentation and any other information in Writing regarding the design or manufacture of the Products and/or Services.
- 1.5 “**End Customer**” shall mean each customer of the Purchaser to whom Promeco supplies products and/or services that include Products and/or Services supplied by Promeco.
- 1.6 “**Force Majeure Event**” shall mean an impediment beyond the control of a Party:
 - (a) which prevents performance of such Party’s obligations under the Agreement or makes it impossible without unreasonable additional costs;

- (b) which such Party could not reasonably be expected to have taken into account at the time of the conclusion of the Agreement; and

- (c) the consequences of which such Party could not reasonably have avoided or overcome.

For the avoidance of doubt, a general economic downturn or trend that causes hardship to a Party shall not constitute a Force Majeure Event.

- 1.7 “**Incoterms**” shall mean the international rules for the interpretation of trade terms prepared by the International Chamber of Commerce.
- 1.8 “**IPR**” shall mean patents, utility models, designs, trade marks, copyrights and related rights as well as any other intellectual property rights and know-how, including the applications and applications for registration of the same.
- 1.9 “**Losses**” shall mean all damages, liabilities, demands, costs, expenses, claims, actions and proceedings, including all legal and other professional fees, cost and expenses, fines, penalties, interest and loss of profit or any other form of economic loss.
- 1.10 “**Party**” shall mean Promeco or the Supplier, as applicable.
- 1.11 “**Products**” shall mean the materials and/or products Promeco orders or intends to order according to the Agreement.
- 1.12 “**Promeco**” shall mean the company within the Promeco Group entering into the Agreement and purchasing the Products and/or Services thereunder.
- 1.13 “**Promeco Group**” shall mean Promeco Group Ltd (business identity code 2175250-0), having its principal place of business at Mettälänkatu 91, FI-38700 Kankaanpää, Finland, and its subsidiaries.
- 1.14 “**Services**” shall mean the services Promeco orders or intends to order according to the Agreement.
- 1.15 “**Supplier**” shall mean the person or entity supplying, and concluding the Agreement on, the Products and/or the Services with

Promeco and, where such person or entity acts as an agent for another party, the agent and the principal jointly and severally.

- 1.16 **“Representatives”** shall mean the directors, officers, employees, agents, advisors, contractors and subcontractors of a Party.
- 1.17 **“Specifications”** shall mean the description of the Products to be manufactured and/or purchased, as well as description of the Services to be performed, including but not limited to specifications regarding structure, composition and measurement.
- 1.18 **“Standards”** shall mean any and all national, European Union and international standards applicable to the Products and/or Services and the manufacture and/or use thereof.
- 1.19 **“Test”** shall mean a delivery test to be performed by the Supplier either as provided for in the Agreement or as otherwise necessary for verifying that the Products and/or Services meet the Specifications and other agreed requirements.
- 1.20 **“Tools”** shall mean the special tools, equipment and solutions designed and manufactured by the Supplier for the production of the Products and/or Performance of the Services.
- 1.21 **“VAT”** shall mean value added tax or any other tax of a like or similar nature levied on the sale of the Products.
- 1.22 **“Warranty Period”** shall mean a period of thirty-six (36) months from the date of delivery of the Products and/or performance of the Services, as applicable.
- 1.23 **“Writing”** shall mean written form, either in terms of a signed document or a document sent by facsimile or electronic mail which reliably identifies the sender (e.g. by means of an electronic signature) and the receipt of which has been confirmed. The expression **“Written”** shall be construed accordingly. No other means of communication shall be considered to be Written or in Writing.

