

General Terms and Conditions of Purchase (GTPC)

General regulations

1. Scope/form

- 1.1. The following General Terms and Conditions of Purchase ("GTPC") shall apply to all delivery transactions of ELBIT Systems Deutschland GmbH & Co. KG ("ELBIT") with its business partners and suppliers (hereinafter "**Supplier**"). Thus, the GTPC shall apply in particular to contracts for the sale and/or delivery of movable goods ("Goods") to ELBIT, irrespective of whether the seller/supplier (hereinafter "**Supplier**") manufactures the goods itself or purchases them from suppliers (§§ 433, 650 BGB). The GTPC shall further apply to the manufacture of works by contractors (hereinafter referred to as "**Supplier**") for ELBIT as well as to the performance of services by contractors (hereinafter referred to as "**Supplier**") for ELBIT.
- 1.2. However, the GTPC shall apply in all cases only to business operators (§14 BGB), merchants, legal entities under public law and special funds under public law.
- 1.3. Unless otherwise agreed upon, the GTPC in the version valid at the time of ELBIT's order or in any case in the version last communicated to Supplier in text form shall apply as a framework agreement also to similar future contracts without ELBIT having to refer to them again in each individual case.
- 1.4. These GTPC shall apply exclusively. Any deviating, conflicting or supplementary General Terms and Conditions of the supplier shall only become part of the contract if and to the extent ELBIT has expressly agreed to their application. This requirement of consent shall apply in any case, for example even if ELBIT accepts the supplier's deliveries and/or services without reservation in knowledge of the supplier's GTPC.
- 1.5. Individual agreements made with the supplier in individual cases - including collateral agreements, supplements and amendments - shall in any case take precedence over these GTPC. Subject to proof to the contrary, a written contract or a written confirmation by ELBIT shall be decisive for the content of such agreements.
- 1.6. Legally relevant declarations and notifications by the supplier with regard to the contract (e.g. setting of deadlines, reminders, withdrawal) must be made in writing, i.e. in written or text form (e.g. letter, e-mail, fax). Legal formal requirements and further proof, in particular in case of doubts about the legitimacy of the declaring party, shall remain unaffected.
- 1.7. References to the applicability of statutory provisions shall only have clarifying significance. Even without such clarification, the statutory provisions shall therefore apply unless they are directly amended or expressly excluded in these GTPC.
- 1.8. In case of doubt, commercial clauses shall be interpreted in accordance with the Incoterms® issued by the International Chamber of Commerce in Paris (ICC) in the version valid at the time of conclusion of the contract

2. Conclusion of contract

- 2.1. Orders and/or purchase orders (hereinafter jointly referred to as "**Orders**") placed by ELBIT shall be deemed binding at the earliest upon written submission or written confirmation. The supplier shall notify ELBIT of any obvious errors (e.g. spelling and calculation errors) and incompleteness of the order including the order documents for the purpose of correction or completion prior to acceptance; otherwise the contract shall be deemed not to have been concluded. Orders placed by ELBIT may only be accepted by the supplier within a period of two weeks by written declaration. The date of receipt of the acceptance by ELBIT shall be decisive for the expiry of the time limit. A delayed and/or modified acceptance shall be deemed to be a new offer and shall require ELBIT's written acceptance.
- 2.2. The acceptance of orders shall contain all essential order data, in particular the exact designation of the ordered goods, deliveries or services, the order number as well as the order and delivery date. The supplier shall be responsible for any delays resulting from a violation of this provision by the supplier.
- 2.3. Additions or changes to orders require written confirmation by ELBIT.

- 2.4. The supplier shall not be entitled to subcontract to third parties without ELBIT's prior written consent. Unauthorized subcontracting of third parties shall entitle ELBIT to withdraw from the contract in whole or in part and to claim damages.

3. Prices

- 3.1. The agreed prices are fixed prices and exclude subsequent claims or price increases of any kind.
- 3.2. All prices are inclusive of statutory value-added tax if this is not shown separately.

