

KH VIVES GENERAL CONDITIONS

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SECTION I

CONTRACT INTRODUCTION AND OBJECTIVES

1. INTRODUCTION

Kh Vives SI, enterprise (from now on “KH VIVES”) demands high quality standards in its products in order to achieve client satisfaction, this requires an ongoing process improvement. KH VIVES Zero defect tolerance philosophy towards all his clients implies, necessary collaboration of each one of its suppliers regarding the demanded quality of its products and services.

This way, each one of KH VIVES suppliers, must meet the common requirements found in this document (hereinafter as “General requirements”) and specific agreed upon with each one (from now on “Particular requirements”) Herein both requirements would be referred to as the “ Contract”

The supplier (term defined in particular requirements) is fully aware of KH high requirements standard and declares is ability to fulfill such requirements, hence the reason he subscribes (agrees) with the Contract.

2. GENERAL REQUIREMENTS OBJECTIVE

Our general requirements objective is to regulate the terms and conditions, without prejudice of the reached agreements in particular requirements, by which the business relationship between the supplier and KH Vives will be regulated (hereinafter referred to collectively as the “Parties” and individually considered as the “Party”) under which the former will supply KH Vives and sell products/services described in the Particular requirements (hereinafter, the “Product”) as well as the criteria that must be internally respected by KH Vives to subscribe the contract and complete the orders from the product.

SECTION II REQUIREMENTS APPLICABLE TO THE PROVIDER

3. NEW SUPPLIERS

Each new vendor will conduct an initial evaluation assessing compliance with the requirements defined for the group to which it belongs, applying to that effect the scales and criteria defined internally by KH Vives.

Once this initial evaluation has been completed, the results will be analyzed and thus determine whether the provider is considered suitable to supply the product to KH Vives. If the results of the evaluation are lower than 70%, the supplier will be considered not suitable and therefore will not be able to supply the product to KH Vives, the latter must then find another supplier with whom to sign the contract.

4. PROVIDERS REQUIREMENTS

4.1 General Requirements

In general, the Supplier agrees to comply throughout the term of the contract at least with the following criteria, without prejudice to other specifics for the product to be determined where necessary in the particular conditions:

- The Supplier shall use a quality management system according to ISO 9001 or equivalent system that meets at least with all the requirements in ISO 9001, or any other system that will replace it in the future.
- The Supplier will act in line with ISO 14001 or EMAS, or others in the future replacing them with regard to their environmental management systems.

- The Supplier will manufacture and supply the product meeting all the quality requirements of each of the end users of KH Vives especially expressed through drawings, testing devices and instructions, packing instruction agreements, etc. which will be made available to them.

The quality and environmental systems of the provider must be verifiable and continuously improved. In effect, the supplier agrees to make the necessary investments and carry out studies deemed pertinent to improve their quality processes and environmental management systems. Before the implementation of any improvement, it must first be authorized in writing by KH Vives for each particular case.

4.2 Certificates of the quality management and environmental system

The supplier shall at all times have a certificate issued by an accredited entity supporting the validity and ownership by the supplier's quality management and environmental system. A copy of such certificate must be attached to the contract.

In case the supplier cannot be certified by the time the contract is subscribed, the supplier compromises to obtain the proper certifications within a year of the signing date. The supplier shall keep KH VIVES updated at all time with the process, agreeing to facilitate any documentation regarding the certification.

KH VIVES, shall receive a certification renewal copy, within no more than 5 days, after obtaining it.

Should the supplier lose its certification, decide not to renew it, or under any other circumstances, does not obtain it, KH VIVES shall be informed immediately. In such case, KH VIVES, may unilaterally terminate the contract with a pre warning of 5 days, according to Clause 25 in the general agreement contract.

4.3 Regulation Compliance

The Supplier must fulfill the proper requirements currently in force at all times, especially but not only, regarding environmental, administrative and social security.

Particularly but not restricted to, the chemical product supplier or whoever uses them in this process must: fulfill the REACH agreement, or its substitute, with registry,

evaluation, authorization and restrictions regarding such products. They must also be registered in IMAD, as well as any product supplied to KH VIVES.

