



General Terms and Conditions of Sale

1. General

1.1 These General Terms and Conditions of Sale (hereinafter referred to as the "General Terms") are exclusive and binding and shall apply to and be incorporated in any Contract (as defined below) and shall be in substitution for any ongoing arrangement made between Materion Precision Optics & Thin Film Coatings Inc. ("MATERION") and the Customer and shall prevail and predominate over any other terms contained in or referred to in the Customer's correspondence or in other documents, or implied by trade custom or practice or course of dealing. No addition to or variation of or exclusion or attempted exclusion of these General Terms shall be binding upon MATERION or valid unless they have been expressly accepted by MATERION in writing or electronically specifically stating the addition, variation or exclusion. For the avoidance of doubt, THESE GENERAL TERMS CONSTITUTE NOTICE OF OBJECTION AND REJECTION TO ANY ADDITIONAL OR DIFFERENT TERMS IN ANY CUSTOMER DOCUMENTS. Any failure by MATERION to challenge any such Customer conditions does not imply acceptance of those Customer conditions.

1.4 If any one or more of the provisions of these General Terms or any part or parts thereof shall be declared or adjudged to be illegal, invalid or unenforceable under any applicable law, such illegality, invalidity or unenforceability shall not vitiate the remainder of these General Terms and the illegal, invalid or unenforceable provision shall be deleted or replaced by a new provision the content of which shall be as close to the legal and economic effect of the replaced provision as possible.

2. Placing of order

2.1 All MATERION quotations ("Quotations") are valid for 30 days from date of quotation, unless MATERION states otherwise in writing, and all Quotations are subject to and may only be accepted subject to these General Terms. MATERION may withdraw a Quotation at any time.

2.2 The Customer shall submit an acceptance of the Quotation ("Order") without liability.

2.3 To be effective, Orders must be made in writing or electronically.

2.4 Such Order shall not be processed unless and until MATERION confirms the Order in writing or electronically ("Confirmation") and such Confirmation shall be subject to these General Terms. If MATERION does not give a Confirmation of the Order the performance of the services or manufacture and/or delivery of the goods shall serve as the confirmation of the Order, such performance or delivery shall be subject to these General Terms, and the General Terms shall be deemed accepted by the Customer.

2.5 The Order must contain all information relevant to MATERION such as number and date of MATERION Quotation, name of MATERION sales person as notified by MATERION to the Customer from time to time.

2.6 Once MATERION has sent a Confirmation of the Order, performed the services or delivered the goods, thereafter, the Customer shall not have the right to cancel the Order save where otherwise agreed by the parties and where the Customer purchases all of the related materials (at an agreed price) within 10 working days of cancelling the Order.

3. Scope of sale and services

Any contract between MATERION and the Customer shall be deemed to consist of the Quotation, the Confirmation and these General Terms (the "Contract"). For the avoidance of doubt, the scope of sale and services referred to in the Confirmation shall form part of the Contract only. Further goods and services not specified therein shall be charged extra as agreed between the parties but shall also be subject to these General Terms.

4. Technical documentation

4.1 The contents and representations within any sales brochures and catalogues are not binding unless MATERION expressly states otherwise in writing. Specifications in technical documents are only binding as far as they have been expressly warranted.

4.2 MATERION reserves all rights to any technical documentation supplied to the Customer. Without prior written consent of MATERION, such documentation shall neither in whole nor in part be disclosed to others or used for any purposes other than those for which they have been supplied to the Customer. In particular the Customer is not entitled to reproduce or replicate components or parts thereof and services specified therein.

5. Prices

5.1 Prices are determined by MATERION in the Quotation. The prices are exclusive of value added tax and sales tax, unless MATERION expressly provides otherwise in the Quotation.

5.2 Payment by the Customer shall be made in freely available monetary units in the currency stipulated in the Confirmation or invoice without any deductions whatsoever.

5.3 Any and all additional charges payable under the Contract which are not specifically stated as being included in the price including, but not limited to, freight charges, insurance premiums, fees for export, transit, import and other permits, as well as for certifications, shall be borne by the Customer shall be charged in addition to the prices stated in the Quotation. Likewise, the Customer shall bear any and all taxes, fees, levies, customs duties and the like, which are levied out of or in connection with the Contract, or shall refund them to MATERION against adequate evidence in case MATERION is liable for them.