4. Terms of payment

- 4.1. Invoices of the Supplier shall be issued in duplicate and shall contain for each delivery and/or service all the information specified in the purchase order.
- 4.2. Payments by ELBIT shall be made - unless otherwise agreed - by bank transfer, and, depending on the subject matter of the contract, after complete delivery and/or performance (including any agreed or legally required acceptance or acknowledgement by ELBIT) as well as receipt of a proper invoice within 30 days without any deduction. If a discount is agreed upon in the order, such discount shall also be admissible in case of set-off or in case of the justified exercise of rights of retention due to defects. Payment shall be made subject to invoice verification. In case of bank transfer, payment shall be deemed to have been made in due time if ELBIT's bank receives ELBIT's transfer order before expiry of the payment deadline; ELBIT shall not be responsible for any delays caused by the banks involved in the payment process.
- 4.3. The supplier shall not be entitled to assign his claims against ELBIT or to have them collected by third parties without ELBIT's written consent, which shall not be unreasonably withheld. This shall not apply in case of an extended retention of title as well as to assignments to companies in which ELBIT directly or indirectly holds more than 50 %. § Section 354 a of the German Commercial Code (HGB) shall remain unaffected.
- 4.4. ELBIT shall not owe any interest on arrears. Default of payment shall be governed by the statutory provisions.
- 4.5. ELBIT shall be entitled to rights of set-off and retention as well as to the defense of non-performance of the contract to the extent provided by law. In particular, ELBIT shall be entitled to withhold due payments as long as ELBIT is still entitled to claims against the Seller arising from incomplete or defective deliveries and/or services.
- 4.6. The supplier shall only have a right of set-off or retention on the basis of counterclaims that have been legally established or are undisputed.

5. Delivery date, place of performance

- 5.1. Delivery and performance dates or periods specified by ELBIT in the order or mutually agreed delivery and performance dates or periods shall be binding. If the delivery and performance dates or periods have not been specified in the order and have not been agreed otherwise, the delivery and/or performance shall take place within 2 weeks from the conclusion of the contract.

Advance deliveries and/or services as well as deliveries and/or services after the agreed date shall only be permitted with ELBIT's consent.

- 5.2. The timeliness of deliveries and/or services shall be determined by the date of receipt at the destination specified by ELBIT. The supplier is obliged to inform ELBIT immediately in writing if and as soon as it becomes apparent that delivery and performance dates and/or deadlines cannot be met by him - for whatever reasons. ELBIT's acceptance of a delayed delivery and/or service shall not constitute a waiver of claims for compensation.
- 5.3. If the Supplier fails to perform its delivery and/or service by the agreed delivery or service date or within the delivery or service period, it shall be in default. In this case, ELBIT's rights - in particular to rescind the contract and to claim damages - shall be determined in accordance with the statutory provisions, unless separate provisions have been made in these GTPC. The contractual penalty provisions in these G T P C (in particular in clause 5.4) shall remain unaffected. ELBIT shall be entitled to prove that a higher damage has occurred. The supplier shall have the right to prove that no damage at all or only a significantly lower damage has been incurred.

- 5.4. If the supplier is in default of delivery and/or performance, ELBIT shall be entitled to claim for each commenced working day of delay claim a contractual penalty in the amount of 0.2%, but not more than 5% of the total contract amount (excluding VAT). If the corresponding reservation is omitted upon acceptance of the deliveries, services or subsequent performance, the contractual penalty may nevertheless be asserted up to the final payment. ELBIT shall be entitled to claim a contractual penalty in addition to performance. Further claims and rights shall remain reserved.
- 5.5. ELBIT shall not be obliged to accept partial deliveries and/or services. In case of agreed partial deliveries and/or partial services, the remaining quantity to be delivered and/or service to be rendered shall be specified in the delivery bill, acceptance report or report.
- 5.6. The respective place of destination shall also be the place of performance for the Supplier's deliveries and services and any subsequent performance (obligation to deliver). If a place of destination is not specified and if it does not result from the nature of the obligation, the place of performance shall be the registered office of ELBIT specified in the order.

