

SAAB'S GENERAL CONDITIONS OF PURCHASE

1. Scope

These general conditions of purchase shall apply between Buyer and the Supplier unless otherwise expressly agreed in writing. The general conditions of the Supplier shall not apply.

2. Definitions

- 2.1 "Agreement" means these general conditions of purchase and any other document the parties have agreed to form part of Buyer's purchase of the Products.
- 2.2 "Export Control License" means any public or governmental license, authorization, approval, permit or similar (whether temporary or permanent) pertaining to the export, import, marketing, development, license manufacturing, distribution or re-export of the Products.
- 2.3 "Gross Negligence" means an act or omission of a party in violation of elementary rules of diligence which a conscientious contracting party in a similar position would have followed.
- 2.4 "Intellectual Property" means all work of authorship, designs, inventions and discoveries, software, samples, models, tools, know-how and trade secrets, in each case, in all forms, formats, languages and versions.
- 2.5 "Intellectual Property Right" means all right, title and interest in and to any Intellectual Property, in all territories, whether by operation of law (including, without limitation, by operation of laws of copyright, patent, trademark, trade usage and trade secrets) or contract, license or otherwise, and applications, registrations, renewals, extensions and restorations relating to any of the foregoing.
- 2.6 "Proprietary Information" means all technological, financial, commercial or other information or data of a proprietary or confidential nature and identified as such by an appropriate legend or marking.
- 2.7 "Product" means a product and any associated services made subject to these general conditions of purchase.
- 2.8 "Purchase Order" means an order in writing by posted mail, fax or other portal solutions for purchase of Products by Buyer, submitted by Buyer to the Supplier, subject to these general conditions of purchase.
- 2.9 "Buyer" means the Saab Group company purchasing Products from the Supplier under the Agreement.
- 2.10 "Saab Group" means Saab AB (publ) and all other companies in which Saab AB (publ) directly or indirectly controls more than 50% of the votes.
- 2.11 "Supplier" means the seller of the Products.

3. Ordering procedures

- 3.1 The Supplier shall within seven (7) calendar days from receipt of the Purchase Order either confirm the Purchase Order, and thus accept these general conditions of purchase, or reject it. If the Supplier has neither confirmed nor rejected the Purchase Order within the said time period, the Supplier is deemed to have accepted the Purchase Order, and thereby these general conditions of purchase.
- 3.2 Terms that diverge from these general conditions of purchase shall have no applicability unless Buyer has expressly accepted the relevant term in writing.

4. Prices

- 4.1 The prices are firm and fixed unless otherwise expressly agreed in writing.
- 4.2 All prices shall be inclusive of all taxes, fees or other charges and shall include all costs associated with suitable packaging and preparation for shipment.

5. Terms of delivery and packaging

- 5.1 Delivery shall take place on the dates agreed.
- 5.2 The terms of delivery shall be FCA Supplier's place of business in accordance with INCOTERMS 2010.
- 5.3 Title and risk to the Products shall pass to Buyer upon delivery in accordance with INCOTERMS 2010.
- 5.4 Partial deliveries are not accepted unless expressly agreed in writing.
- 5.5 The Supplier shall pack each Product to a standard which shall ensure transportation and delivery to Buyer without any damage to the Product. The Supplier shall be responsible for all loss or damages arising out of the failure to meet such packaging requirements.
- 5.6 The delivery documentation shall reference the number of the Purchase Order.

6. Terms of payment

- 6.1 Undisputed invoices shall be paid within sixty (60) calendar days from the later of the date of receipt of the invoice or the delivery of the Product.
- 6.2 Invoices shall refer to the number of the relevant Purchase Order and item/position/line in the Purchase Order. Invoices not referring to a Purchase Order will not be accepted and consequently not paid.

