

## General Terms and Conditions of Purchase - KNAPP Israel Ltd

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### Preamble

These General Terms and Conditions of Purchase shall apply to all orders (supply and services) of KNAPP Israel Ltd ("KNAPP").

These Terms and Conditions of Purchase comprise the aforementioned parts. Special Terms "B" contain additional terms concerning the supply of materials, systems and components. Special Terms "C" contain additional terms for the provision of works (supply and services under a contract for works) which are applicable in addition to Special Terms "B". The contractual relationship is subject to all provisions of the General Terms "A" of these General Terms and Conditions of Purchase as well as those parts of the Special Terms that are applicable to the specific content of the contractual relationship. KNAPP's purchase order together with these Terms and Conditions of Purchase, the "Contract".

### A. General Terms

#### 1. General information

- 1.1. Unless expressly agreed otherwise, these Terms and Conditions of Purchase shall apply exclusively to any current and future deliveries and other services as well as for any offers and payments to and from KNAPP, even if no explicit reference is made.
- 1.2. Deviating terms and conditions of the SUPPLIER shall only be valid if KNAPP expressly recognizes them in writing. If KNAPP should refer to offer-related documents of the SUPPLIER in its purchase order, this does not imply acceptance or recognition of the SUPPLIER's terms and conditions.
- 1.3. The contractual relationship is subject to all provisions of the General Terms "A" of these General Terms and Conditions of Purchase as well as those parts of the Special Terms that are applicable to the specific content of the contractual relationship. In case of contradictions between the General and Special Terms, the regulations of the Special Terms take precedence.
- 1.4. The SUPPLIER shall register in the supplier portal of KNAPP and is obliged to process inquiries made by KNAPP bindingly using the supplier portal in accordance with the applicable conditions and to keep its master data (such as contact/address information, certificates) in the portal up to date.

#### 2. Conclusion of contract

- 2.1. The SUPPLIER shall check all documents made available to it by KNAPP for accuracy and completeness. Contractual changes made on the basis of insufficient information are excluded.
- 2.2. Orders shall only be valid once they have been placed by KNAPP in writing or in electronic written form. Confirmation of the purchase order placed by KNAPP shall be provided by the SUPPLIER immediately, in any event within 3 days, containing the date of delivery.
- 2.3. Assurances and subsidiary agreements as well as additions and modifications of any kind shall only apply once they are confirmed in writing or in electronic written form by KNAPP.
- 2.4. In the event of contradictions, the purchase order from KNAPP together with any enclosed appendices has highest priority, and then these present Terms and Conditions of Purchase.