6. Default of acceptance

The occurrence of ELBIT's default of acceptance shall be governed by the statutory provisions. However, the supplier shall expressly offer his deliveries and/or services to ELBIT even if a specific or determinable calendar time has been agreed upon for an action or cooperation of ELBIT (e.g. provision of material). If ELBIT is in default of acceptance, the supplier shall be entitled to claim compensation for its additional expenses in accordance with the statutory provisions (§ 304 BGB). If the contract concerns a non-representable item to be manufactured by the supplier (individual production), the supplier shall only be entitled to further rights if ELBIT undertakes to cooperate and is responsible for the failure to cooperate.

7. Quality and safety, right of access, minimum wage

- 7.1. The supplier shall comply with the recognized rules of technology and the statutory provisions on product safety (in particular the Product Safety Act), safety regulations and the agreed technical data and standards for its deliveries and services and shall ensure that the deliveries and services comply with all statutory requirements, in particular the environmental protection, accident prevention and other occupational health and safety regulations. Furthermore, he shall be obliged to inform ELBIT of any special treatment and disposal requirements not generally known and to send ELBIT a manufacturer's declaration or a declaration of conformity (e.g. CE, COC) within the meaning of the relevant directives of the European Union or other statutory regulations for each delivered good. In the case of goods for which an EU declaration of conformity must be issued, the manufacturer is obliged, in accordance with the relevant EU directives, to keep the technical documentation for at least 10 years after the goods have been placed on the market. The technical documentation must correspond to the status of the goods placed on the market. The technical documentation must be handed over to a national authority upon justified request. This applies to manufacturers inside and outside the EU. Suppliers, authorized representatives, importers and distributors must ensure that the manufacturer fulfills his obligations. Changes of deliveries or services require the prior written consent of ELBIT. The type and manner of cooperation in the quality sector, such as initial sampling and documentation, are regulated in the respective product specification.
- 7.2. ELBIT shall be entitled to demand compliance with additional security requirements.
- 7.3. Authorized employees of ELBIT and the representatives of official authorities or their delegates shall have access at any time during normal business hours to all business premises where work is carried out for ELBIT, irrespective of whether these are business premises of the Supplier or its subcontractors, and may inspect all applicable and order-related documents for the purpose of verifying contractual or statutory requirements. This right of access during visits shall be granted in particular to all authorized persons of ELBIT who are responsible for the progress monitoring of the work, deliveries, services ordered by ELBIT from the Supplier and for the related performance of audits, examinations or qualification of the Supplier.
- 7.4. The representatives of ELBIT's principals shall have access at all times during normal business hours to all business premises where work is being performed for ELBIT, if ELBIT has consented thereto.

- 7.5. The Supplier undertakes to comply with the Minimum Wage Act within Germany as amended from time to time. In case of a violation of this obligation ELBIT reserves the right to assert claims for damages. In addition, ELBIT shall be entitled to an extraordinary right of termination in case of a violation.