2 SCOPE AND VARIATION

- 2.1 These Standard Terms shall apply to each Agreement between the Parties for the purchase of Products and/or Services and shall form an integral part thereof. Any other standard terms shall not be applicable and, if such standard terms would in spite of the aforesaid be applied, these Standard Terms shall prevail should there be a discrepancy between these Standard Terms and any other standard terms.
- 2.2 Any information contained in general product or service documentation and price lists, whether in electronic or any other form, shall be binding only to the extent it has by reference expressly been agreed to be incorporated into the Agreement.
- 2.3 The Representatives of Promeco are not authorised to make any representations concerning the Products and/or Services or other undertakings on behalf of Promeco unless confirmed by Promeco and the Supplier in Writing. By entering into the Agreement, the Supplier acknowledges that it has not relied on any representation or undertaking which is not so confirmed.
- 2.4 No variation, modification or waiver of any provision of these Standard Terms shall be binding unless specifically agreed by Promeco in Writing. Promeco reserves the right to vary these Standard Terms from time to time. By entering into the Agreement, the Supplier agrees to be bound by the Standard Terms effective on the date of the Agreement.

3 ORDERS AND SPECIFICATIONS

- 3.1 The Supplier shall be responsible for the accuracy of the terms of any order confirmation and other material and information, including all Documentation, it submits to Promeco.
- 3.2 The Supplier shall not include or refer to any terms, conditions or other contractual provisions (with the exception of these Standard Terms) in its order confirmation or other communication. No such inclusion of or reference to any such contractual provisions (with the exception of these Standard

Terms) shall be considered valid or binding on the Parties.

3.3 The Products and Services shall comply with the Specifications approved by Promeco. All amendments to the Specifications shall be approved by Promeco in Writing before the Supplier starts production according to any amended Specification.

3.4 If no Specifications are used, the Products and Services shall be of the highest industrial quality.

4 TOOLS

4.1 Unless otherwise agreed, the Tools shall be provided by the Supplier and title to the Tools shall belong to Promeco.

4.2 In order to prevent the technical know-how of Promeco from being disclosed, Promeco shall retain and have exclusive control over the Tools owned by Promeco. When stored at the Supplier's premises, the Tools shall be insured by the Supplier. The Supplier shall not have the right to use the Tools for any other purpose than supply of Products and/or Services in accordance with the Agreement.

4.3 The Supplier shall at its own cost maintain the Tools in order to retain them in working order. The Supplier shall be liable for all costs caused by the negligence of proper maintenance of the Tools, irrespective of the owner thereof. The Tools owned by Promeco shall be repaired at the cost of Promeco when they reach the end of their typical lifespan. Such repair shall be approved by Promeco in advance in Writing.

4.4 The Tool costs borne by Promeco, if any, shall be invoiced separately from the Products and/or Services in accordance with a payment programme agreed in advance between the Parties in Writing. The Supplier shall issue separate invoices for all instalments payable under such payment programme.

4.5 If Promeco has not placed any orders within twenty-four (24) months from the previous delivery, Promeco may instruct the Supplier on whether the Tools are to be disposed of or be stored further.

5 DELIVERY AND INSPECTION

5.1 Where a delivery term has been agreed upon, it shall be interpreted in accordance with the Incoterms in force at the formation of the Agreement. Partial shipments and/or deliveries shall not be permitted unless otherwise agreed by the Parties in Writing.

5.2 Unless otherwise agreed in Writing, the Supplier shall not be entitled to deliver the Products or perform the Services in advance of the quoted delivery date. If the Parties, instead of specifying the date for delivery, have specified a period of time by the expiry of which delivery shall take place, such period shall start to run as soon as the Agreement is entered into.

5.3 Unless otherwise agreed in Writing, no tolerance is permitted in the delivered quantities.

5.4 The Supplier shall perform the Test and inspect the Products thoroughly prior to delivery so as to ensure their compliance with the Specifications. Unless otherwise agreed, a certificate of analysis shall be included in every shipment.

5.5 Promeco shall have the right to inspect or test the Products. Any payment for, or inspection or testing of, any Products by Promeco shall not, however, relieve the Supplier of any of its obligations under the Agreement or these Standard Terms, nor shall it constitute or operate as a waiver of any defect not clearly identifiable in an ocular inspection or test conducted by Promeco.