5.INTERNAL AND EXTERNAL AUDITS. SUPPLIER EVALUATION

5.1 Internal audits and evaluations

Once a year, minimum, and each time KH VIVES demands it, the supplier will perform periodical internal audits, regarding quality and environmental standards, if a deficiency were to be found, KH VIVES shall be informed immediately. In that case the product can only be delivered with the prior written consent of KH VIVES for each case.

In addition to the above, the Supplier will annually perform an internal audit according to updated MMOG standards. In the particular conditions, it will be defined whether the self-assessment should be made according to the full or basic version.

5.2 External Audits

Without prejudice to the foregoing, KH VIVES can, at any given time, perform ISO 9001 and/or production process audits, giving the Supplier a 5 day advanced notice.

If any defects are found during the audit, KH VIVES will inform the supplier, and at this point an external audit will be carried out by KH VIVES own customer or an independent and recognized expert designated by KH VIVES.

Such audits may take place in the premises of the supplier, at KH Vives, or the facilities of the customer.

The report will state all the found deficiencies and corrective measures that will be taken to solve them, forcing the supplier to implement them as soon as possible. KH VIVES, will be empowered to control and direct the implementation of such processes.

The Supplier will be responsible for all the expenses, and under no circumstances will KH VIVES or its clients be affected by this:

- Costs derived from the audit, incurred by the auditor, KH VIVES or its client, including but not limited to travel expenses, and external auditor fees.
- Any prejudice or damage caused to KH VIVES or its client.

Should the audit have to be performed, according to the last paragraph standards, the supplier will provide KH VIVES a forecast fund deposit of 250€ for each one of the suppliers employees.

5.3 Ongoing evaluation.

KH Vives will periodically perform supplier evaluations, and these evaluations will be classified as TYPE A, B or C depending on the obtained result, for which KH VIVES's internal evaluation basis will be applied. The result will be forwarded to the supplier via email (Email TYPE A, B or C will be reported)

Particular but not limited to, the criteria applied by KH VIVES to its supplier will be the following, without restricting the addition, elimination or modification of some points:

- Responsiveness (response capacity) to fulfill each order placed, (fulfilling delivery times, rejected product by KH Vives or its client, emergency order response time.)
- Price product competitiveness from the supplier comparing to other possible suppliers.
- Environmental and Quality certifications
- Supervision during / follow up the logistic process
- Number of grievances placed by KH VIVES or its client.

Shall the supplier be classified as:

- TYPE A: No improvements will be required and the assessment evaluation will be provided

- TYPE B: Supplier will be informed of needed improvements, with the aim of being implemented in the shortest possible time.
- TYPE C: besides the points above described, the supplier will be requested an action plan in order to improve its rating, which needs to be implemented in the stipulated timeframe described in the plan, providing that KH VIVES approval has been obtained.

6. ADDITIONAL REQUIREMENTS FOR THE SUBCONTRACTOR

Without prejudice to those provided for in this section that proves applicable to them, KH VIVES subcontractors and/ or its suppliers must also fulfill the requirements described in this section.

For such purpose, the supplier and/or KH VIVES will include the terms and conditions provided in this clause in all contracts subscribed with subcontractors.

6.1 Certificate of compliance with obligations

At the time of signing the contract, the subcontractor must provide KH VIVES with proper certification that is in compliance with at least the following obligations:

(i) all obligations related to employee's salaries, this certificate shall be provided by the subcontractor's administrator

(ii) Payment of contributions to Social Security, which shall be issued by the General Treasury of the Social Security.

(iii) Tax obligations, to be issued by the State Tax Administration.

(iv) Tax obligations with the relevant local and regional administration.

Such certificates must have been provided by the required administration or public organism, with exception to that in i) point, within the prior month of contract agreement.

Proper certifications, will be renewed: a) at any given time requested by KH VIVES; b) those related to points (i) (ii) each quarter; c) and those described in points (iii) and (iv) annually.

In the event that not all related certifications are provided and/or some or all are adverse, upon signing the contract or its renewal time, KH Vives will not subscribe to the contract or, in second case, KH VIVES and/or the supplier will end the contractual relationship with the subcontractor, unless the adverse certifications are addressed and solved within 1 month.