8. Confidentiality, provision and retention of title

- 8.1. ELBIT's order shall be treated confidentially. Furthermore, the supplier undertakes to keep secret any commercial and technical information and documents which are not generally known and which become known to him through the business relationship and to use them exclusively for the provision of the ordered delivery and/or service. Special non-disclosure agreements and statutory regulations on the protection of secrets shall remain unaffected.
- 8.2. ELBIT reserves the property rights and copyrights to illustrations, plans, drawings, calculations, execution instructions, product descriptions, electronic documents and other documents. Such documents shall be used exclusively for the contractual performance and shall be returned to ELBIT upon completion of the contract. Furthermore, they shall be returned to ELBIT immediately upon request or shall be deleted (e.g. electronic documents). Any copies made - also of electronic documents or files - shall be destroyed. The documents shall be kept secret from third parties even after termination of the contract. The obligation to maintain secrecy shall only expire if and to the extent that the knowledge contained in the documents provided has become generally known. Any sub-suppliers shall be obliged to maintain secrecy accordingly.
- 8.3. The foregoing provision shall apply mutatis mutandis to substances and materials (e.g. software, finished and semi-finished products) as well as to tools, templates, samples and other items provided by ELBIT to the supplier for manufacturing purposes. Such items shall - as long as they are not processed - be kept separately at the supplier's expense and shall be secured against destruction and loss to a reasonable extent. The supplier shall be obliged to carry out any necessary maintenance and inspection work at his own expense and to insure the provided items sufficiently and to prove this to ELBIT upon request.
- 8.4. Any processing, mixing or combination (further processing) of provided items by the supplier shall be carried out for ELBIT. The same shall apply in case of further processing of the provided goods by ELBIT, so that ELBIT shall be deemed to be the manufacturer and shall acquire ownership of the product at the latest upon further processing in accordance with the statutory provisions.
- 8.5. The transfer of ownership of the goods to ELBIT shall be unconditional and without regard to the payment of the price. If, however, ELBIT accepts in an individual case an offer of the supplier for transfer of title conditional upon payment of the goods and/or the work, the supplier's retention of title shall expire at the latest upon payment of the goods and/or the work. ELBIT shall remain entitled to resell the goods and/or the work in the ordinary course of business even prior to payment of the goods and/or the work, subject to the assignment in advance of the claim arising therefrom (alternatively, the simple reservation of title extended to the resale shall apply). In any case, all other forms of retention of title are excluded, in particular the extended retention of title, the passed-on retention of title and the retention of title extended to further processing.
- 8.6. The supplier shall not name, depict or otherwise use ELBIT's company or trademarks in advertising materials, in the submission of references or in other publications unless ELBIT has given its prior written consent.

9. Spare parts, delivery readiness

- 9.1. The supplier shall be obliged to supply ELBIT with spare parts on reasonable terms for the period of the usual technical service life, but at least ten years after the last delivery.
- 9.2. If the supplier discontinues delivery of the goods after expiry of the period specified in clause 9.1 or during such period, the supplier shall give ELBIT the opportunity to place a final order on reasonable terms.

10. Property rights

- 10.1. If Deliveries and Services are protected by patent or copyright, Supplier shall grant ELBIT all those rights to reproduce, use, operate, release to third parties, adapt, modify or translate which are necessary for the utilization and use of the Deliveries and Services in accordance with the purpose of the placed order. This granting of rights shall be compensated by the remuneration according to clause 3 of these GTPC.