5.4 The prices will be adjusted appropriately by MATERION if:

- The term of delivery has been subsequently extended due to any reason for which the Customer is responsible, or
- the nature or the scope of the agreed supplies or services has changed, or
- the coating material or the execution of the coating of the substrates has undergone changes because the information and documents provided by the Customer were not in conformity with the actual conditions or were incomplete.

6. Terms of payment

6.1 MATERION shall invoice the Customer for the price in accordance with the Confirmation. Unless otherwise agreed, the Customer shall pay such invoices within 60 (sixty) days of the date of the Invoice. Payment will be deemed to be made when the total price agreed on has been paid to MATERION in the currency stipulated in MATERION confirmation of order or invoice.

6.2 No interest will be reimbursed for advance payments.

6.3 Payment in accordance with Clause 6.1 shall remain in full force and effect even where through no fault of MATERION delays arise in the performance of the Contract.

6.4 If MATERION does not receive payment within 60 days of the date of the invoice (or within the term otherwise agreed) MATERION shall be entitled to receive interest which shall thereafter accrue on the sum due and owing on a daily basis and shall be charged immediately to the Customer at the rate of 4% above the current base lending rate in the Customer's domicile, provided that such rate shall not be less than 1.5% per month. MATERION shall be entitled to such interest without formal notice and without prejudice to any other right or remedy.

6.5 All amounts due from the Customer will be paid in full without any deduction or withholding other than as required by law and the Customer will not be entitled to assert any credit, set-off or counterclaim against MATERION in order to justify withholding payment of any such amount in whole or in part.

7. Reservation of title

7.1 Title to and property in the goods shall remain vested in MATERION until having received the full payments from the Customer in accordance with the Contract.

7.2 The Customer shall cooperate in any measures necessary for the protection of MATERION title in the goods. In particular upon entering into the Contract it authorizes MATERION to enter or notify the reservation of title in the required form in public registers, books or similar records, all in accordance with relevant national laws, and to fulfill all corresponding formalities, at the Customer's cost.

7.3 During the period of the reservation of title in the goods, the Customer shall:-

- (a) at its own cost, maintain the goods and insure them for their full replacement value naming MATERION as either co-insured or the 'Loss Payee' against theft, breakdown, fire, water and other risks;
- (b) hold the goods as MATERION's fiduciary agent and bailee and shall at all times keep the goods separate from those of the Customer and third parties, keep them properly stored and clearly identify them as belonging to MATERION who shall be entitled to examine such goods in storage at any time;
- (c) take all measures to ensure that MATERION' title is in no way prejudiced;

(d) be entitled to resell or use the goods in the ordinary course of its business but shall keep all proceeds of resale separate from any moneys or property of the Customer and third parties;

(e) not be entitled to charge any of the goods which remain the property of MATERION by way of security for any indebtedness of the Customer, but if the Customer does so, all money owing by the Customer to MATERION shall forthwith become due and payable.

7.4 During the period of the reservation of title in the goods MATERION shall be entitled to repossess any of the goods in which it retains title and for such purpose MATERION and its agents or representatives shall be entitled at any time and without notice to enter upon any premises in which the goods are stored or kept or reasonably believed so to be.

8. Delivery

8.1 Delivery dates quoted by MATERION are best estimates only and in regard to any such dates, time shall not be of the essence. Unless otherwise agreed in writing, delivery will be FCA Shanghai, PRC. For the avoidance of doubt MATERION will not be responsible for any claims for damage, loss or shortage of the goods in transit after delivery (FCA) unless Customer notifies MATERION in writing of such damage, loss or shortage within ten (10) days of delivery of the goods pursuant to the provisions of this Clause 8.1.

8.2 MATERION compliance with the time for delivery is conditional upon Customer's fulfilling its contractual obligations.

8.3 MATERION shall be entitled to deliver the goods in one or more consignments and to invoice each consignment separately.

8.4 Subject to the provisions of Clause 8.4, if after 6 weeks of the estimated delivery date MATERION has not delivered the goods in accordance with the provisions of Clause 8.1, the Customer shall be entitled to request MATERION in writing to make delivery within a reasonable period. Failure to deliver within a reasonable period after the notice shall constitute late performance by MATERION.