7. Delay in delivery

- 7.1 A delay in delivery has occurred if the date of delivery of the Product is later than the delivery date agreed upon and such delay is not due to Buyer.
- 7.2 If the Supplier anticipates or has reasonable cause to believe that a delay in delivery may occur, the Supplier shall immediately notify Buyer in writing stating the cause of the delay and the Supplier's best estimate of when delivery can be made. Such notice shall not limit the Supplier's liability for the delay.
- 7.3 Upon a delay in delivery, Buyer shall be entitled to liquidated damages to be payable at a daily rate of zero point five percent (0.5%) of the price of the delayed Products and the price of the Products that cannot, as a consequence of the delay, be used as intended by Buyer. The liquidated damages shall not exceed a total of fifteen per cent (15%) of the price of the aforementioned Products.
- 7.4 The liquidated damages shall become due at Buyer's demand in writing. The Supplier's payment of liquidated damages shall not relieve the Supplier from the obligation to deliver the Products.
- 7.5 When the maximum cap of liquidated damages is reached, Buyer may in writing demand delivery within a final reasonable period. If the Supplier does not deliver within such final period, Buyer may by notice in writing to the Supplier terminate the Agreement or any part thereof with immediate effect.
- 7.6 Buyer shall also be entitled to terminate the Agreement or any part thereof with immediate effect by notice in writing to the Supplier, if it is clear from the circumstances that a delay will occur which would entitle Buyer to maximum liquidated damages. In case of termination in accordance with this clause 7.6, Buyer shall be entitled to maximum liquidated damages.
- 7.7 Liquidated damages under this clause 7, the right to request delivery and termination of the Agreement with limited compensation pursuant to clause 17.3 shall be the exclusive remedies available to Buyer in case of delay on the part of the Supplier. All other claims against the Supplier based on such delay shall be excluded, except where the Supplier has been guilty of Gross Negligence.

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8. Quality and environmental requirements

- 8.1 The Products shall meet all requirements imposed by any law or regulation applicable to the production, use, repair, maintenance, transport, disposal and/or sale of the Products. The Products shall also meet any other requirements agreed upon in writing.
- 8.2 The Supplier shall provide information on whether the product is covered by any form of producer responsibility or other provisions that involve special handling on disposal.
- 8.3 The Supplier shall comply with the applicable requirements of the standards ISO 9001 and ISO 14001.
- 8.4 The Supplier shall deliver a Material Declaration or an Environmental and Health Hazardous Materials Report. For chemical products the Supplier shall send Safety Data Sheets (SDS).
- 8.5 The Supplier shall upon Buyer's request provide an Environmental Product Declaration of the Products.

9. Warranty

- 9.1 The Supplier shall remedy any defect in the Product resulting from faulty design, material or workmanship or any nonconformity of the Product to any agreed specification (hereinafter together "Defect") during a warranty period of twenty-four (24) months starting from the delivery of the respective Product.
- 9.2 In addition to the above, the Supplier shall be obligated to remedy any systematic defect of the Products during a period of five (5) years from the delivery of such Products to Buyer. A systematic defect is a Defect that appears in more than ten (10) per cent of the delivered Products of the same kind. In case of a systematic defect, the Supplier shall at no charge to Buyer, remedy all such Products.
- 9.3 The Supplier shall as soon as possible remedy any Defect in the Products at its own cost through repair or replacement. If the Supplier does not remedy the Products within a reasonable time, Buyer may by notice in writing to the Supplier stipulate a final time for the remedy of the Products. If the Supplier fails to remedy the Products within such final time, Buyer may itself undertake or employ a third party to undertake necessary remedial works at the risk and expense of the Supplier and/or terminate the Agreement or any part thereof with immediate effect by notice in writing to the Supplier.
- 9.4 Products that have been replaced by the Supplier under this clause 9 shall be subject to a new warranty period in accordance with clause 9.1 and 9.2. The warranty period for Products that have been repaired by the Supplier shall be extended for a period equal to the time the Products have been out of use.
- 9.5 All transports of Products to and from the Supplier in connection with the remedying of Defects for which the Supplier is responsible shall be at the risk and expense of the Supplier.
- 9.6 Buyer shall notify the Supplier in writing of any Defect including a description of the Defect without undue delay after its appearance and under no circumstances later than four (4) weeks after the expiry of the warranty period.
- 9.7 If Buyer fails to notify the Supplier in accordance with clause 9.6, the Supplier shall have no responsibility to remedy the Defect.
- 9.8 If Buyer has notified the Supplier of a Defect, and no Defect is found for which the Supplier is liable, the Supplier shall be entitled to reasonable compensation for the costs it has incurred as a result of the notice.
- 9.9 The Supplier is not liable for Defects that are caused by (i) misuse or neglect by Buyer or by someone for which Buyer is responsible, (ii) faulty maintenance, incorrect assembly or installation or by alterations carried out without the Supplier's consent in writing, or (iii), normal wear and tear.