- 10.2. ELBIT shall receive unrestricted ownership of the supplies and services, in particular as regards folders, plans, technical memos, drawings, prototypes, models or tools.
- 10.3. The supplier shall indemnify ELBIT against any liability based on claims that the delivery or services infringe patents, copyrights, trade secrets or other industrial property rights of third parties, unless the supplier proves that it is not at fault in this respect.
- 10.4. Furthermore, the supplier shall fully indemnify ELBIT against all claims, including the costs of legal defense and/or prosecution, which should be raised by third parties due to the contractual use of such right(s) by ELBIT. Clause 17.2 c. 2nd half sentence shall apply accordingly.
- 10.5. For software which has not been individually developed for ELBIT, the supplier shall grant and procure for ELBIT the non-exclusive, transferable, spatially and temporally unlimited and irrevocable right to all known and unknown types of use. This granting and procuring of rights shall also include the right of ELBIT to use and copy the delivered software for integration into other products or to have it used and copied by affiliated companies (in the sense of § 15 German Stock Corporation Act) as well as to have the delivered software licensed for customers of ELBIT and to grant them rights of use.
- 11. Supplier recourse, producer liability**
- 11.1. Supplier recourse**
- a. ELBIT shall be entitled without limitation to its statutory rights of recourse within a supply chain (supplier's recourse in particular pursuant to §§ 445a, 445b, 478 BGB) in addition to its claims for defects. ELBIT shall in particular be entitled to demand from the supplier exactly the kind of supplementary performance (repair or replacement) which ELBIT owes to its customer in the individual case. ELBIT's statutory right of choice (§ 439 para. 1 BGB) shall not be limited hereby.
- b. Before ELBIT acknowledges or fulfills a claim for defects asserted by its customer (including reimbursement of expenses pursuant to Sections 445a para. 1, 439 para. 2, 3 and 6 sentence 2 German Civil Code), ELBIT shall notify the supplier and request a written statement, briefly describing the facts of the case. If a substantiated statement is not made within a reasonable period of time and if no amicable solution is brought about, the claim for defects actually granted by ELBIT shall be deemed to be owed to ELBIT's customer. In this case the supplier shall have the burden of proof to the contrary.
- c. ELBIT's claims under supplier's recourse shall also apply if the defective goods have been further processed by ELBIT or another contractor, e.g. by incorporation into another product.
- 11.2. Manufacturer's liability**
- a. The supplier undertakes to check his deliveries carefully for defects and to do everything possible to avoid product liability
- b. If the supplier is responsible for a product damage, he shall indemnify ELBIT against claims of third parties to the extent that the cause lies within his sphere of control and organization and he himself is liable in relation to third parties.
- c. Within the scope of its indemnification obligation, the supplier shall reimburse expenses pursuant to Sections 683, 670 of the German Civil Code (BGB) arising from or in connection with any third party claim including recall actions carried out by ELBIT. ELBIT shall inform the supplier - as far as possible and reasonable - about the content and extent of any recall measures and shall give the supplier the opportunity to comment. Further legal claims shall remain unaffected.
- d. The supplier shall take out and maintain a product liability insurance with a lump sum coverage of at least 10 million EUR (in words ten million EURO) per personal injury/property damage. ELBIT's claims shall not be limited to the sum insured. The supplier shall be obliged to hand over insurance certificates to ELBIT without delay upon ELBIT's request.
- 12. Hazardous substances, employee protection regulations**
- 12.1. ELBIT is a company certified according to the international standard ISO 9001-2015 and ISO 14001-2015. Within the scope of order fulfillment at customers, ELBIT has therefore committed itself to observe the regulations of this standard. The supplier is equally committed to comply with them.
- 12.2. The supplier shall only use employees for work at ELBIT who have the qualification required for the work. The supplier shall be obligated to make available to ELBIT at short notice, upon request, corresponding proofs for a random check.
- 12.3. The supplier is obligated to comply at its own expense with the applicable statutory provisions, in particular the safety and environmental protection provisions including the chemicals law and the law on the placing on the market, the return and environmentally sound disposal of electrical and electronic equipment. Furthermore, the Ordinance on the Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment must be complied with.
- 12.4. By accepting an order for the delivery of a substance or a mixture of substances within the meaning of EC Regulation 1907/2006/EC (REACH Regulation), the supplier declares that, as manufacturer, importer or supplier, it complies with the provisions of the said Regulation, as amended from time to time and will comply with them. In the event that the order involves the delivery of a product within the meaning of the aforementioned Regulation, the Supplier declares with the acceptance of the order that he is aware of and will comply with Articles 7 and 33 of the above-mentioned Regulation. ELBIT shall be notified in writing if limit values are exceeded or if exemptions are claimed.
- 12.5. Furthermore, the requirements, information and labeling obligations of the Persistent Organic Pollutants Regulation (EU) 2019/1021 and the Regulation concerning the making available on the market and use of biocidal products (EU) No 528/2012, as amended, must be observed.
- 12.6. Supplier shall indemnify and hold ELBIT harmless from and against any and all liability arising out of or related to Supplier's failure to comply with the foregoing ordinances and laws, or to compensate ELBIT for any damages arising out of or related to Supplier's failure to comply with the foregoing ordinances and laws.
- 13. Insurances**
- 13.1. Supplier shall take out and maintain insurance with a reputable and financially stable insurance company that adequately covers its obligations to ELBIT under orders placed by ELBIT. The Supplier undertakes in particular to take out and maintain a general liability insurance with a sum insured of not less than EUR 5,000,000 (five million euros) per individual case and calendar year. ELBIT's claims shall not be limited to the sum insured. Notwithstanding the foregoing, the Supplier shall be obliged to take out a product liability insurance in accordance with clause 11.2 of these GTPC.
- 13.2. The supplier shall be obliged to provide ELBIT with insurance certificates without delay upon ELBIT's request.
- 14. Final provisions**
- 14.1. All legal relations between ELBIT and the supplier shall be governed exclusively by the laws of the Federal Republic of Germany to the exclusion of the provisions of the Uniform International Sales Law (CISG).
- 14.2. The exclusive place of jurisdiction - including international jurisdiction - for all disputes arising directly or indirectly from the contractual relationship shall be ELBIT's place of business in Ulm. ELBIT shall, however, in all cases also be entitled to bring an action at the place of performance of the delivery obligation according to these GTPC or a prior individual agreement or at the general place of jurisdiction of the supplier. Overriding statutory provisions, in particular regarding exclusive jurisdiction, shall remain unaffected.
- 14.3. Amendments and supplements to these General Terms and Conditions of Purchase as well as collateral agreements must be made in writing. This shall also apply to any waiver of this written form clause.
- 14.4. Should one of the above provisions be or become invalid, the validity of the remaining provisions shall remain unaffected. The contracting parties shall be obliged to replace the invalid provision with a provision that comes as close as possible to it in terms of economic success.