#### 3. Deliveries and services, delays

- 3.1. All deliveries and (work) services shall be rendered on the agreed dates and at the agreed place of fulfilment, otherwise at KNAPP's site.
- 3.2. The supplies and services must comply with the most recent valid versions of the applicable laws, regulations, directives, norms and standards, etc., in particular, the SUPPLIER must also observe the applicable provisions effective in the place of fulfilment.
- 3.3. The SUPPLIER confirms it has informed itself unequivocally and sufficiently of the project goals, performance requirements, general conditions etc., as well as regarding the scope and extent of the project and that it has fully taken this information into account in preparing its offer.
- 3.4. As the case may be, the SUPPLIER provides supplies and services which form part of a complex complete system to be installed. Impairment of the performance of an obligation of the SUPPLIER usually also results in problems in the overall system or project. The SUPPLIER therefore in fulfilling its order, undertakes to exercise special care and diligence to meet the requirements of these circumstances. In particular the SUPPLIER shall provide all information which is to be considered for the fulfilment of the order.
- 3.5. The SUPPLIER is aware that compliance with the deadlines is essential for the fulfilment of the contract. In consideration hereof, the SUPPLIER shall take every reasonable action necessary to avoid any delays. As soon as a delay in the implementation of the schedule becomes evident to the SUPPLIER, the SUPPLIER shall inform KNAPP immediately, without prejudice to any rights and claims on the part of KNAPP, and submit an updated schedule and an action plan for meeting the new deadlines.
- 3.6. If the SUPPLIER does not meet the agreed dates or deadlines, KNAPP is entitled to impose upon the SUPPLIER a contractual penalty of 1 % of the total purchase price per every day commenced up to the actual date of delivery, with a total of maximum 10 % of the total purchase price, and to charge this amount to the SUPPLIER or deduct the amount from the SUPPLIER'S invoice. The deduction of the contractual penalty neither releases the SUPPLIER from its obligation to supply goods and/or services under this Contract nor excludes the right of KNAPP to assert further damages, nor restricts any other rights or remedies of KNAPP available under this Contract or applicable law.
- 3.7. KNAPP has the right to demand that the SUPPLIER temporarily stop further execution of the order at any time. In such a case, the SUPPLIER must detail to KNAPP the consequences which threaten to arise and offer KNAPP the most economical change to the project execution schedule. The SUPPLIER may make no claims against KNAPP for interruptions that last up to a maximum of 3 months.
- 3.8. Any drawings, tools, moulds etc. that KNAPP provides to the SUPPLIER shall remain the property of KNAPP and shall not be passed on to third parties ("KNAPP's Tooling"). The SUPPLIER acknowledges that these materials are protected under copyright law exclusively for KNAPP. These materials must be returned to KNAPP upon delivery or cancellation of the order. SUPPLIER shall be responsible, at its cost and expense, to the maintenance and insurance of all KNAPP's Tooling, and shall maintain KNAPP's Tooling in good order and in accordance with all of KNAPP's guidelines.

#### 4. Documentation

- 4.1. If stated in the purchase order or otherwise agreed or if legally required regarding the scope of supply and services to be rendered by the SUPPLIER, the SUPPLIER is obliged to supply documentation in accordance with the following provisions.

**4.2.** All documents accompanying the SUPPLIER's services and supplies of a written, graphical or other nature are considered documentation, which serves to ensure that the SUPPLIER and KNAPP can fulfil their obligations towards their contractual partners in a timely manner. Such documents relate to manufacturing, quality control, risk assessment, safety regulations, shipping, export, customs clearance, storage, installation, training, operation, repairs, maintenance, procurement of spare parts, etc. The documentation to be delivered by the SUPPLIER shall be specified separately by KNAPP and must be delivered by the SUPPLIER to the specified location.

**4.3.** Documentation forms an integral part of the scope of supply and services of the SUPPLIER. If the SUPPLIER does not deliver the documentation in due time and in line with the requirements of KNAPP and the specified standards, directives etc., KNAPP shall be entitled to claim a contractual penalty in accordance with clause 3.6.

**4.4.** If a CE declaration of conformity or a declaration of incorporation are required for the supplies of the SUPPLIER, the SUPPLIER is obliged to apply the CE marking, obtain the corresponding declaration and provide KNAPP with the necessary documentation both in the language of KNAPP's customer ("END CUSTOMER") and in English. The SUPPLIER shall bear liability for damages arising from errors in the translation.

## **5. Rights of use**

**5.1.** For any software included in the scope of supply, KNAPP shall receive an irrevocable, non-exclusive, transferable, temporally, spatially and materially unrestricted right of use, which is included in the contract price.

**5.2.** For developments (such as analyses, concepts, individual software including the associated documentation, hardware developments) individually performed for KNAPP, the SUPPLIER shall transfer exclusively to KNAPP all transferable property rights and rights of use to the services rendered for all utilisation options that are known at this point, or for utilisation options that become known at a later point than they are created, at no extra cost. The transfer shall be effective for all rights of use irrespective of time, location, the intended purpose and any other factors and shall also be effective following the termination of the Contract on whatever grounds.