8.5 Subject to MATERION' prior written consent, delivery of any Order may be delivered in installments which may be scheduled over a 12 months or greater period. Unless MATERION states otherwise, delivery of all goods must be taken within 12 months of the Confirmation. Each delivery schedule will be as set out in the Quotation or Confirmation.

8.6 Subject to Clause 14, in the case of delayed goods or services the Customer has no rights and claims other than those expressly stipulated in this clause 8; in particular the Customer has no right to rescind the Contract. This limitation, however, does not apply to gross negligence or willful misconduct of MATERION.

9. Passing of benefits and risk

9.1 Subject to the provisions of Clause 9.2 risk of damage to or loss of the goods shall pass to the Customer on shipment ex FCA.

9.2 Subject to the provisions of Clause 8, if delivery is delayed at the request of the Customer, or pursuant to export delays, or otherwise due to no fault of MATERION, the risk shall pass to the Customer at the date originally agreed for delivery. From this date onwards the goods shall be stored and insured at the Customer's expense and risk (in accordance with Clause 7).

10. Shipping, transport and insurance

10.1 MATERION shall undertake to pack the goods to MATERION' normal specification.

10.2 Customer shall comply with all applicable domestic, foreign, import, export, security and controller access laws and regulations, including obtaining all necessary security clearances for airports, cargo transport areas, and related facilities, governmental approvals and licenses in connection with the purchase of goods.

10.3 Customer shall be liable to pay for the goods (in accordance with Clause 6 above), notwithstanding any export or import restrictions, or the cancellation, withdrawal or non-renewal of export or import licenses preventing performance (in whole or in part) of the Contract. For the avoidance of doubt, no part payment already made by the Customer to MATERION for any goods already so delivered shall be repayable by MATERION.

11. Inspection and acceptance of goods and services

11.1 MATERION shall check the goods before dispatch as far as usual and reasonable. Any further controls requested by the Customer have to be agreed by the parties separately and MATERION shall charge an additional amount.

11.2 The goods shall be considered to have been finally accepted by the Customer ten (10) days after delivery unless before then notice of rejection or notices of claims have been given in writing to MATERION.

11 The Customer has no other rights or claims in respect of any defects whatsoever in relation to goods or services other than those expressly named in Clause 12.

12. Exclusive Limited Warranty

12.1 Applicable to ColorWheel™ only:

Subject to the remaining provisions of this Clause 12 commencing from the date of shipment by MATERION. MATERION warrants

(i) for 1 year from the date of delivery that the goods in relation to ColorWheel™ will not exceed the following applicable noise level specifications:

Ball Bearing Motors:

Specification plus 15 dba

Ultra Reliable Sleeve Bearing Motors:

Specification plus 10 dba

Air Bearing Motors:

Specification plus 5 dba and

(ii) for 30 days from the date of delivery that the goods in relation to ColorWheel™ shall be free from broken segments, scratches and digs.

12.2 Applicable to all units except

ColorWheel™.

Commencing from the date of shipment, MATERION warrants, for a 30-day period that all goods (except for those goods in relation to ColorWheel™), satisfy the applicable written optical performance specification as published by MATERION.

12.3 Exclusive Remedies - Applicable to all units

12.3.1 Subject to Clause 13, as the exclusive remedy with respect to all claims concerning the goods, MATERION undertakes to repair or replace at its option free any parts defective to the extent as defined in the warranties above within the corresponding warranty periods, or at MATERION's discretion, refund the contract price.

12.3.2 In the case of goods repaired or replaced, the relative warranty period for such repaired or replaced goods shall be the same period as the warranty period relating to the goods originally supplied.

12.3.3 Expressly excluded from the above warranties is damage caused by normal wear, defective maintenance and handling by the Customer, failure to comply with the operating instructions, electrostatic effects, excessive voltage or current, operation beyond recommended temperature levels, application of materials, equipment and spare parts not recommended by MATERION, defective repairs which have not been carried out by MATERION or its agents, as well as in case of modifications made by the Customer or improper system integration.

12.3.4 In all such claims brought by the Customer pursuant to Clause 12 the respective burden of proof is with the Customer if a dispute regarding exclusion of warranty may arise.

