

GENERAL CONDITIONS OF PURCHASE

- 1. Conditions and Acceptance**
 - 1.1. The General Conditions of Purchase contained herein, in addition to the specific terms contained in each order, will apply exclusively for this agreement.
 - 1.2. Should these conditions of purchase contradict the specific terms in the order, the latter terms shall prevail.
 - 1.3. A Purchase Order (PO) can be based on other conditions than those named herein when accepted by Nammo (U.K.) Limited (NUK) and included in the order or agreed upon in writing.
- 2. Quotations and offers**
 - 2.1. The supplier quotes to NUK free of charge. Any deviations from the inquiry documents shall be clearly stated in the quotation.
 - 2.2. NUK has the right to accept any of a number of quotations, or reject all of them.
- 3. Purchase Order (PO)**
 - 3.1. Only written Purchase Orders will be accepted and binding to NUK. Telephone orders shall be confirmed in writing in order to be valid.
 - 3.2. A Purchase Order received electronically is valid without personal signature.
- 4. PO Confirmation**
 - 4.1. If the goods are not shipped immediately, the supplier shall return the PO Confirmation to NUK not later than one week after receipt of the PO. Otherwise, NUK has the right to abandon the agreement.
 - 4.2. NUK's PO and acceptance of the PO Confirmation are binding only if the supplier has accepted these General Conditions of Purchase and the specific terms included in the PO.
 - 4.3. A PO that does not specify the price or the time of delivery shall be replied with a PO Confirmation stating the missing information. NUK reserves the right to revoke this if the price or the time of delivery is not acceptable to NUK.
 - 4.4. If the supplier PO Confirmation deviate in price and/or time of delivery compared to NUK's PO, the agreement is valid when NUK accept in writing the altered conditions.
- 5. Price**
 - 5.1. The price(s) in the PO shall be firm, exclusive of VAT and/or other charges, duties or taxes.
 - 5.2. The price(s) include suitable transport packaging and all-risk insurance up to the agreed point of delivery. See article 9.
 - 5.3. For deliveries on account, NUK reserves the right to evaluate the invoiced price.
- 6. Terms of payment**
 - 6.1. The buyer's general terms of payment are 60 days net after receipt of correct invoice, the earliest invoice date being at the date of delivery.
 - 6.2. When goods are delivered prior to the time of delivery stated in the PO, the terms of payment will start to run at the stated time of delivery.
 - 6.3. Advanced payment is normally not accepted. If agreed upon, the supplier must provide security to the satisfaction of NUK before any advanced payment will take place.
 - 6.4. In the event of advanced payment, the goods will be the property of NUK as long as it is offset by the advanced payment amount.
- 7. Packing list**
 - 7.1. A packing list shall apply to one PO only. If one shipment consists of several orders, separate packing lists shall apply for each PO.
 - 7.2. All goods shall be marked in accordance with the packing list and the specific terms in the PO. The packing list shall state NUK's PO number, name of the purchaser, transportation mode, marking of the goods, number of packages, contents, weight, date of shipment, lot number, and NUK's article-number (if given in the PO).
- 8. Invoice**
 - 8.1. The invoice shall normally refer to one PO.
 - 8.2. All invoices shall be marked with the PO number, NUK's article- number (if given in the PO), the supplier's article-number, unit and price according to the PO, currency, lot-number, name of the purchaser, and whether all the certificate requirements are met.
 - 8.3. Invoices without the information stated in article 8.2 are considered incomplete and will be returned to the supplier. Payment will be postponed according to article 6.1.
 - 8.4. If certificate requirements and/or other required documents are specified in the PO, these shall be e-mailed separately to the purchaser. One copy of the documents required shall accompany the goods. These documents are essential to the goods delivered, and the delivery will not be considered completed until the required documentation is received and approved.
- 9. Delivery**
 - 9.1. The goods shall be properly packed and marked, and shall be delivered at the time and place agreed upon. In case of transport damages the supplier will be held liable for any insufficient packing.
 - 9.2. If nothing else is agreed upon, the latest edition of the INCOTERMS will apply.
 - 9.3. If installation by the supplier is agreed upon, or functional testing is a part of the delivery, the delivery is only considered completed when NUK has accepted the delivery in writing.
 - 9.4. Deliveries not according to the quantity specified in the PO shall not be made without the written approval from liable purchaser.
- 10. Quality Assurance -Inspection – Control**
 - 10.1. The supplier shall have a satisfactory quality assurance system suitable for the PO. NUK reserves the right to approve the quality assurance system based upon an audit of the supplier.