**5.3.** For project-related work results (analyses, concepts, individual software including the associated documentation, hardware developments) originally not included in the scope of supply but arising (incidentally) from the fulfilment of the Contract by the SUPPLIER, KNAPP receives an exclusive, temporally, spatially and materially unrestricted, irrevocable right of use. This includes all current and further types of use as well as the right to edit.

**5.4.** At the request of KNAPP, the SUPPLIER undertakes to deposit the source code of the software to be delivered to KNAPP with an institution stipulated by KNAPP under the terms of KNAPP.

## **6. Force Majeure**

**6.1.** The parties shall be entitled to cease fulfilment of their contractual obligations if such fulfilment is rendered impossible or unreasonably complicated through unforeseeable circumstances outside of the parties' control. The affected party shall provide a statement to the respective other party within three days of the onset of such circumstances, detailing the reason for the delay, the start date of the delay and, to the extent possible, the expected impact and length of the delay. All efforts shall be taken to overcome and reduce the difficulties encountered and any foreseeable damage. The other party shall be informed accordingly.

**6.2.** Should the interruption last longer than three months, KNAPP shall be entitled to declare its withdrawal from the Contract, setting a deadline of 14 days. The supplies and services rendered by the SUPPLIER up to this point shall be charged according to the expenses already incurred. Neither party shall be liable to the other party for the consequences of any adverse effects on the fulfilment of the Contract arising from force majeure.

**6.3.** SUPPLIER's right to claim any force majeure relief or remedies is strictly contingent upon such relief or remedies being concurrently granted to KNAPP under KNAPP's contract with its END CUSTOMER. If no such concurrent relief or remedies are granted, the Supplier shall not be entitled to cease fulfilment of its contractual obligations hereunder on account of force majeure.

## **7. Price / terms of payment**

**7.1.** Unless otherwise agreed in writing between the parties, the parties agree upon a fixed price exclusive of VAT as remuneration, which includes all expenditures of the SUPPLIER in connection with the fulfilment of the supplies and services, including any work or services performed prior to conclusion of the Contract. KNAPP shall only bear such costs that are expressly stated in the corresponding contractual documents as the obligation of KNAPP. The terms and conditions as stipulated for the main order shall also apply to any expansions to the purchase order or to supplemental orders as well as to orders for spare parts and wear parts.

**7.2.** Unless otherwise agreed in writing between the parties, all payments shall be made net within 60 days of receipt of invoice and after fulfilment of all requirements stated in the purchase order. Generally, payments shall become due only after the SUPPLIER has submitted all required (payment) guarantees. Payments by KNAPP shall not represent acceptance of the correctness of the delivery, documentation and/or services rendered, and thus do not represent a waiver by KNAPP of its right to assert claims for non-performance on any legal grounds.

**7.3.** KNAPP shall be entitled to offset any outstanding claims against any claims of the SUPPLIER, including from other projects, if the SUPPLIER does not fulfil its obligations in spite of being requested to do so and in spite of a reasonable grace period.

**7.4.** KNAPP shall be entitled to withhold taxes required under any applicable laws, rules, and regulations, including withholding taxes at source, unless SUPPLIER has provided KNAPP in advance with an up-to-date certificate of exemption from tax withholding and any other certification required by the Israeli law.

## **8. Termination of the Contract**

**8.1.** Notwithstanding any other rights and measures under this Contract or applicable laws, KNAPP shall, by notifying the SUPPLIER in writing, and upon setting a grace period of no more than 14 days, be entitled to terminate the Contract, if the SUPPLIER has committed a fundamental breach of Contract. In particular, as non-exclusive examples of fundamental breaches of Contract, if the SUPPLIER fails to provide or continue the contractually agreed supplies and services or if defects and defectiveness remain despite granting a grace period or the SUPPLIER is in default by 14 days as well as if the SUPPLIER should refuse fulfilment of the contract. KNAPP shall invoice the SUPPLIER for any resulting costs or expenses incurred.