6 DELAY IN DELIVERY

6.1 If the Supplier discovers that it will be unable to deliver the Products on or perform the Services by the agreed date or if delay on the part of the Supplier appears likely, the Supplier shall without undue delay notify Promeco of the same in Writing, stating the reason for the delay and the time when delivery can be expected.

6.2 If a delay in delivery is caused by circumstances constituting a Force Majeure Event, the time of delivery shall be extended for so long as such Force Majeure Event renders the delivery impossible.

6.3 Where Section 6.2 does not apply, the Supplier shall, from the date on which delivery should have taken place, pay to Promeco liquidated damages at a rate of five per cent (5%) for each commencing week of delay of the part of the agreed price properly attributable to the part of the Products or Services which, due to the delay, cannot be put into its intended use. The amount of liquidated damages, however, shall not exceed twenty-five per cent (25%) of such part of the agreed price.

6.4 If Promeco is entitled to the maximum amount of liquidated damages pursuant to Section 6.3 and the Products and/or Services remain undelivered and this is not due to an act or omission on the part of Promeco, Promeco shall have the right to terminate the Agreement in respect of those Products and/or Services covered by the Agreement that cannot be put into their intended use due to the non-delivery. If the delayed part of the Products and/or Services is material in view of the entire delivery in question, as reasonably determined by Promeco, Promeco shall have the right to terminate the Agreement in its entirety.

6.5 In case Promeco terminates the Agreement in part or in whole pursuant to Section 6.4, Promeco shall also be entitled to compensation for the Losses it suffers because of the delay to the extent such Losses exceed the maximum amount of liquidated damages to which Promeco has become entitled under Section 6.3.

6.6 In the event the Parties in case of a delay in the delivery agree on change(s) to the delivery schedule, such agreement shall not be deemed to constitute any waiver by the Purchaser to invoke remedies based on the initial delay, unless such waiver has been specifically agreed on when the Parties have agreed on the change in the delivery schedule.

7 PRICES

7.1 The price of the Products and/or Services shall be the valid price quoted by the Supplier and accepted by Promeco. If a quoted price is no longer valid, the last accepted price shall be used. Unless otherwise indi-

cated, the price shall be expressed in euro ("EUR").

7.2 Except as otherwise stated under the terms of any quotation and unless otherwise agreed in Writing between the Parties, all prices given by the Supplier are quoted DAP Promeco's premises (Incoterms 2010).

7.3 The price of the Products and/or Services is exclusive of any applicable VAT, which shall be paid by Promeco.

7.4 In the event of a price increase which has not been agreed in Writing between the Parties Promeco shall be entitled to withdraw from the Agreement by giving notice to the Supplier within fourteen (14) days after notification of such price increase.

8 PAYMENT

8.1 The Supplier shall invoice Promeco for the Products and/or Services after completion of delivery. Unless otherwise agreed in Writing, the payment term under the Agreement shall be sixty (60) days net following the date of the invoice.

8.2 Invoices shall be paid to the Supplier's nominated bank account specified in the invoice.

8.3 If a Party fails to pay any invoice by the stipulated date, the invoicing Party may charge interest at an annual statutory penalty-interest rate, as applicable in Finland from time to time, from the day on which the payment became due.

8.4 Any amount that the Supplier owes to Promeco under the Agreement or otherwise (including but not limited to liquidated damages) may be set off from any amount due to the Supplier from Promeco under any Agreement.

9 TITLE AND RISK

Title to and risk in the Products shall pass to Promeco on completion of delivery in accordance with the agreed delivery term.