- 9.10 Except for the remedies in clause 11 (Liability and indemnity) and clause 21 (Counterfeit Parts), the remedies in this clause 9 and the limited compensation pursuant to clause 17.3 shall be the exclusive remedies available to Buyer for Defects. This limitation of the Supplier's liability shall not apply if it has been guilty of Gross Negligence.

10. Infringement of Intellectual Property Rights

- 10.1 The Supplier shall indemnify and hold harmless Buyer from and against any and all claims, damages, losses and expenses (including reasonable attorneys' fees) incurred as a result of any claim, suit or proceeding brought against Buyer based on the allegation that the use, sale, distribution or other disposal of the Products constitutes an infringement of any Intellectual Property Rights. Buyer shall without undue delay notify the Supplier in writing of any such claim and the parties shall consult each other in the defense or settlement thereof.
- 10.2 In the event that the Products or any part thereof are in such suit or proceeding held to constitute an infringement or their further use, sale, distribution or other disposal is enjoined, the Supplier shall promptly, at its own expense and option, either: (i) procure for Buyer the right to continue the use, sale, distribution or other disposal of such Products; or (ii) replace or modify the same with non-infringing products without detracting from the function and performance of the Products.

11. Liability and indemnity

- 11.1 The Supplier shall indemnify and hold harmless Buyer from and against all claims, damages, losses and expenses in respect of (i) injury or death of any employee of Buyer (ii) loss of or damage to property of Buyer and (iii) injury or death and loss of or damage to property of any third party if caused by the Supplier's negligence, or by anyone for which Supplier is responsible, or by the relevant Product as a result of faulty design, inherent defects or faulty manufacture or faulty or insufficient instructions for the operation and maintenance of the Product.
- 11.2 Buyer shall indemnify and hold harmless the Supplier from and against all claims, damages, losses and expenses in respect of (i) injury or death of any employee of the Supplier, (ii) loss of or damage to property of the Supplier, and (iii) injury or death and loss of or damage to property of any third party if caused by Buyer's negligence.
- 11.3 If a third party initiates legal proceedings, whether by court action or by arbitration, the indemnifying party under this clause 11 hereby consents to be added to such proceedings as an additional party and hereby waives any objection to the jurisdiction of such court or tribunal.

12. Limitation of liability

- 12.1 Neither the Supplier nor Buyer shall be liable to the other party for any loss of profit, loss of use, loss of production, loss of contracts or for any other indirect loss that may be suffered by the other party.
- 12.2 The total liability of either party on any claim under the Agreement shall not exceed the higher of (i) the relevant contract price or (ii) any applicable insurance coverage.
- 12.3 The limitations of liability in this clause 12 shall not apply in case of (i) Gross Negligence, (ii) breach of confidentiality, (iii) systematic defect, (iv) Counterfeit Parts or (v) in relation to any indemnification pursuant to clause 10 or 11.

13. Force majeure

- 13.1 Either Party shall be entitled to suspend performance of its obligations under the Agreement to the extent that such performance is impeded by any of the following circumstances ("Force Majeure"): unannounced strikes, fire, war, embargo and any other events beyond the control of the affected party or its sub-contractors and which consequences cannot be avoided or overcome.