**8.2.** Following termination of the Contract, KNAPP shall have the right – without prejudice to its other rights under law or this Contract – to carry out substitute performance at the expense and risk of the SUPPLIER.

**8.3.** If SUPPLIER has breached the Contract, KNAPP shall be entitled – without prejudice to its other rights under law or this Contract – to use the supply provided by the SUPPLIER, by KNAPP or the END CUSTOMER, as well as to support and maintenance performed by the SUPPLIER, all of the above – free of charge, until the acceptance of an alternative solution.

**8.4.** KNAPP has the right to terminate the Contract at any time in whole or in part without cause subject to a grace period of no more than 14 days. KNAPP, shall in this case, pay the SUPPLIER for supplies and services already rendered, as well as all proven costs incurred by the SUPPLIER that have been acknowledged by KNAPP and that were incurred prior to the notice of contract termination being served. Upon receiving notice of contract termination, the SUPPLIER shall make every effort to keep the costs as low as possible. KNAPP shall not assume any liability towards the SUPPLIER for any consequences of contract termination, particularly not for lost profit.

## **9. Warranty**

**9.1.** In addition to the expressly specified or otherwise explicitly or conclusively agreed upon characteristics (in particular functionality, performance or generally required characteristics), the SUPPLIER represents and warrants that all supplies and services are performed with the necessary due diligence, skill and care and in accordance with the applicable laws, good industry standards and guidelines and the terms and conditions of this Contract. Furthermore, the SUPPLIER warrants that the supplies and services shall be fit for their purpose and be free from defects in design, material and workmanship, as well as the rendering of the service during the warranty period.

**9.2.** The SUPPLIER shall immediately rectify defects through replacement, repairs or by rendering a service again at the place of use of their supplies. All associated costs for improvement, replacement incidentals, and necessary services (such as customs duties, transport, dismantling and installation, etc.) shall be rendered and borne by the SUPPLIER.

**9.3.** If the SUPPLIER fails to remedy defects or errors immediately after receiving the first request from KNAPP, KNAPP may perform the remediation work itself or assign it to a third party; the costs shall be borne by the SUPPLIER.

## **10. Liability**

**10.1.** The SUPPLIER shall be liable towards KNAPP for all damages and costs caused by the SUPPLIER or by anyone on its behalf in connection with their performance or non-performance of this Contract. Furthermore, the SUPPLIER shall indemnify and hold KNAPP harmless from and against any and all claims and liability which KNAPP has incurred due to any act or omission by the SUPPLIER or anyone on its behalf.

**10.2.** The SUPPLIER undertakes to insure itself adequately against all risks arising from the liability under this Contract, in particular but not limited to product liability and shall submit proof of this insurance (such as a confirmation of the insurance cover) to KNAPP upon conclusion of the Contract at the latest. The SUPPLIER is obliged to maintain the insurance policies over the entire course of the project until one year after the end of the warranty period and to pay the insurance premiums in a timely manner.

**10.3.** The conclusion of an insurance policy shall not limit in any way the obligations and the liability of the SUPPLIER arising from this Contract.

## **11. Confidentiality / data protection**

**11.1.** Trade and business secrets are to be treated as strictly confidential during and after the termination of the contractual relationship, and no information, documents, documentation, drawings, sketches or other records shall be passed on to third parties or otherwise made accessible without the express consent of KNAPP. KNAPP shall likewise treat all documents of the SUPPLIER as confidential.

**11.2.** The SUPPLIER is aware that the unauthorized use or disclosure of the information in accordance with this clause can cause irreparable damage to KNAPP and can result in serious disadvantages for KNAPP to an unknown extent. In the event of such an unauthorized use or disclosure by the SUPPLIER, it must pay a contractual penalty payment in the amount of € 100,000.- (in words: one-hundred thousand euros) per breach; the SUPPLIER acknowledges this amount as appropriate. To the extent that KNAPP can prove that the actual damage is higher than the contractual penalty, the SUPPLIER is liable for all the damages. Moreover, KNAPP also reserves the right to make use of any other available legal remedies. Furthermore, the SUPPLIER must immediately return all information provided.