10 WARRANTY

- 10.1 The Supplier expressly warrants that the Products and/or Services delivered to Promeco:
- (a) fulfil all the requirements set out in the Agreement, Specifications, relevant Standards and applicable laws;
 - (b) are free from defects in design, material and workmanship, of the highest industrial quality and fit for their intended purpose; and
 - (c) do not infringe any IPR or other rights of any third party.
- 10.2 The Supplier shall by repair, replacement and/or cash compensation, as decided by Promeco in its discretion and as set out below in Sections 10.3 to 10.6, remedy any defective Products and/or Services and direct expenses of Promeco resulting from defects in the Products and/or Services.
- 10.3 The Supplier shall immediately upon request and without any cost to Promeco remedy any defects in the Products and/or Services notified by Promeco within the Warranty Period.
- 10.4 The remedying of the defect shall take place at the Supplier's premises, unless otherwise consented in Writing by Promeco. The defective part of the Products shall be returned to the Supplier for repair or replacement at the Supplier's cost.
- 10.5 As regards defects in the Products and/or Services that are discovered whilst such Products and/or results of Services are being used in Promeco's or End Customer's production processes, the Supplier shall by cash consideration compensate Promeco for the production value (i.e. material and labour costs) of any rejected products manufactured by using such defective Products and/or results of Services. In case the Parties have specified in the Agreement a maximum value of rejected products for which the Supplier will be liable, the Supplier's obligation to pay the aforementioned compensation shall be limited to such maximum value.

- 10.6 If the Supplier fails or refuses to remedy any defect in the Products and/or Services, Promeco shall have the right, at its own discretion and upon reasonable prior notice to the Supplier, to have such Products and/or results of Services remedied by a third party at the Supplier's cost.
- 10.7 If the defect is reasonably considered as material, Promeco may alternatively choose to cancel the delivery of such defective Products, Services and/or the whole Agreement by Written notice to the Supplier, in which case the Supplier shall immediately refund to Promeco any and all payments made for the rejected Products and/or Services. Promeco's rights under this Section 10 shall not limit the other rights of Promeco under the Agreement or at applicable law, including without limitation the right to damages for any Losses.

11 INSURANCE

- 11.1 The Supplier agrees for the duration of the Agreement to maintain appropriate insurance cover with a reputable insurance company against all its liabilities and indemnities that may arise under or in connection with the Agreement to a minimum indemnity limit of an aggregate two million euro (EUR 2,000,000) per occurrence. Such insurance shall also cover damage caused by the Products and/or Services (also including results thereof) to persons and property other than the Products (product liability) and/or results of Services as well as justified demands from third parties for financial compensation based on product liability.
- 11.2 The Supplier shall provide to Promeco upon request sufficient evidence of the existence of the insurance cover that it is obliged to have and maintain under Section 11.1. The Supplier shall notify Promeco immediately if any of the insurance cover set out in Section 11.1 lapses or is denied.

12 LIABILITY

- 12.1 The Supplier shall indemnify and hold harmless Promeco and its Representatives from and against all Losses suffered or incurred by them arising out of or in connection with:

- (a) any use and/or selling of the Products and/or Services (also including results thereof) either as such or as components of Promeco's products, to the extent resulting from any act or omission by the Supplier or any of its Representatives that is in breach of the Agreement or these Standard Terms; and
- (b) any claim based on an infringement of third-party IPR to which Promeco may become liable as a result of the Products and/or Services or the use, offering for sale, selling, importing or exporting thereof.

12.2 Neither Party shall be liable to the other Party for any indirect losses. However, no limitations of liability set out in the Agreement or these Standard Terms shall apply in case of gross negligence or wilful misconduct of the breaching Party, breach of confidentiality obligations under Section 14 or the Supplier's obligations under Section 12.1(b). Notwithstanding the foregoing, Losses incurred by Promeco based on claims by third parties attributable to a delayed delivery of or defects in Products and/or Services shall always be considered as direct losses of Promeco.

12.3 If a claim for Losses is raised by any third party against either Party, the latter shall forthwith notify the other Party of the same.

12.4 Any typographical, clerical or other error or omission in any procurement literature, price list or other Documentation or information issued by Promeco shall be subject to correction without any liability on the part of Promeco.