Any subcontractor whose services are required, must sign a declaration under which recognizes and expressly states : (i) the absolute independence from KH Vives , (ii) the relationship that unites him with KH Vives is strictly commercial , enjoying full independence to organize their work ;(iii) it has all the material and human resources for the provision of outsourced services;(iv) Exclusively assumption of any liability (including but without being limited to, civil , criminal, administrative , labor, tax and / or social security nature), maintaining KH Vives absolutely harmless from any claim made by any third party.

6.2 Subcontractor evaluations

Subcontractors will be subject to regular evaluations by KH Vives and / or by the Supplier regarding the quality of the service, having special consideration in the risk taken by the product in any of the services performed by subcontractors .

In the event that, 2 negative reports concerning the same subcontractor over a period of a year KH Vives and / or Supplier will terminate the relationship that unites them with the said subcontractor without needing to pay damages or compensation as a result of the termination, the latter expressly renounce the exercise of any actions against KH Vives and / or provider.

SECTION III **PROYECTS AND PRODUCTION PROCESS**

7. PROJECT PLANNING.

7.1 Project management system provider

The Supplier agrees to implement a project management system with clearly defined milestones and performed risk analysis .A detailed description of the management system will be provided to KH VIVES in a period not exceeding fifteen (15) business days from the signing of the contract .

The Supplier agrees to turn in the shortest possible term, KH Vives any documentation that may be requested at any time in order to revise the project management system.

Likewise, the Supplier agrees to introduce any changes in the project management system requested and notified by KH Vives

7.2 Advanced quality planning

The Supplier must comply with an advanced product quality planning process where the following PPAP points are being contemplated to avoid any risks:

- Making Process FMEA . Definition of special features and its controls.
- Process Control Plan based on FMEA and updated with each incident. In the defined control plan special features will be included.
 - Manufacturing instructions/ visual aids.
 - Validation of control means which will be provided by KH live with an identification of customer property and a plan for use and maintenance, which shall be met in any case by the Supplier.
 - Preventive maintenance plan
 - Dimensional and material validation.

7.3 Process acceptance

KH Vives reserves the right to make an approval of the manufacturing process at the supplier's premises . To this end, the Supplier will make any adjustments that may be required by KH Vives, in accordance with the guidelines issued by KH Vives and / or the customer of thi . The process will be accepted using, among others, R @R format or audit processes.

7.4 Initial sample

The Supplier will send Vives KH the documents and samples of the approval of each product in the dates specified in the project planning. The documentation to be presented will be as follows:

- FMEA process
- Project process control.
- Manufacturing instructions/visual aids
- Dimensional validation
- Material validation
- IMDS
- Format PSW completed and signed by the Supplier

7.5 Product/ process release

The process is considered released when the Supplier receives from KH Vives the signed PSW format. For every change in the process (such as change of supplier of raw materials, machinery exchanging, etc.) a new initial sample is required and inform KH Vives, having to obtain prior written consent from the latter before implantation

7.6 Product or process deviations

Deviations from the product or process with respect to final approval by KH Vives are not allowed unless you have obtained the prior written consent by KH Vives for each particular case.

For the purposes of the Agreement, they shall be construed as typical changes to re-approve the following:

- Changes or modifications of the material
- Change of sub-supplier
- Change in production process
- Change of tools (also in case of replacement of new tooling)
- Change in test methods
- Changing production plant.

In the event of a change in the process or product, the first shipment should be clearly identified as such. Once the first shipment of the product or its production process modified parts has been made, parts of the previous level (FIFO) will not be admitted.

7.7 Process capacity

The Supplier shall perform preliminary studies for process capability and production for critical characteristics defined during the launch phase. Capacity rates required are:

- Preliminary capacity PpK > 1.67
- Proficiency in Cpk > 1.33

The Results of these capacity studies will be submitted immediately to KH Vives.

8 PRODUCT WARRANTY

The Supplier warrants that during the warranty period provided for in the Special Conditions, the Product will be: (i)in full compliance with the plans, specifications and descriptions provided by KH Vives and / or client;(ii) absolutely viable and will operate in optimum conditions for the destination to which it is addressed , not suffering damage , malfunctions and / or damage involving repair and / or replacement.

During the warranty period, the Supplier will assume any repair and / or replacement of the product, including the costs of assembly and disassembly and materials and personnel transport if needed for this.