**11.3.** Both parties shall use personal data that were made accessible to them within the context of their contractual relationship for the sole purpose of fulfilling their respective contractual obligations and protect them against access and knowledge by third parties. Both parties to the Contract undertake to comply with all the current valid, relevant data protection regulations, particularly the latest legislation on data protection in the European Union and Israel, particularly the General Data Protection Regulation of the European Union (GDPR) (2016/679) and applicable national implementation provisions and the Israeli Privacy Protection Law, 1981 and the regulations thereunder, and shall also impose this obligation on their contractual partners at all events. If authorities require personal data, it may be provided to these authorities only.

**11.4.** To the extent it is relevant in the individual case and if agreed between the parties, the SUPPLIER shall process personal data on behalf of KNAPP, solely for fulfilling its contractual obligations, all as determined by a separate data processing agreement. By concluding a corresponding separate data processing agreement, KNAPP commissions the SUPPLIER explicitly and formally with such data processing.

**11.5.** KNAPP, or a third party authorized by KNAPP, has the right to view the business premises of the SUPPLIER, in which the services pertaining to the subject of the Contract are prepared or carried out, during the normal business hours of the SUPPLIER and to convince itself of the compliance to the legal/government and any other applicable requirements and these Terms and Conditions (in particular but not exclusively, the implementation of standards for quality management, environmental protection and safety, as well as data security and data protection) in the relevant areas. Such an examination can include checking internal guidelines, processes, procedures, books and other documents. The SUPPLIER shall reasonably support the audit in order to achieve the respective purpose of the audit. This shall be carried out so that the examination does not unreasonably impede the SUPPLIER's daily business or cause inappropriately high costs for the SUPPLIER.

## **12. Proprietary rights**

**12.1.** The SUPPLIER shall ensure that KNAPP's use of its supplies and/or services under this Contract is not limited by the assertion of third party rights (brands, patents, models, etc., or any other registered or unregistered intellectual ownership or proprietary rights) and is not in breach of any existing third party rights. Should such limitations or infringements be asserted, the SUPPLIER shall completely indemnify and hold KNAPP harmless from and against all claims from third parties and either guarantee KNAPP the unrestricted use of the supplies and/or services or provide corresponding alternatives free of charge.

## **13. Other provisions**

**13.1.** The SUPPLIER shall not commission third parties with the fulfilment of these services or elements thereof without the consent of KNAPP given in writing or in electronic written form. KNAPP reserves the right to decline subcontractors, but not without providing reasonable reasons. The SUPPLIER shall in any case be liable towards KNAPP for the supplies and services of its subcontractors under the same conditions as for its own supplies and services.

**13.2.** The SUPPLIER is responsible for the compliance with labour law requirements and any other applicable duties stipulated by law in respect of its employees or subcontractors, as well as for the technical and safety-related instruction of its employees and subcontractors.

**13.3.** The rights and duties arising from this Contract shall be passed on to the legal successors of the parties. However, KNAPP shall have the option of terminating this Contract with immediate effect after becoming aware of the legal succession.

**13.4.** The granting of liens, rights of retention or other securities by the SUPPLIER on supplies and services of the SUPPLIER or parts thereof as well as on parts provided by KNAPP to the SUPPLIER or elements thereof is not permitted.

**13.5.** The SUPPLIER shall notify KNAPP immediately in writing (e-mail is sufficient) if changes or discontinuations of the product portfolio in question are made. The following information must be provided to KNAPP in writing:

- Description of the change/cancellation/product;
- Date of the last time order and date of the last time buy;
- Successor product;

- Information on the compatibility of the successor (form, fit and function);
- Data sheet of the successor product.