13 FORCE MAJEURE

13.1 Neither Party shall be deemed to be in breach of the Agreement as a result of, or be liable to the other for, any failure, omission or delay in its performance in whole or in part of any of its obligations under the Agreement to the extent such failure, omission or delay results from a Force Majeure Event.

13.2 Prompt Written notice of any Force Majeure Event shall be given by the Party affected by the Force Majeure Event. If grounds for relief under this Section 13 prevent the Sup-

plier from fulfilling its obligations, it shall compensate Promeco for any expenses incurred in securing and protecting the Products.

14 CONFIDENTIALITY

14.1 Both Parties undertake not at any time to copy, reproduce, use, transmit, communicate or otherwise disclose in any way to any third party Confidential Information, except as permitted by these Standard Terms.

14.2 A Party may disclose Confidential Information:

- (a) to its Representatives who need to know such Confidential Information for the purposes of carrying out such Party's obligations under the Agreement;
- (b) with the prior Written consent of the disclosing Party; or
- (c) as may be required by law, court order or any governmental or regulatory authority.

14.3 Neither Party shall use the Confidential Information of the other Party for any other purpose than for which it was submitted or to perform its obligations under the Agreement. Each Party shall ensure that the Representatives to whom Confidential Information is disclosed comply with this Section 14.

14.4 For the purpose of this Section 14, Confidential Information does not mean any information that:

- (a) the Parties agree in Writing is not Confidential Information;
- (b) is or becomes publicly available, other than as a result of a breach of this Section 14;
- (c) was known to the receiving Party before the disclosing Party or any of its Representatives disclosed it to the receiving Party or any of its Representatives;
- (d) was available to the receiving Party on a non-confidential basis before the disclosing Party or any of its Representatives disclosed it to the receiving Party or any of its Representatives;

- (e) was, is or becomes available to the receiving Party on a non-confidential basis from a third party who, to the receiving Party's knowledge, does not owe any obligation of confidentiality to the disclosing Party in respect of that information and is not otherwise prohibited from disclosing it to the receiving Party; or
- (f) is developed by, or for, the receiving Party independently of any Confidential Information.

14.5 Nothing in these Standard Terms shall be deemed to constitute an assignment of Confidential Information of either Party, unless expressly otherwise agreed in Writing in the Agreement.

15 NON COMPETITION

15.1 The Supplier undertakes, for as long as there are any Agreement(s) in force between the Parties and six (6) months thereafter, not to supply any Products or Services, or any other products or services that are similar to or otherwise directly or indirectly compete with the Products or Services, as the case may be, to the End Customers.

15.2 In case the Supplier breaches the non-competition undertaking set out in Section 15.1, the Supplier shall pay to Promeco EUR 100,000 as liquidated damages for each such breach. The said liquidated damages shall be without prejudice to Promeco's right to compensation for actual damage incurred in excess of the liquidated damages.

16 INTELLECTUAL PROPERTY RIGHTS

16.1 All Documentation created by Promeco and/or submitted to the Supplier prior or subsequent to the formation of the Agreement shall remain the exclusive property of Promeco. Documentation submitted to the Supplier shall not, without the prior Written consent of Promeco, be:

- (a) used for any other purpose than that for which it was submitted; or
- (b) copied, reproduced, transmitted or otherwise communicated in any way to a third party.

16.2 Promeco shall have the right to use any documentation obtained from the Supplier for its own business purposes.

17 TERMINATION

17.1 In addition to what has been agreed in other Sections of these Standard Terms, either Party shall be entitled to terminate the Agreement by Written notice to the other Party if:

- (a) the other Party materially breaches the Agreement or these Standard Terms and has not remedied the breach within thirty (30) days upon Written notice thereof by the non-breaching Party; or
- (b) performance of the Agreement is delayed for more than six (6) months as a result of a Force Majeure Event.

