

GENERAL TERMS OF PURCHASING of the GRÜNENTHAL COMPANIES OF SWITZERLAND

1. Exclusive application of these General Terms of Purchasing

The following terms are defined as noted: (a) "Grünenthal": all companies of the Grünenthal Companies of Switzerland (Grünenthal Firmen Schweiz), which all appear individually under their specific company names; (b) "Order(s)": all purchases and procurements by Grünenthal; (c) "Supplier(s)": all contracting parties who fill a Grünenthal order.

These General Terms of Purchasing apply exclusively to all Grünenthal orders of goods, devices, machines, services, etc., and, where applicable, the Special Terms for certain types of orders and any written individual agreements that have been made, with the express exclusion of any General Terms of Sale of the supplier.

2. Quotations

Unless otherwise agreed to in writing, quotations submitted by the supplier create no right to receive an order or to any damages.

If Grünenthal has submitted a request for quotation, the supplier shall expressly identify any deviation from it in its quotation.

Unless otherwise expressly agreed, the supplier remains bound to all points of the quotation for twelve months after receipt.

3. Contract formation

A contract for the delivery of goods, devices, machines, services, etc. is formed

- (a) through a written agreement signed by Grünenthal and the supplier;
- (b) through the exchange of an order by Grünenthal and an order acceptance by the supplier that concur in all material points, in paper form or by fax or by e-mail;
- (c) through the exchange of a quotation by the supplier and an order by Grünenthal that concur in all material points, in paper form or by fax or by e-mail;
- (d) in the context of a "Vendor Managed Inventory" in the manner stipulated therefor;
- (e) by telephonic arrangement or use of an internet shop up to a maximum price of CHF 10,000;

In each case, Grünenthal requires a written order confirmation or declaration of acceptance.

Contract amendments (e.g. with respect to quantity, delivery date, etc.) must be expressly agreed to.

If the supplier has concerns about the modality of order execution desired by Grünenthal or about the documents, drawings or calculations and the like provided by Grünenthal, or if it considers clarifications to be needed, it must communicate this to Grünenthal without delay.

All of the supplier's correspondence with Grünenthal (order confirmations, shipment notifications, bills of lading, invoices, correspondence, etc.) shall make reference to the respective Grünenthal order with consignment reference and/or order number (if available).

4. Proper delivery

The stipulated delivery deadlines or delivery dates are binding and a material component of the contract.

The place of performance for the delivery is Tschachen 2, 8756 Mitlödi or the expressly stipulated destination. Unless otherwise agreed, delivery shall occur in Mitlödi or at the stipulated destination DAP Incoterms 2010^(R) (Delivered at Place).

If certifications of materials characteristics or materials testing have been agreed to, the originals thereof constitute a material component of proper delivery and copies of them shall be transmitted in advance to Grünenthal via fax or e-mail.

The supplier shall pack the delivery items in such a way as to avoid damage in transit. It is responsible for damage in transit that is due to inadequate packaging. Eco-friendly packaging should be used where practicable.

Early deliveries, partial deliveries or excess and short quantities that have not been agreed to in advance are only permissible with the advance express consent of Grünenthal.

5. Anti-corruption clause

The supplier undertakes to comply with all legislation to combat corruption in the execution of the contractually agreed to services (e.g. FCPA, UK Bribery Act, German criminal code).

This obligation encompasses the prohibition of unlawful payments or the granting of other unlawful benefits to public officials, business partners, to their employees, family members or other partners, and the prohibition of facilitation payments to public officials and other persons.

The contracting parties shall assist each other in measures to prevent corruption and, in particular, to inform each other immediately if they have specific knowledge or suspicion of cases of corruption which are reasonably related to this agreement or its performance.

If the vendor determines that the supplier has violated anti-corruption regulations, the vendor is entitled to terminate the contract – exceptionally, if necessary - without any further liability or obligation to the supplier.

The supplier shall hold harmless and indemnify the vendor from and against any and all damages, losses, withholding of payments, receivables and claims by a third party that arise out of or in connection with the termination.

6. Confidentiality

All documents provided to the supplier by Grünenthal (drawings, films, photos, layouts, process descriptions and the like) expressly remain the property of Grünenthal; Grünenthal may require the return of such documents. The supplier may only use such documents and all other information concerning business matters for order fulfillment to Grünenthal and shall keep them confidential during and after completion of order fulfillment; the supplier shall ensure that its employees and any sub suppliers have a corresponding confidentiality obligation. Statements concerning the supplier's business association with Grünenthal require our prior written consent.