#### **14. Place of jurisdiction**

**14.1.** This Contract is exclusively governed by the laws of the State of Israel, without reference to its conflicts of laws provisions and, excluding the rules of private international law and the UN Convention on Contracts for the International Sale of Goods (CISG). The provisions of the Sale Law, 1968 and the Contract for Services Law, 1974 shall not apply to this Contract.

**14.2.** If any disputes arise in relation to or as a result of this Contract, the parties shall endeavour to reach an amicable settlement. If the parties fail to reach agreement within thirty (30) days of written notice to conduct such negotiations, they shall proceed in accordance with item 14.3 below..

**14.3.** The parties agree that all disputes hereunder shall be solely and exclusively determined by the competent courts of Tel Aviv, Israel, including disputes about the conclusion of this Contract, its validity, interpretation, performance, breach or discharge. Notwithstanding the above, in the event that KNAPP required immediate injunctive relief, such as but not limited to, in order to prevent any infringement of its intellectual properties and/or unauthorized disclosure of its confidential information, KNAPP may initiate appropriate legal proceedings and seek such injunctive relief before the competent courts in any territory where such infringement or unauthorized disclosure takes place or is about to take place, and in such cases lex fori shall apply to such proceedings..

#### **15. Severability clause**

**15.1.** Should provisions of this Contract be or become invalid or unenforceable in part or in whole, or should this Contract contain a loophole, this shall not affect the validity of the other provisions of these General Terms and Conditions of Purchase. Ineffective or unenforceable provisions shall be replaced by the parties with valid or enforceable provisions that come as close as possible to the intended purposes and consensus of the parties to the Contract.

### **B. Special Terms (supply of materials)**

#### **1. Special Terms**

**1.1.** These Special Terms "B" contain additional provisions concerning the supply of materials, systems and components.

#### **2. Branding and packaging**

**2.1.** The SUPPLIER is entitled to apply company logos and/or trademarks (branding) on the supplies. In order to ensure that the complete system has a uniform appearance, however, the design of the branding, particularly the size, position and colour must be discussed with and approved by KNAPP. If the SUPPLIER applies branding that has not been approved by KNAPP, the SUPPLIER is obliged to subsequently change or remove the branding upon request of and at the discretion of KNAPP.

**2.2.** The packaging shall be included in the purchase price. All damages resulting from inappropriate packaging shall be borne by the Supplier. The existing official regulations, especially the requirements for design and labelling of the packaging must be observed for the delivery of dangerous goods.

#### **3. Deliveries, delays**

**3.1.** Deliveries/shipments shall be made free of charge, at the cost and risk of the SUPPLIER, to KNAPP or to the place of delivery specified by KNAPP (INCOTERMS 2020 – DAP). The SUPPLIER shall take out third-party liability insurance and transportation insurance, which must also cover the unloading process. In addition, KNAPP reserves the right to demand the submission of specific insurance confirmations from the SUPPLIER.

**3.2.** Each consignment shall include a delivery note indicating the exact contents. A copy of the shipping documents shall be delivered to KNAPP.

**3.3.** In the event of missing or incomplete shipping documents, in particular missing order reference data, KNAPP reserves the right to refuse acceptance of the delivery at the expense and risk of the SUPPLIER.

**3.4.** Before the SUPPLIER delivers the scope of supply, KNAPP shall be entitled to perform a test involving the inspection or testing thereof at the SUPPLIER's facilities.

**3.5.** The SUPPLIER is obliged to obtain at its own expense any necessary licenses in connection with its supplies, in particular for export to the country of the END CUSTOMER.

#### **4. Additional specific warranty provisions**

**4.1.** The warranty period begins upon delivery in accordance with the applicable Incoterms and is of the duration stated in the purchase order, or at least 24 months, whichever is longer.

**4.2.** KNAPP's obligation to inspect the supplies for defects following delivery is expressly excluded. The SUPPLIER waives its right to object to the delayed notification of defects by KNAPP. During the warranty period, KNAPP has a period of 6 weeks following discovery of any defects to provide notice of defects. KNAPP shall have no obligation to inspect the delivery of the SUPPLIER prior to any agreed function and performance tests.