Special regulations

Contracts of sale and contracts to which the law on the sale of goods applies (§650 BGB)

15. Delivery, destination

- 15.1. Unless otherwise agreed in writing, deliveries shall be made DDP, Incoterms 2020.
- 15.2. Place of destination (DDP, Incoterms 2020) shall be as far as not otherwise agreed by contract:

ELBIT Systems Deutschland GmbH & Co. KG
c/o Matrium GmbH
Wörthstrasse 85
D-89077 Ulm

16. Shipping, transfer of risk

- 16.1. Unless otherwise contractually agreed, shipping and transfer of risk shall be governed by Incoterms 2020 (in principle DDP).
- 16.2. In the case of deliveries with installation or assembly, the risk shall pass - in deviation from the provisions of DDP, Incoterms 2020 - upon acceptance to be carried out at the place of installation.

17. Defective delivery

- 17.1. ELBIT's rights in case of material defects and defects of title of the goods (including wrong and short delivery as well as improper assembly, defective assembly and operating or instruction manuals) and in case of other breaches of duty by the supplier shall be governed by the statutory provisions unless otherwise provided hereinafter.
- 17.2.
 - a. The mutual claims of the contracting parties shall become statute-barred in accordance with the statutory provisions, unless otherwise stipulated below.
 - b. Notwithstanding Section 438 (1) No. 3 of the German Civil Code (BGB), the general limitation period for claims based on defects shall be 3 years from the transfer of risk. Insofar as acceptance has been agreed, the limitation period shall commence upon acceptance. For buildings and works whose success consists in the provision of planning or supervision services as well as for items which have been used for a building in accordance with their customary use and have caused its defectiveness, the general limitation period shall be 5 years (§ 438 para. 1 no. 2 BGB).
 - c. The 3-year limitation period shall apply mutatis mutandis also to claims based on defects of title, whereas the statutory limitation period for third parties' claims for surrender in rem (§ 438 para. 1 no. 1 BGB) shall remain unaffected; claims based on defects of title shall furthermore in no case become time-barred as long as the third party may still assert the right - in particular in the absence of limitation - against ELBIT.
 - d. As far as ELBIT is also entitled to non-contractual claims for damages due to a defect, the regular statutory limitation period (§§ 195, 199 BGB) shall apply, unless the application of the limitation periods of the law on sales or the law on contracts for work and services leads to a longer limitation period in individual cases.
- 17.3. Pursuant to the statutory provisions, the Supplier shall be liable in particular for ensuring that the goods have the agreed quality at the time of transfer of risk to ELBIT. In any case, those product descriptions shall be deemed to be an agreement on the quality which - in particular by designation or reference in ELBIT's order - are subject matter of the respective contract or have been included in the contract in the same way as these GTPC, unless the parties have agreed otherwise in writing. It shall make no difference whether the product description originates from ELBIT, from the supplier or from the manufacturer.
- 17.4. Deviating from § 442 para. 1 sentence 2 of the German Civil Code (BGB) ELBIT shall be entitled without limitation to claims based on defects even if ELBIT remained unaware of the defect at the time of conclusion of the contract due to gross negligence
- 17.5. For the commercial obligation to examine the goods and to give notice of defects the statutory provisions (§§ 377, 381 HGB) shall apply with the following proviso: ELBIT's obligation to examine