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- 13.2 The party claiming to be affected by Force Majeure shall notify the other party in writing without delay on the intervention and on the cessation of the Force Majeure.
- 14. Export and import licenses**
- 14.1 The Supplier is responsible to timely apply for, obtain and secure any Export Control License, in the territory of the Supplier and its sub-contractors, required to enable the timely delivery and discharging of all its obligations under this Agreement. The Supplier shall also support Buyer in connection with any future retransfer of the Product or part thereof.
- 14.2 If any Export Control License requires signed end user certificates the parties agree to assist each other in completing the end user certificates.
- 14.3 The Supplier shall provide to Buyer information on the export control classification (civil, military or dual use list) of all Products or parts thereof.
- 14.4 If any necessary Export Control License are delayed, denied or revoked, the Supplier shall notify Buyer thereof in writing without delay, and the Supplier shall be entitled to suspend performance of its obligations under the Agreement, except where such delay, denial or revocation is due to circumstances within the control of the Supplier.
- 15. Industrial cooperation (Offset)**
- 15.1 Buyer may use all or any part of the value of this purchase for offset purposes, including but not limited to: (i) fulfilling the offset or industrial participation obligations of the Buyer Group; (ii) transferring to third parties offset credits granted as a result of Contracts, or (iii) retaining granted offset credits for use in satisfying future offset obligations.
- 15.2 The Supplier undertakes to assist the Buyer Group in its dialogue with government agencies and/or other authorities and organizations involved, by inter alia verifying Purchase Orders received by filling out an offset declaration statement, where information regarding level of local content should have relevance for the calculation of offset credits.
- 16. Confidentiality**
- 16.1 This clause 16 shall apply if and to the extent it does not contradict the provisions of any applicable confidentiality agreement or similar agreement.
- 16.2 Each party shall protect Proprietary Information received from the other party with the same degree of care that it exercises with respect to its own Proprietary Information.
- 16.3 The receiving party undertakes to keep Proprietary Information confidential and not to disclose such in whole or in part to a third party without written permission from the disclosing party and to restrict access to Proprietary Information to those of its employees who have a need to know the same when executing the Agreement.
- 16.4 The duty of confidentiality does not apply to Proprietary Information which the receiving Party can prove: (i) is generally known to the public at the time of disclosure by the disclosing party or later becomes so generally known without the fault of the receiving party, (ii) was already known to the receiving party prior to disclosure by the disclosing party, (iii) is disclosed to the receiving party by a third party who did not obtain such information from the disclosing party subject to any confidentiality obligation, (iv) is independently developed by the receiving party, or (v) is approved for release or use by the other party's prior authorization in writing.
- 16.5 Buyer may disclose Proprietary Information received from the Supplier under the Agreement to the Swedish Defence Materiel Administration or the customer provided that such information exhibits the proprietary marking of the Supplier. Buyer may also disclose Proprietary Information to any other Buyer Company. Buyer shall ensure that any such Buyer Company complies with this clause 16.
- 17. Termination**
- 17.1 Buyer may terminate the Agreement or any part thereof with immediate effect by notice in writing to the Supplier in case the Supplier: (i) is liable to pay the maximum amount of liquidated damages pursuant to clause 7.5 or 7.6, (ii) fails to comply with such final time for remedy of defective Products as set out in clause 9.3, (iii) otherwise is in breach of any of its obligations under the Agreement and fails to remedy the breach within thirty (30) calendar days after receiving notice in writing specifying the breach, or (iv) becomes the subject of bankruptcy, insolvency, liquidation, winding-up, receivership or any similar institute or event.
- 17.2 The Supplier may terminate the Agreement or any part thereof with immediate effect by notice in writing to Buyer in case Buyer: (i) is in breach of any of its obligations under the Agreement and fails to remedy the breach within thirty (30) calendar days after receiving notice in writing specifying the breach, or (ii) becomes the subject of bankruptcy, insolvency, liquidation, winding-up, receivership or any similar institute or event.
- 17.3 In case of rightful termination by either party according to clause 17.1 or 17.2, the terminating party shall, subject to the limitations of liability set out in clause 12, be entitled to compensation for the loss it has suffered as a result of the termination.
- 17.4 If performance of the Agreement has been suspended under clause 13 or 14 for more than ninety (90) calendar days, either party may by notice in writing to the other party terminate the Agreement without incurring any liability towards the other party.
- 17.5 Provisions contained in these general conditions of purchase that are expressed or by their sense and context are intended to survive the expiration or termination of the Agreement, shall so survive the expiration or termination.
- 18. Notices**
- All correspondence and notifications shall be in writing in the English language and shall be deemed to have been duly received (i) on the day of delivery, if delivered personally, (ii) on the next working-day in the place to which it is sent, if sent by e-mail or by fax (with confirmation by the transmitting fax machine of complete transmission obtained), (iii) on the fifth Business Day after sending, if sent by registered or certified mail, to the agreed addresses or fax numbers of the recipient.
- 19. No waiver**
- A party's waiver of any of its rights under the Agreement must be in writing and duly executed by it. No single or partial waiver of any such right or remedy shall preclude any other or further exercise of that or any other such right or remedy.
- 20. Business ethics**
- 20.1 The Buyer considers ethical behaviour as a key parameter in its business. In furtherance of this, the Buyer has adopted a Supplier Code of Conduct which sets out the standards and principles, including a policy of zero tolerance of any form of corruption. Any from time to time updated versions of the Supplier Code of Conduct may be downloaded at www.saabgroup.com/supplier.
- 20.2 The Supplier acknowledges that it is aware of the content of the Supplier Code of Conduct and the Supplier undertakes to comply in all material aspects with the standards and principles laid down in it and to ensure such compliance by all of its directors, employees, agents or sub-contractors who are involved in performing the Supplier's obligations under this Agreement.
- 20.3 The Supplier understands and accepts that any non-compliance with this undertaking may be deemed to constitute a material breach of