 - 10.2. NUK, or its representative(s), or representatives for the customer/end user, shall have the right at any time to make a reasonable investigation and inspection at the suppliers and/or their subcontractors facilities. This is to assure that the delivery is executed in accordance with the quality system agreed upon, and according to the specific PO. The supplier is obliged to assist in carrying out such an inspection at no additional cost. NUK may also require test records, material certificates and calculations presented.
 - 10.3. If the audit discovers that the workmanship is insufficient, or in any other way unsatisfactory, the supplier shall immediately carry out the necessary improvements or follow the directions of NUK's inspector. The supplier will cover the cost of these improvements and inspections.
 - 10.4. The quality assurance inspection does not relieve the supplier from any risks and responsibilities concerning the execution of the PO.
 - 10.5. NUK's incoming inspection by the quality control engineer will decide the contractual fitness of the goods at the delivery. See article 11.
 - 10.6. When incoming inspection is performed at the supplier's premises, the supplier is required to notify NUK in writing in reasonable time before the inspection takes place.
 - 10.7. As part of the inspection system, Supplier shall prepare records evidencing all inspections made under the system and the outcome of such inspections. These records shall be complete and made available to Buyer during performance of this Order and for as long afterward as required by this Order or applicable laws and regulations, but in no event shall such period expire prior to: (i) seven (7) years after final payment; or (ii) final resolution of any dispute involving the Goods delivered hereunder, whichever is later.
- 11. Acceptance, Defects and Claims**
 - 11.1. Transfer of the title occurs when the goods have arrived at NUK's premises, and NUK has had the opportunity to inspect that the delivery is in accordance with the PO.
 - 11.2. The delivery shall meet the specifications in the PO, including the performance and consumption figures agreed upon, and shall not have defects of any kind. Furthermore, the technical performance shall conform to what modern techniques can require with reference to design and first class workmanship. Important spare parts shall be available throughout the life of the goods, limited upwards to 10 years. Use and possible resale of the goods shall not disagree with public regulation, legislation, third party patents or other immaterial privileges. If NUK has inspected the goods prior to delivery, or the supplier has sent drawings, goods or samples for inspection, this does not limit the supplier's responsibility for shipping according to the contractual obligation.
 - 11.3. NUK shall inspect received goods within reasonable time after delivery. NUK is not obliged to inspect the goods before it has arrived at the place of use, and not before the instalment is completed. NUK's obligation to inspect the goods applies similarly when the supplier has completed the improvements.
 - 11.4. NUK shall submit a written complaint within reasonable time after a defect is discovered. The deadline for claims is 24 months after the delivery. For replaced or repaired parts, an equivalent period runs from the day the parts were replaced or repaired. The deadline for claims will not run as long as the machine is inoperative due to necessary improvements to meet the contractual obligations.
 - 11.5. If defects occur within the deadline for claims, the supplier shall immediately, or later if the supplier has a legitimate reason to demand such an extension, repair the defects. This shall be done without any costs for NUK.
 - 11.6. If the supplier cannot perform what is necessary to meet the contractual obligations within reasonable time, NUK can itself or with help of others take the actions necessary at the cost and risk of the supplier. The same rule applies if it will lead to considerable inconvenience for NUK to wait for the supplier's replacement. In such cases the supplier shall be notified

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- immediately.
- 11.7. If the delivery has defects that are not fully repaired according to the rules *above*, NUK shall be entitled to a deduction in price.
- 11.8. If the delivery has material defects that cannot be repaired within reasonable time, NUK has the right to terminate the contract and demand to be reimbursed for its direct costs. The same rule applies if the delivery has material defects that are not repaired within reasonable time.
- 11.9. Any direct losses NUK incur due to defects shall be compensated. If NUK incur any indirect losses as a result of defects, NUK shall be entitled to indemnification if the supplier or someone the supplier is responsible for has been negligent.
- 12. Late deliveries / Penalties**
- 12.1. The supplier is required to notify NUK in writing immediately if there is any reason to believe that the time of delivery agreed upon cannot be met. Such notification shall state the reason as well as the probable length of the delay. The supplier is responsible for direct and indirect losses that NUK suffers and that could have been avoided if the supplier had informed NUK in due time.
- 12.2. If the delivery has not taken place at the time agreed upon, NUK has the right to cancel or uphold the PO. Contracts customised for NUK based on NUK's specifications, which the supplier cannot use in other ways without substantial losses can only be terminated by NUK if the delay constitutes a material breach of contract. When the maximum fine is reached after 9 weeks, the buyer may terminate notwithstanding the type of contract. If the goods have defects that make the goods not fit for the intended purpose, the rules for late deliveries apply.