9.SPECIAL CONDITIONS FOR DETERMINED PRODUCTS

Notwithstanding the general requirements for product quality requirements and that , if some were to apply , in case the Product is one of the subsequently listed must meet the requirements listed below :

9.1 Machinery

Given that the product is machinery, the purveyor shall comply, minimum, the following safety standards:

- A) Machines after 1995 (CE marked) Under RD 1644/2008 , in which lays down the ruling for marketing and commissioning of the machinery, or any other that might substitute it, as an example but not limited to, and the following:
 - Each product must bear a visible, legible and indelible on board, at least the following:

- The business name and full address of the manufacturer and, where applicable , his authorized representative.
- Machinery designation.
- CE marking.
- Designation of model or signal.
- Serial number, if existing.
- Manufacturing date, which means, the year in which the manufacturing ends.

Spanish instruction booklet must be submitted. If it were a translation from the original, a copy of this will also be included.

The EC declaration of conformity in Spanish , dated and signed by the Supplier must be annexed , it shall include at least the description and product identification.

B) MACHINES PRIOR TO 1995 (SIN CE MARKING) : Without prejudice to other legal requirements applicable at all times by implementing legislation that is in force at all times , at least the Product is delivered with a certificate issued by a OCA (Authorized

Control Agency) , to adapt to the requirements of Royal Decree 1215/1997 , laying down minimum safety and health for the use by workers of work teams are established.

9.2 Chemical products

The products must include, at least, the following:

- Legally enforceable labeling.
- Material safety data sheet in Spanish.

9.3 Personal protective equipment

If the Product is a PPE , it must comply with current legislation applicable at all times , the Provider must attach the CE declaration of conformity.

SECTION IV OFFERS, ORDER AND PRODUCT DELIVERY

10. PRODUCT ORDER FORECAST.

Within the month following the signing of the contract, as well as the two (2) months prior to the expiration of each year, KH Vives shall inform the Supplier an estimate of the amount of Product expected to be required in the following year, in order that the latter notifies the former its ability to supply this quantity of product, in a period not exceeding one (1) month from the receipt of this forecast.

This annual KH Vives product estimate is not binding, unless the Supplier assumes the obligation for KH Vives as the minimum product order volume in the annuity.

In order to comply with potential orders, the Supplier is obliged to keep in stock a [...] % 15% of the total volume of the annual estimates of KH Vives product, as well as a percentage of raw materials necessary for the manufacture of the same.

11.PRODUCT SUPPLY AND ORDERS.-**11.1 Product Offering.**

Prior to any order, KH Vives will make an offer to the Supplier determining the amount of product and delivery time required.

The Supplier must confirm to KH Vives, within a period not exceeding one (1) business day from receipt of the offer, the manufacturing capacity of the confirm the anterior end, means that the supplier does not have sufficient manufacturing capacity and KH Vives will offer to other suppliers, the product.

The offer made to the Supplier will not be consideration an order and therefore will not be binding for KH Vives, therefore the order can be place with another supplier, in its sole discretion, even in the event that the Supplier had confirmed its ability to manufacture and supply the ordered amount of product within the period indicated.

11.2 Product Ordering

After receiving order confirmation, KH Vives may order Supplier product, and must specify a minimum quantity required of each product and delivery of the same.

KH Vives orders will be made to the Supplier via Edi. Likewise, the Supplier must have the ASN system to perform the corresponding product delivery notices requested in each order.

In the event that these services are not available, the supplier is obliged to review the deadline scheduling of KH Vives orders in the Web Edi application made available to him, and must generate in those cases relevant delivery notices for each Product ordered.

12. TRANSPORT, PACKAGING AND LABELING OF THE PRODUCT.**12.1 Transportation of Product.**

Unless otherwise provided in the Particular Conditions, the Product will be delivered by the Supplier to KH Vives in the facilities of the later or in the place indicated by it, according to the Incoterm DDP (Delivered Duty Paid).

Type of transport for the Product will be the intended in the Particular Conditions.

The traceability of each Product will be properly documented by the Supplier, providing KH VIVES as much information as required by the latter.

12.2 Product packaging.

The supplier shall be liable for any damage, malfunction or loss that occurs to the Product during transport, loading and/or unloading. To this end, the Supplier shall pack and packaged the Product in conditions and with materials that are necessary or appropriate to prevent any damage, malfunction or loss of Product during transport, loading and/or unloading.