the goods shall be limited to defects which become apparent during ELBIT's incoming goods inspection under external examination including the delivery documents (e.g. transport damages, wrong and short delivery) or which are recognizable during ELBIT's quality control by sampling. Insofar as acceptance has been agreed upon, there shall be no obligation to inspect. In all other respects it shall depend on the extent to which an inspection is feasible in the ordinary course of business, taking into account the circumstances of the individual case. ELBIT's obligation to give notice of defects discovered later shall remain unaffected. Notwithstanding ELBIT's duty to examine, ELBIT's notice of defects shall be deemed to have been given without undue delay and in due time, if it is sent within 5 working days from the date of discovery or, in case of obvious defects, from the date of delivery.

- 17.6. Subsequent performance shall also include the removal of the defective goods and their re-installation, provided that the goods have been installed in another item or attached to another item in accordance with their nature and intended use; ELBIT's statutory claim for reimbursement of corresponding expenses shall remain unaffected. The supplier shall bear the expenses necessary for the purpose of inspection and subsequent performance even if it turns out that there was actually no defect. ELBIT's liability for damages in case of an unjustified request for remedy of defects shall remain unaffected; in this respect, however, ELBIT shall only be liable if ELBIT has recognized or grossly negligently failed to recognize that there was no defect.
- 17.7. Without prejudice to ELBIT's statutory rights and the provisions of clause 17.6 of these GTPC, the following shall apply: If the supplier fails to comply with its obligation of subsequent performance - at ELBIT's option by removal of the defect (rectification) or by delivery of a defect-free item (replacement) - within a reasonable period of time set by ELBIT, ELBIT shall be entitled to remedy the defect itself and to claim from the supplier reimbursement of the expenses required for this purpose or a corresponding advance payment. If the supplementary performance by the supplier has failed or is unreasonable for ELBIT (e.g. due to special urgency, endangerment of operational safety or imminent occurrence of disproportionate damage), no deadline shall be required; ELBIT shall inform the supplier about such circumstances without undue delay, if possible in advance.
- 17.8. Apart from that, ELBIT shall be entitled to reduce the purchase price or to withdraw from the contract in case of a material defect or a defect of title according to the statutory provisions. In addition, ELBIT shall be entitled to claim damages and reimbursement of expenses in accordance with the statutory provisions.

Contracts for work

Shipment, transfer of risk, acceptance

18. Acceptance, destination

- 18.1. The acceptance shall take place formally. The result of the acceptance shall be recorded in writing in a joint acceptance report. ELBIT shall be entitled to refuse acceptance if the supplier's services show substantial defects. A material defect entitling to refuse acceptance shall also be deemed to exist if not all revision plans, as-built drawings, documentation and operating instructions required for the permanent use and operation of the Work are submitted at the latest upon acceptance.
- 18.2. If ELBIT does not formally accept the services of the supplier which have been completed essentially free of defects despite a corresponding request, acceptance shall be implied by the intended use of the work or by any other conduct of ELBIT from which the acceptance of the service as essentially in conformity with the contract can be inferred.
- 18.3. The supplier shall apply for and obtain all necessary official acceptances and acceptance certificates for its services in good time and shall bear the costs incurred for this.
- 18.4. Place of performance for all obligations of the parties including any subsequent performance by the supplier shall be the registered office of ELBIT, unless otherwise agreed by contract.