12.3.5 MATERION will determine the warranty status of any failed units.

12.3.6 All costs of MATERION out of or in connection with the repair or replacement of defective parts, such as transport, packing, insurance, customs, labor, accommodation, and travelling expenses of MATERION shall be borne by MATERION.

12.3.7 The Customer shall not be entitled to any other warranty, express or implied, except those specifically set forth in clause 12.

12.3.8 **MATERION ASSUMES NO RESPONSIBILITY AND MAKES NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, SATISFACTORY QUALITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE THE WARRANTY SET FORTH IN THESE GENERAL TERMS IS THE EXCLUSIVE WARRANTY.** Without limiting the generality of the foregoing, this exclusion from liability includes, but is not limited to, claims, arising out of interference with the Customer's production, expenses for downtime, lost profits, lost sales, injury to person or property or any other incidental or consequential loss.

13. Returns/Repairs

Customer shall obtain a Return Materials Authorization ("RMA Number") from MATERION Customer Service Department prior to the return/repair of any goods. Returns will only be accepted within thirty days of receipt of the respective RMA number by the Customer. Goods must be returned to MATERION in original packaging (if reasonable to do so). The RMA number should be displayed prominently on the outside of any packaging. The Customer shall act in accordance with the RMA procedure as set out in MATERION' RMA Policy.

14 Liabilities

14.1. Subject to Clause 14.2, MATERION's aggregate liability to the Customer in respect of all claims arising out of or in connection with any MATERION goods or services (including without limitation as a result of breach of contract, negligence or any other tort, under statute or otherwise) will be limited to the Contract price.

14.2 MATERION shall have no liabilities to the Customer in contract, tort, negligence or otherwise (including by way of indemnity) in respect of any of the following losses or damage whether foreseen, foreseeable, known or otherwise:

14.2.1. Any indirect, incidental, special or consequential loss or damage;

14.2.2 Loss of actual or anticipated profits;

14.2.3 Loss of use;

14.2.4 Loss of production;

14.2.5 Loss of business;

14.2.6 Loss of revenue or the use of money;

14.2.7 Loss of contracts; loss of anticipated savings;
14.2.8 Loss which could have been avoided by the Customer through reasonable conduct or by the Customer taking reasonable precautions;
14.2.9 Loss and liability for property damage, personal injury or death (except where such exclusion is prohibited under applicable law).

15. Exclusion of further liability and warranties

15.1 MATERION makes no representation or warranty of any character with respect to infringement or to the exemption of the goods and services from third parties' protective rights.

16. Applicable Law and Place of jurisdiction

16.1 The Contract shall be construed and interpreted according to the substantive laws of the State of Ohio, United States of America without regard to principles of conflicts of law. Customer and MATERION exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.

16.2 Any litigation arising in connection with the goods or services, the Contract and/or these General Terms or any allegedly related contract or terms shall be brought in the state and federal courts encompassed by the U.S. District Court for the Northern District of Ohio, and Customer and MATERION hereby consent to the exclusive jurisdiction of such courts.

16.3 In any action brought under or in connection with these General Terms or any allegedly related contract, each party shall bear its own costs.

16.4 The parties acknowledge that the only official text of these General Terms and related documents is that written in English and that any translations into other languages, even if signed by both parties shall not be binding. In case of difference between the various texts, the English text shall prevail to the extent of any inconsistency.

17. Termination

17.1. Without prejudice to any other rights or remedies of MATERION it shall be entitled in any of the following circumstances to terminate (in whole or in part) the Contract or any confirmed Order (whenever made) between MATERION and the Customer if:-

17.1.1. the Customer fails to make payment due to MATERION in accordance with the provisions of Clause 6;

17.1.2. the Customer commits any other breach of the Contract and, where such breach is capable of remedy, fails to remedy such breach within a period of 14 days from receipt of notice in writing from MATERION requesting remedy;

17.1.3. there is a change in the ownership of the Customer;

17.1.4. the Customer files a petition under the US bankruptcy code or makes or proposes in respect of it a company voluntary arrangement pursuant to the Insolvency Act 1986 or any other state or national insolvency law or any other composition or scheme of arrangement with assignment for the benefit if any of its creditors;

17.1.5. the Customer becomes subject to an administration order or becomes bankrupt or goes into liquidation;