12.3 Product Labeling.

The supplier must identify each product box with an odette label, as well as bar code that includes KH Vives reference and the quantity of product contained therein. Similarly, each bulk product box must be identified with another odette label, which will include the reference number and identification thereof, specifying also the total amount of product contained within.

13 PRODUCT INSPECTIONS.-

KH Vives may perform an inspection of every product supplied by the Supplier at its own facilities.

In the event that it detects, damage, shrinkage and/or malfunction in the product, the Supplier is obliged to replace it upon request of KH Vives in the period of two (2) calendar days from receipt of such request. All costs arising from the inspection of the defective Product, impaired and/or damage and, if necessary, replacement of the same, as well as the damages caused to KH Vives and/or your client, shall be exclusively borne by the Supplier.

14.PAYMENT OF THE PRICE OF THE PRODUCT.

14.1 Product Price.

The amount of the price that KH Vives will pay the Supplier as a result of the supply of the product shall be fixed in the Particular Conditions.

Unless otherwise specified in the Particular Conditions, the price of the product will remain unchanged during the entire period of the contract, unless both Parties agree to its update in writing.

14.2 Issuance of invoice for the supply of Product.

The Provider shall issue the invoice for the supply of the ordered product and will deliver the invoice to KH Vives at the time of the availability of the ordered product.

On each invoice the Supplier will include a detailed breakdown of all the items that compose it, particularly but not limited to, applicable taxes accrued, accrued and withholding practices, as well as applicable duties and taxes.

Unless otherwise noted in the Particular Conditions, the amount of the invoices issued by the Supplier to KH Vives will be in Euros.

The Supplier will provide all documents that KH Vives that may be required to justify the items and amounts included in each invoice.

14.3 Invoice Payment Term

Each invoice issued by the supplier will be paid within two (2) months from the date of issuance and delivery to KH Vives. Payment of invoices will be made on the 20th of the month of maturity of the invoice.

Invoices shall be paid in Euros, unless another currency is noted in the Particular Conditions.

15 TREATMENT OF CLAIMS.-

In the event of a claim by any client of KH Vives, the Supplier must perform an analysis to clarify the cause of the claim using the 8D methodology, which will be provided by KH Vives. The Supplier shall inform KH Vives's of the initial determination of the problem within a period of twenty-four (24) hours (up to D3 containment actions).

All costs of the claim and damages caused to KH Vives and/or your client shall be exclusively borne by the Supplier. In addition, KH Vives will be entitled to receive from the Supplier the amount of two hundred fifty euro (250 €) for the management of each claim.

SECTION V
PROVISIONS COMMON TO THE PREVIOUS SECTIONS

16 DURATION OF THE CONTRACT.-

The contract shall take effect and be binding for the Parties from the date of signing, and shall remain in force for one (1) year, unless any other term is foreseen in the Particular Conditions.

Unless the Special Conditions have otherwise been agreed, the Contract shall be extended automatically for yearly periods unless either Party informs the other their willingness not to extend it with a minimum notice of two (2) months to the date of completion of the initial duration or any of its extensions.

17 CIVIL LIABILITY INSURANCE.

The Supplier agrees to procure an insurance policy that covers any liability which may be required for either Party and/or KH Vives customer (as well as partners, administrators, proxy and employees of any of them), for the minimum amount that is fixed in the Particular Conditions, derived from any damages and prejudice caused to third parties as a result, directly or indirectly, of the object of the present Contract.

The aforementioned insurance policy premiums will be paid exclusively by the Supplier, without being able to pass on to KH Vives and/or its client any amount for such concepts.

The above insurance policy must remain in force and, where appropriate, be renewed by the Supplier until the commercial relationship with KH Vives ends. The beneficiary of the insurance policy shall be KH Vives and/or any other person (natural or legal) to be determined by the latter.

18 COMMERCIAL RELATIONSHIP. INDEPENDENCIA.-

The contractual relationship arising from the Contract is purely commercial, so that both Parties will retain complete independence from one another, both in

their internal organization and in the way of conducting their business activities.

The supplier will arrange autonomously, and according to its own criteria, both its professional activity as the necessary resources to carry it out, trying to take appropriate measures for better compliance and acting in accordance with the general guidelines received from KH Vives.