19. Defect rights

- 19.1. The performance shall be free of defects if it has been rendered in accordance with the agreed quality on the basis of the contract. If the quality has not been agreed upon, the performance shall be free of defects if it is suitable for the use presupposed under the contract, otherwise for the usual use, and if it complies with the recognized

rules of technology. Furthermore, third parties shall not be able to assert any rights against ELBIT with respect to the performance, unless otherwise agreed.

- 19.2. If the Supplier's performance is defective at or after acceptance, ELBIT may at its option
 - a. demand from the supplier the elimination of the defect or the new production of the work;
 - b. demand compensation from the supplier for the necessary expenses for the elimination of the defect if the supplier does not eliminate this defect within a reasonable period of time;
 - c. demand an advance payment from the supplier for the necessary expenses for the elimination of the defect if the supplier does not eliminate the defect within a reasonable period of time;
 - d. withdraw from the contract, claim damages or a reduction of the remuneration if the supplier does not remedy the defect within a reasonable period of time.
- 19.3. Setting a time limit for the removal of the defect shall not be necessary if the supplier seriously and finally refuses to remove the defect, if setting a time limit is unreasonable for ELBIT or if the removal of the defect is impossible or unreasonable for ELBIT.
- 19.4. The rights to claim for defects shall become statute-barred 5 years after acceptance. For all waterproofing work including all associated ancillary services, the limitation period for claims for defects is 10 years.
- 19.5. ELBIT's further statutory rights in case of defects shall remain unaffected.
- 19.6. Insofar as material defects or material services performed contrary to the terms of the contract become apparent during performance, the supplier shall replace them with non-defective ones at its own expense. If the supplier is responsible for the defect or the non-conformity, he shall compensate ELBIT for the resulting damage. Any further claims of ELBIT shall remain unaffected.

Service contracts

Versand, Gefahrenübergang, Abnahme

20. Service

- 20.1. The supplier is obliged to provide the services owed under the contract. The supplier shall perform the contractual services with the greatest possible care and diligence in accordance with the respective state of the art, latest rules and findings of science and technology. He shall take into account - as far as necessary and reasonable - general process descriptions and industry standards as well as, if applicable, specific provisions, methods and application practices in force at ELBIT.
- 20.2. The Parties may agree on a formal acceptance for the Service and/or for the result of the Service. If this is not the case, the supplier shall have the rendered service and/or the receipt of the result of the service acknowledged by ELBIT. The acceptance and/or the receipt shall be a prerequisite for the due date of the Supplier's remuneration.
- 20.3. Should the Supplier fail to perform its contractually owed services in accordance with clause 20.1 of these GTPC, the Supplier shall be obliged to compensate ELBIT for damages. Should in this case the service rendered or the result of the service rendered be useless and/or worthless for ELBIT, the supplier shall not be entitled to any compensation. In all other respects the supplier shall be liable in accordance with the statutory provisions.
- 20.4. In the event that Supplier should either be unable or refuse to provide the ordered services or in the event that Supplier should fail to comply with agreed requirements or conditions, ELBIT shall be entitled to terminate the underlying purchase order(s), provided that Supplier has not provided the respective service(s) in accordance with the contract within thirty (30) days despite a corresponding written request for performance of the contract. Any claims for damages due to culpable breach of contract shall remain unaffected.
- 20.5. The statutory regulations on the termination of services shall remain unaffected.
- 20.6. Place of performance for all obligations of the parties shall be the registered office of ELBIT, unless otherwise agreed by contract.