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this Agreement and result in the Buyer's immediate termination of this Agreement or any other agreement between the Parties.

21. Counterfeit Parts

- 21.1 "Counterfeit Parts" means materiel whose origin, age, composition, configuration, certification status or other characteristics (including whether or not the materiel has been used previously) has been falsely represented by:
- (a) misleading marking of the materiel, labelling or packaging;
 - (b) misleading documentation; or
 - (c) any other means, including failing to disclose information;
- 21.2 The Supplier shall not deliver counterfeit parts or suspect Counterfeit Parts to the Buyer under this Agreement.
- 21.3 The Supplier shall only purchase products to be delivered to the Buyer directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Parts shall not be acquired from independent distributors or brokers unless approved in advance in writing by the Buyer.
- 21.4 If the Supplier becomes aware or suspects that it has furnished Counterfeit Parts or suspect Counterfeit Parts or if the Buyer determines, including as a result of alerts from any Government, or other relevant authorities, that the Supplier has supplied Counterfeit Parts or suspect Counterfeit Parts to the Buyer and so notifies the Supplier, the Supplier shall immediately replace the Counterfeit Parts or the suspect Counterfeit Parts with parts acceptable to the Buyer and conforming to the requirements of this Agreement.
- 21.5 Certificate of compliance must contain batch traceability documentation to the manufacturer including all intermediaries.
- 21.6 The Supplier shall insert a clause containing all of the terms of this provision in all subcontracts under this Agreement.

22. Disputes and applicable law

- 22.1 Any dispute controversy or claim arising out of, or in connection with, the Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. All arbitrators shall be appointed by the institute. The seat of arbitration shall be Stockholm, Sweden. The language to be used in the arbitration proceedings shall be English. The Parties undertake and agree that all arbitral proceedings will be kept strictly confidential.
- 22.2 The Agreement (including clause 22.1) shall be governed by and construed in accordance with the laws of Sweden, excluding its conflict of law principles providing for the application of the laws of any other jurisdiction.