The Supplier may not perform any act and/or demonstration that might lead to error or confusion in others about the absolute independence that is subject to this agreement for the execution of the service.

In particular, but without being limited to, at any time the Supplier may appear before others as an employee, member or representative of KH Vives and/or its client, except as the relationship that binds the supplier under the contract holds no link with them.

19 OBLIGATIONS OF THE SUPPLIER.-

Without prejudice to those contained in the Contract, for the term the Supplier undertakes, among others, a:

- a) Be in possession of quality and environmental certificates as required by KH Vives and/or provision in the Contract.
- b) Supply the Product requested previously by KH Vives in accordance with the quality standards laid down in the Contract, in the quantity and time required for this purpose.
- c) Deliver the product properly packed and packaged in order to protect it from damage, defect or damage resulting from its transportation, loading and unloading.
- d) Comply with the rules of production, manufacture and supply of the Product which is applicable and effective at all times, performing to effect many controls quality, internal or external, are necessary or desirable.
- e) Have sufficient stock of Product for rush orders which could be needed by the Supplier.

- f) Not make any representation as to lead, directly or indirectly, or mislead any third party about the absolute independence of the Supplier with respect to KH Vives.

20 NOTICES.-

Notifications between the Parties will be carried out by any written medium that will allow record content, aimed at the addresses or emails of each of the Parties contained in the chapeau of the Particular Conditions.

All notification sent to such addresses or emails should be correctly carried out, unless the recipient had previously notified the other Party of a change of address or email with a least five (5) business days in advance.

Within two (2) business days from the signing of the Contract, the Supplier shall provide KH Vives a contact list of its operational staff, as well as their opening hours. Also identified (including a contact mobile telephone number) will be those responsible for coordinating and managing any emergency in connection with the supply of the Product, and must be available (twenty-four 24) hours all days of the year.

21 INTEGRITY AND UNITY.-

The General Conditions and the Special Conditions include all terms and conditions which govern the relationship between the Parties with respect to the supply of the Product, therefore considered as a single agreement between the Parties.

The special conditions contain all aspects not provided for in the General Conditions regarding the business relationship between the supplier and KH Vives, as well as the terms and conditions agreed to by the Parties in connection therewith. Thus, in case of discrepancy, contradiction and/or conflict between provisions in the General Conditions and the Special Conditions, the parties agree that the provisions prevail in the Particular Conditions.

22 CONFIDENTIALITY.-

Any oral or written information provided, directly or indirectly, by KH Vives, or the Supplier may have knowledge of, in relation to the manufacture, development and supply of the product, as well as recipients of the same,

including the content and subscription of the Contract, shall be considered confidential information.

As a result of the above, the Supplier may not disclose, divulge, reveal or communicate, replicate, reproduce or distribute, totally or partially, the confidential information within to third parties.

These obligations will remain in force as such information and/or documents retain their confidential and secret nature, an exclusive decision of KH Vives.

23 INDEMNITY.-

The supplier will keep unscathed KH Vives, even after the termination of the Contract or any of its extensions, on the assumption of liabilities of any kind arising (including but not limited to criminal, tax, administrative, civil, commercial, environmental, labor or social security) which have their origin directly or indirectly in the product or the business relationship between parties and/or KH Vives with a subcontractor of the supplier, including but not limited to attorney's fees and to hire attorney's for KH Vives, even when its intervention was not mandatory, and the judicial and/or arbitral costs are to be paid.

The parties agree that KH Vives will have the power to offset any amount payable to the supplier for any reason with any other, regardless of the source, should meet the supplier to KH Vives. Such compensation may be carried out by KH Vives unilaterally, without requiring compliance with any other requirements except for the notice to the supplier.

24 BREACH OF CONTRACT.-

24.1 Essential character of commitments.

The commitments and obligations set forth in the Contract have been assumed by the Parties irrevocably, constituting essential elements for the configuration of the mutual willingness to carry out this Contract, as well as for the determination of the terms thereof.

As a result of the above, failure to comply with the obligations and commitments established without prejudice to the right to enforce or any other effects particularly established in law or in this Contract, will determine the obligation of indemnify the non-defaulting party for damages it might have suffered, in terms which are detailed below.