- 12.3. When goods are *delivered* late, a fine equal to 0,15% of the total amount of the PO per week day will be deducted until the delivery has taken place or NUK terminates the contract. The fine shall nevertheless not exceed 8% of the total PO amount. The total PO amount is the amount in the main PO including all possible additional PO's marked with the same order number. The fine will not apply if the supplier can prove that the late delivery is caused by force majeure. In case of a force majeure plead; a certified declaration must be presented. If the supplier disregards this, the supplier cannot use the plead as a reason for late deliveries in the future, and the fine applies *even* when force majeure reasons are factual.
- 12.4. Certificates and/or other documents specified in the PO are a part of the delivery. When late deliveries occur, article 12.3 applies.
- 12.5. Any direct losses NUK incurs due to delay can in lieu of the fine be compensation.
- 13. Changes**
- 13.1. Based on what the parties could reasonably expect at the time of the contract, NUK reserves the right to require quantitative and/or qualitative changes, or change the time of delivery.
- 13.2. The supplier shall be compensated for the additional work resulting from such changes, and for other direct costs incurred in accordance with the original profit and cost *levels*, which the price is based on. If such changes result in savings for the supplier, these shall be deducted from the price likewise, or the price shall be adjusted.
- 13.3. Should the parties not agree on the amount that shall be added or deducted from the purchasing price due to these changes, the supplier should notwithstanding implement the changes without waiting for the final outcome of the dispute.
- 14. Warranties**
- 14.1. The supplier warrants against defects and deficiencies for a period of 24 months after the transfer of title (according to article 11), unless the warranty is extended according to article 14.4 below, or in accordance with other legislation.
- 14.2. Should defects or deficiencies occur or be proven within the warranty period, the supplier shall upon notice by the buyer correct these as soon as possible without any cost to NUK by:
- a) Repair on site if possible, or
 - b) Repair on an assigned place, or
 - c) Replacement of the delivery. This shall be at the suppliers cost and risk.
- 14.3. If the supplier does not repair or replace the goods within reasonable time, NUK can correct or replace at the cost and risk of the supplier. The same rule applies if NUK due to its time of delivery or other reasons cannot wait for the fulfilment of the contract by the supplier. Repair or purchase from another company does not relieve the supplier, and articles 14.1 and 14.2 apply in full.
- 14.4. When NUK has a claim according to article 11, the warranty will be extended to 24 months after NUK has accepted the repair or replacement or a purchase from another vendor has occurred according to article 11.
- 14.5. This warranty does not in any way limit NUK's right to enforce breach of contract based on other legislation.
- 15. Responsibilities**
- During the entire period of performance for this agreement, each party shall be fully responsible for all HESS (Health, Environment, Safety & Security), as well as insurance coverage for their own personnel, equipment and facilities. Subcontractors must meet all applicable national rules and regulations with regards to insurance coverage and limits.
- 16. Property of the buyer**
- 16.1. All documentation with reference to certificates, drawings, and instructions, e.g. specified in the PO are a part of the delivery, and the property of NUK.
- 16.2. Drawings, product descriptions and other information that NUK has supplied to the supplier are the property of NUK, and shall not be given to a third party or used for other purposes than fulfilling the contract between the supplier and NUK.
- 16.3. For PO's where NUK pays the cost of tooling, the tooling will be the property of NUK. The supplier shall make a directory of the specific tooling included in the PO, and mark the tooling properly. The supplier shall not use these tools in production for a third party without the written consent of NUK.
- 17. Offsets**
- Seller agrees on that the value of the Purchase order/contract may be used to satisfy any international offset obligations that buyer or buyer's customer may have with the seller's country.
- In addition, seller agrees to identify and retain for buyer's use any rights to offset credits generated by its subcontractors arising out of or resulting from this purchase order. Seller shall provide documentation in support of buyers rights to offset credits.
- 18. Conflict Minerals**
- Conflict minerals refer to tin, tantalum, tungsten and gold (commonly referred to as 3T&G), regardless of where they are sourced, processed or sold.
- The intent of these requirements is to further the goal of ending violent conflict in the Democratic Republic of the Congo (DRC) and in adjoining countries, which has been financed, in part, by the exploitation and trade of conflict minerals.
- Nammo is committed to ethical business conduct and the responsible sourcing of conflict minerals through our global supply chain.