7. Warranty for deliveries of goods, devices and machines

The supplier warrants that the delivery item will not exhibit any defects that compromise its required fitness and no defects of title, that it possesses the agreed qualities, that in the course of its designated use it will represent no risk to material assets, health and life, and that it will conform to the relevant Swiss statutory standards and industry guidelines with respect to product safety and environmental sustainability. The supplier undertakes to produce the necessary certifications upon request.

The warranty period lasts 24 months, beginning

- (a) upon acceptance that is documented through the signing of the acceptance report in the case of delivery items which require acceptance according to agreement;
- (b) upon proper delivery in the case of other delivery items (section 4 above).

Grünenthal may complain of latent defects during the entire warranty period irrespective of the time when the defect is discovered. Unless otherwise expressly agreed, Grünenthal has no duty to test any function at receipt of the delivery item.

8. Consequences of defective delivery, non-delivery/deviant delivery or delivery delay

7.1 In case of defective delivery (delivery item having defects or not exhibiting the required fitness or the agreed qualities)

Grünenthal may at its option

- (a) demand cancellation of the sale or, in other words, rescission of the contract,
- (b) demand a price reduction,
- (c) demand that the supplier effect repair or replacement at its cost within a reasonable time set by Grünenthal, with a renewed warranty period of 24 months,

and, in addition, demand full damages for the non-availability or delayed availability of the delivery item as contracted as well as consequential damages resulting from the defective delivery.

If the supplier fails within the set period to complete a repair or replacement elected by Grünenthal, or does so incompletely, Grünenthal's right to elect among the other claims mentioned above is revived.

7.2 In case of non-delivery (and in the case of deviant delivery, in other words, delivery of other than the agreed delivery item), Grünenthal may, at its option,

- (a) demand subsequent delivery of the stipulated delivery item within a reasonable time set by Grünenthal along with damages for delayed delivery;
- (b) waive subsequent delivery and demand reimbursement for all damages arising from the non-delivery or deviant delivery (including consequential damages).

7.3 In case of delayed delivery (noncompliance with the stipulated delivery deadlines or delivery dates), Grünenthal may, irrespective of the cause, at its option and without setting a grace period,

- (a) demand subsequent delivery within a reasonable time set by Grünenthal along with damages for delayed delivery;
- (b) waive subsequent delivery and demand reimbursement for all damages arising from the delayed delivery (including consequential damages).

The supplier shall immediately report a prospect of delayed delivery to Grünenthal along with all relevant information, which shall immediately trigger the above-mentioned options for Grünenthal. If the supplier fails to do so, it is liable for any increased loss occasioned by such failure (including consequential damages).

7.4 The supplier may only exempt itself from the obligation to pay damages for defective delivery, non-delivery/deviant delivery or delivery delay if it proves that the cause is beyond its control and that it could not reasonably have been expected to consider such cause in transacting the contract and to take precautions against it.

7.5 The supplier shall indemnify Grünenthal and hold it harmless from claims arising from product liability and bear all costs if it (or any of its sub suppliers) has caused the product defect which triggers liability.

9. Claims arising from patents and other intellectual property rights

The supplier is responsible for ensuring that the delivery item and its use by Grünenthal infringe no patents or other intellectual property rights. Should claims of this nature be made against Grünenthal, the supplier is obligated to indemnify Grünenthal and hold it harmless from them and bear all resulting costs. Grünenthal is entitled, but not obligated, to acquire the corresponding rights at the cost of the supplier.

10. Invoicing and payment

After properly completed delivery (or after acceptance in the case of delivery items which, by agreement, require acceptance), invoices shall be sent separately, in duplicate, to the mailing address of the respective Grünenthal company, citing the Grünenthal order with order number (if available) and/or consignment reference and the additional information necessary for checking the invoice.

Unless otherwise agreed, payment shall be made within 60 days after properly completed delivery (or after acceptance in the case of delivery items which, by agreement, require acceptance) and after proper invoicing.

11. Final provisions, applicable law, judicial venue

Should individual terms of these General Terms of Purchasing be or become ineffective, the effectiveness of the remaining terms shall not be affected thereby. The ineffective terms should be replaced by effective terms that are as similar as possible in economic intent.

The supplier is obligated to obtain the prior consent of Grünenthal when it desires to have its contractual duties performed entirely or in part by third parties or desires to assign its rights to third parties.

If the supplier becomes involved in an insolvency proceeding, Grünenthal is entitled to rescind the contract entirely or in part without giving rise to resulting claims against Grünenthal.

It is agreed that Swiss law shall apply in supplement to these General Terms of Purchasing, with exclusion of the Vienna Convention on Contracts for the International Sale of Goods.

The exclusive judicial venue is Glarus, Switzerland.