24.2 Concept of Default.

For the purposes of this agreement, it shall be deemed that there has been non-compliance when the defaulting Party has not remedied the circumstances alleged by the dutiful party within a period of [...] FIFTEEN (...) (15) calendar days, counting from that it is required to do so in accordance with Clause [...] 20 of the General Conditions.

In addition, shall be deemed non-compliance, failure to comply with the contents of the agreements concluded, if such non-compliance, the specific concurrent circumstances, prove irreparable.

24.3 Penalty Clause.

In the event that there is any breach, as defined in the previous section, the defaulting party shall:

- Pay to the other party, in respect of damages not substitute criminal clause, an amount that will be [...] THREE thousand EUROS (€3,000) for each breach.
- Pay the non-defaulting Party any expenses incurred to resolve the emerging conflict, as well as to execute or interpret any clause of the Contract via judicial or arbitral. In cases of judicial or arbitral dispute, party that wins the litigation or arbitration proceedings shall be entitled to recover the costs of professional intervention of his advisers, including those expenses, without being exhaustive, fees of lawyers, attorneys and experts, and this regardless that the intervention of these professionals were not mandatory, as well as the court fees and costs which, if any, were rendered as a result of the submission of the dispute to a court or arbitration institution.
- Pay any other damage and harm caused to the non-defaulting party.

25 RESOLUTION OF THE CONTRACT. UNILATERAL WITHDRAWAL.

25.1 Termination of the Contract.

Causes of the termination of the Contract, among others, the following:

- a) The course of the initial term of the Contract or of any of its extensions, if any of the Parties had expressly notified its desire not to extend it as provided for in Clause 20 of the General Conditions [...].
- b) The termination, for any reason, of one of the Parties in the continuity of their businesses or main activity line, substantially altering the nature of its business, its dissolution, liquidation or orderly shutdown, as well as the global transfer of its assets.
- c) The Commission of [...] three (3) violations, although they had been rectified, as defined in the previous Clause, within a period of one (1) year.
- d) Failure to comply with the quantities and/or qualities of products agreed by the Parties in more than [...] % 5% in [...] seven (7) consecutive orders of product or [...] four (4) times along [...] ten (10) months, even if they are not consecutive.
- e) The loss, non-renewal or failure to obtain the corresponding certificates described in Clause 4 of the General Conditions [...].
- f) The realization of [...] two (2) claims of KH live customer within a period of [...] six (6) months consecutive or four (4) [...] claims [...] ten (10) months even or be consecutive.

The party terminating the contract shall notify the other party, in accordance with the procedure laid down in Clause [...] 20 of the General Conditions, a minimum of one (1) month in advance, unless another notice is set specifically in the contract for a particular course.

The party which has terminated the Contract shall not be required to pay the other party a penalty, compensation, indemnification or any amount as a result of the resolution of the contract, provided it is based on any of the causes provided for in the contract.

25.2 Unilateral Withdrawal

Notwithstanding the provisions of the preceding paragraph, KH Vives may unilaterally cancel the Contract, without any of the reasons mentioned above,

and must give prior notice to the Supplier in writing at least two (2) months in advance.

The supplier is not entitled to perceive KH Vives's penalty, compensation, or any amount as a result of the exercise of this right.

25.3 Return of Documentation.

Upon termination of the Contract or of any of its extensions for any reason, the supplier shall deliver to KH Vives all copies (original and copies) available on KH Vives, the client of the latter and the Product (including but not limited to manufacturing and production), as well as any documents containing confidential information, as provided for Clause [...]. 22.

26 APPLICABLE LAW. ARBITRATION.-

26.1 Governing Law.

The contract shall be governed by and construed in accordance with the Spanish common law.

26.2 Arbitration.

Any dispute derived from the Contract or to save relationship - including any question regarding its existence, validity, termination, interpretation or execution - will be definitively resolved by arbitration of law, managed by the European Association of Arbitration (AEADE), in accordance with its arbitration rules applicable to the submission of the request for arbitration. The Arbitral Tribunal designated for this purpose shall be composed of a sole arbitrator and the language of the arbitration will be the Spanish. The seat of the arbitration shall be the Bar Association of Valencia, located in the Plaza Tetuan No. 16 of Valencia (Spain).

And as a sign of conformity, freely and voluntarily Parties sign two copies of this document in the place and date indicated in the heading of the specific conditions.

By Supplier:

By KH Vives:



KH Vives General Conditions