- Nammo vendors must practice responsible sourcing of materials which will continue our efforts to ensure a conflict-free supply chain to the extent reasonably practicable.
- 19. Confidentiality**
- 19.1. Sensitive information in descriptions, patterns, drawings, models and alike that the supplier has received from NUK in connection with the execution of the delivery shall remain confidential and not be copied or used for any other purposes than the execution of the contract. The supplier is responsible for any loss that NUK may suffer as a result of breach of these obligations. If required, the supplier shall without delay return all documentation to NUK.
- 19.2. The supplier shall not take pictures or make copies on or of NUK's property without the written consent of NUK.
- 19.3. Without NUK's written consent, the supplier shall not issue any press release, publish, announce or in any way *advertise* in connection to the PO received.
- 20. Indemnification -Immaterial rights**
- 20.1. The supplier warrants that NUK can own, use and sell the goods delivered, and that patents or any other immaterial rights do not prevent this.
- 20.2. NUK shall inform the supplier if other parties demand the goods, or states that the buyer cannot own, use or sell these goods.
- 20.3. The supplier will keep NUK indemnified for all claims from a third party, including public charges and patents.
- 20.4. Any liability between Buyer and Seller for indirect or consequential damages shall be determined in a court of law. This clause applies to all Buyer's and Seller's employees, lower tier subcontractors, agents and contractors.
- 21. Applicable law and legal venue**
- This agreement and any dispute arising out of the agreement shall be *resolved* according to the laws of England and Wales.
- Legal venue shall be the domicile of NUK.

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- 22. Supplier Conduct Principles**
Nammo (U.K.) Limited, a member of Nammo Group, has commitment and requirements in connection with issues of an ethical nature that relate to business practice and personal conduct.
Nammo supports the ten principles of the UN Global Compact which asks enlightened global business companies to embrace universal principles in the areas of human rights, labor, environment and anti- corruption.
The latest version of this document is a part of this contract. www.nammo.com/suppliers
- 23. Government Funded Contracts**
Government funded contracts may have additional requirements.
- 24. Investment purchases**
When buying machinery and or equipment, the "Additions to general conditions of purchase" will apply in addition to these conditions.
- 25. Supplier Changes in Product, Manufacturing Location, or Process Definition**
Buyer must be promptly notified of changes in, manufacturing location of the Goods, or process definition that were not requested by Buyer. Notification should describe the change or changes that have been made or are being proposed. Buyer reserves the right to require its approval of the manufacturing location of the Goods or the process change before the Supplier forwards the Goods.
- 26. Counterfeit Goods Prevention**
- 26.1. Supplier represents and warrants that Counterfeit Goods are not contained in Goods delivered to Buyer through the implementation of policies that include prevention, detection and risk mitigation methods to protect against the use of Counterfeit Goods.
- 26.2. Supplier shall purchase parts directly from the Original Component Manufacturer (OCM) / Original Equipment Manufacturer (OEMs), or from the OCM authorized or franchised distributor. Procurement through an independent distributor, non-franchised distributor or broker is NOT authorized. A certificate of conformance shall accompany each shipment of Goods delivered, along with OCM/OEM documentation that authenticates traceability of the components to that applicable OCM. If an original OEM/OCM certificate is NOT available, distributor shall provide a De-lid and Die Verification Report for the supplied parts verifying authenticity of the parts and such other documentation, testing and/or other information as Buyer shall reasonably request; however, the submission of such additional items shall not relieve Supplier of its obligations hereunder.
- 26.3. In the event Supplier becomes aware or suspects that it has furnished Counterfeit Goods, it shall immediately notify Buyer. When requested by Buyer, Supplier shall provide (if available) Authorized Supplier documentation that authenticates traceability of the parts to the applicable Authorized Supplier.
- 26.4. In the event that Goods delivered under this Order are, or include, Counterfeit Goods, Supplier shall promptly investigate, analyze and report in writing to Buyer. Counterfeit Goods shall be replaced with genuine. Goods conforming to the requirements of this Order, or whether an alternative solution is recommended to meet the Order requirements at Supplier's sole expense. The Parties shall then agree upon the appropriate course of action.
- 26.5. Supplier shall include this clause or reasonably equivalent provisions in all subcontracts for the delivery of Goods that will be furnished to or included in Goods furnished to Buyer.
- 27. Definitions**
NUK = Nammo (U.K.) Limited
PO = Purchase Order
Supplier = the company supplying goods or services to NUK