**4.3.** In the event of serial defects, even if the defect has not yet actually occurred in all components/subcomponents of the deliveries, the SUPPLIER must also replace components that are not defective at this point at its own expense.

**4.4.** The SUPPLIER represents and warrants that the required spare parts package purchased by KNAPP is sufficient for continuous operation of the complete system by the END CUSTOMER, at least during the warranty period at any rate. Spare parts already delivered and no longer usable due to a modification of or amendment to the scope of supply and services shall be replaced by the SUPPLIER free of charge.

**4.5.** The SUPPLIER guarantees the availability of spare and wear parts for the supplies for at least 10 years following the expiry of the warranty period, and in any case for the lifetime of the complete system. If spare parts are removed from the product range of the SUPPLIER, KNAPP must be notified in writing at least 6 months before the spare parts are removed.

#### **5. Guarantee**

**5.1.** Upon submission of the invoice, the SUPPLIER shall either provide KNAPP with performance guarantees or guarantees for warranty obligations, which must be irrevocable and valid over the entire time period agreed and which the SUPPLIER shall provide at first request.

#### **6. Transfer of risk and title for supplies of material**

**6.1.** The transfer of risk for the supplies and services rendered under this Contract is determined according to the applicable Incoterm. The title to supplies and services rendered under this Contract shall remain with the SUPPLIER until the delivery of the scope of supply and services and shall pass to KNAPP thereupon.

### **C. Special Terms (for the provision of works)**

#### **1. Special Terms**

**1.1.** These Special Terms "C" contain additional terms for the provision of works (supply and services under a contract for works). These Special Terms "C" are applicable in addition to the General Terms "A" and the Special Terms "B".

#### **2. Handover of the installation site**

**2.1.** The scope of services shall also include handover of the clean and tidy installation site as well as disposal of installation and packaging materials and any other cleaning activities required.

**3. Acceptance of the works**

**3.1.** The testing, examination and acceptance procedures shall be carried out based on the procedures specified by KNAPP under the conditions defined by KNAPP.

**3.2.** The conformity of the supplies and services with the specifications shall be verified during the performance test for the complete system. However, KNAPP is entitled to perform additional special tests for checking the supplies and services. Any costs or expenses incurred by KNAPP in terms of personnel, materials, operating resources, etc., due to unsuccessful performance tests shall be borne by the SUPPLIER.

**3.3.** KNAPP shall have no obligation to inspect and test the supplies and services of the SUPPLIER prior to any stipulated function and performance tests.

**3.4.** Should acceptance not be granted at the agreed time for reasons which are the SUPPLIER's responsibility, KNAPP is entitled to demand a contractual penalty as per item 3.6 of the General Terms "A" or demand a price reduction or withdraw from the Contract while preserving possible claims for damages.

**4. Additional specific warranty provisions**

**4.1.** The warranty period begins upon acceptance of the works by KNAPP and is of the duration stated in the purchase order, or at least 24 months, whichever is longer.

**4.2.** In particular, the SUPPLIER shall also ensure that the design is state-of-the-art, that the supplies and services are suitable for non-stop operation as part of the complete system under the operating conditions in effect at the place of use, that all standards and official regulations applicable at the place of use are observed, and that the products and services remain available without interruption while meeting the relevant performance values.

**4.3.** The warranty period shall be extended by any period in which the system or its individual components cannot be used. If parts are replaced or repaired, a new warranty period of the same length as was the case for the initial delivery shall begin with the installation of the new part or completion of repairs. Throughout the entire warranty period, the SUPPLIER shall bear the burden of proof for demonstrating that any defects are not its responsibility.

**5. Transfer of risk and title for works**

**5.1.** The transfer of risk for and title to supplies and services rendered under this Contract shall remain with the SUPPLIER until acceptance of the entire scope of supply and services and shall pass to KNAPP thereupon.