17.2 Promeco shall, by Written notice to the Supplier, be entitled to terminate the Agreement and/or any purchase order thereunder with immediate effect, cancel further purchase orders under the Agreement and withhold a reasonable amount from any outstanding invoice so as to cover the probable costs of the Warranty Period and the arrangement for a new supplier, if:

- (a) the Supplier cannot repay its debts as they fall due;
- (b) an application is made in relation to the Supplier for, or the Supplier becomes subject to, winding-up, bankruptcy, administration, examinership, sequestration or other insolvency proceedings, or if the Supplier enters into a voluntary arrangement with its creditors with a view to realising and/or distributing all or part of its assets;
- (c) the Supplier ceases, or threatens to cease, to carry on business; or
- (d) Promeco reasonably considers that any of the events referred to in subsections (a) to (c) is about to occur and notifies the Supplier of the same.

18 GOVERNING LAW

These Standard Terms and the Agreement shall be construed in accordance with and governed by the laws of Finland, excluding

the application of its conflict-of-law rules, the Finnish Sale of Goods Act (355/1987, as amended) and the United Nations Convention on Contracts for the International Sale of Goods (SopS 50/1988).

19 DISPUTE RESOLUTION

- 19.1 Any dispute, controversy or claim arising out of or relating to these Standard Terms or the Agreement, or the breach, termination or validity thereof, shall be finally settled in arbitration in accordance with the Arbitration Rules of the Finland Chamber of Commerce.
- 19.2 The number of arbitrators shall be one (1).
- 19.3 The seat of arbitration shall be Helsinki, Finland.
- 19.4 Unless the Parties agree otherwise, the language of the arbitration shall be English.

20 MISCELLANEOUS

- 20.1 Promeco may perform any of its obligations or exercise any of its rights hereunder by itself or through any other company within the Promeco Group. To the extent any other company within the Promeco Group is affected by the Supplier's acts or omissions pertaining to the Agreement, Promeco shall be entitled to present any claims to the Supplier and invoke any other rights of such company on its behalf.
- 20.2 Any notice or other communication given by a Party under the Agreement shall be in Writing and be sent to the other Party at the latter's registered office or principal place of business, or such other address as may have been notified pursuant to this provision to the Party giving the notice.
- 20.3 The Supplier agrees to comply with all applicable laws and regulations, including but not limited to those concerning environment, occupational health and safety, export control and anti-bribery. The Supplier agrees not to pay, promise to pay, or authorise the payment of, any money or anything of value, whether directly or indirectly, to any person (whether an official or individual) for the purpose of illegally or improperly inducing any official or individual to make a decision or il-

legally or improperly to assist the Supplier in obtaining or retaining business, or to take any other improper action favourable to the Supplier. The Supplier shall also act responsibly in respect of all environmental and human-rights issues, having regard especially to national laws and international treaties prohibiting the use of child labour and forced labour, and shall carry and act according to the approved quality systems.

- 20.4 The Supplier shall monitor that the requirements set out in Section 20.3 are adhered to also by its Representatives.
- 20.5 If any part of these Standard Terms or the Agreement is held by a competent authority to be invalid or unenforceable, such determination shall not invalidate any other provision of these Standard Terms or the Agreement. The Parties shall attempt, through negotiations in good faith, to replace any part of these Standard Terms or the Agreement so held to be invalid or unenforceable, but the failure of the Parties to reach an agreement on a replacement provision shall not affect the validity of the remaining provisions of these Standard Terms or the Agreement.
- 20.6 Failure by any Party at any time to require performance of any provision of these Standard Terms or the Agreement shall in no manner affect its right to enforce the same, and the waiver by any Party of any breach of any provision of these Standard Terms or the Agreement shall not be construed to be a waiver by such Party of any subsequent breach of such provision or waiver by such Party of any breach of any other provision of these Standard Terms or the Agreement.
- 20.7 These Standard Terms shall supersede any earlier standard terms, agreements and understandings between the Parties concerning the subject matter hereof.