17.1.6. the Customer has a petition presented for its winding up or involuntary bankruptcy (which is not dismissed within 21 days of its service) or has an application made for the appointment of a provisional liquidator or has a creditors' meeting convened pursuant to section 98 Insolvency Act 1986, the United States bankruptcy code or any other state or national insolvency act;

17.1.7. an encumbrancer takes possession or a receiver or administrative receiver or similar officer is appointed of any of the property or assets of the Customer;

17.1.8. the Customer becomes unable to satisfy its debts as they fall due or ceases or threatens to cease to carry on business; or

17.1.9. MATERION reasonably believes or apprehends that any of the events mentioned above (or any equivalent or similar events under any relevant laws to which the Customer is subject) has or may occur or otherwise has reasonable grounds for insecurity in Customer's ability to perform.

17.2. If the Contract is terminated in accordance with Clause 17.1:

17.2.1. MATERION shall be entitled to repossess any of the goods which the Customer has not paid for or in which MATERION retains title (in accordance with the provisions of Clause 7) and for such purpose MATERION and its agents or representatives shall be entitled at any time and without notice to enter upon any premises in which the goods are stored or kept or reasonably believed so to be stored or kept;

17.2.2. the Customer shall return or dispose of the following in accordance with MATERION's directions:-

17.2.2.1. any confidential information, designs, drawings, instruction books, technical pamphlets, photographs, specifications and other materials, documents and papers (reasonably requested by MATERION) and all copies thereof sent to the Customer and relating to the business of MATERION.

17.2.3. the Customer shall remain liable to pay MATERION any outstanding payments less:-

17.2.3.1. the disposal price received by MATERION for the goods in its possession or reclaimed from the Customer; and

17.2.3.2. any part of the price already paid by the Customer to MATERION.

18. Intellectual Property and Confidentiality

For the purposes of this Clause 18, "Intellectual Property" shall mean any patent, registered design, copyright, database right, design right, trade mark, service mark, application to register any of the aforementioned rights, trade secret, right in unpatented know-how, right of confidence or any other intellectual or industrial property right of any nature whatsoever in any part of the world.

18.1. MATERION (or its licensees) retains the exclusive rights in relation to any Intellectual Property of any nature used or developed by MATERION (Including, without limitation, all Intellectual Property rights in the goods, any drawings, specifications, manuals or any other documents supplied by MATERION or developed in conjunction with MATERION) and such Intellectual Property shall not be used by the Customer for any purpose other than is necessary to make proper use of the goods.

18.2. The Customer retains ownership of all of its Intellectual Property of any nature used or developed by the Customer and such Intellectual Property shall not be used by MATERION for any purpose other than to supply the goods.

18.3. The Customer agrees to indemnify MATERION against all liability arising from MATERION's performance of the Customer's order in accordance with the Customer's specification or any Intellectual Property of the Customer where such specifications infringe any patent trade mark registered design or other intellectual property rights not owned by the Customer or MATERION as well as with respect to any infringement claim based upon the combination of MATERION products with any other products, processes or material not supplied by MATERION. Under no circumstances shall MATERION be required to indemnify Customer with respect to any such claims or liabilities.

18.4. Each party undertakes to treat all information relating to the business of the other as confidential and to use it only for the purposes of the Contract except in so far as may be necessary for the performance of any obligations of the Contract or to the extent that such information is generally available to the public or to the extent that disclosure of information is required to be made by law.

18.5. Each party agrees that this obligation shall continue in force without limitation in point of time notwithstanding the termination or expiry of this Agreement for any reason but shall cease to apply to information from the point at which it enters into the public domain and shall also cease to apply to information which is received independently from another source without the imposition of any duty of confidence.

19. Force Majeure

19.1. MATERION shall have no liability in respect of any delay in delivering or performing any obligations or from carrying on its business by acts, events, omissions or accidents beyond its reasonable control, including (without limitation) strikes, lock-outs or other industrial disputes (whether involving the workforce of MATERION or any other party), failure of a utility service or transport network, act of God, war, riot, civil commotion, malicious damage, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

19.2. In such event MATERION may without liability cancel or vary the terms of the Contract including extending the time for performing it. The Customer shall accept and pay for such part of the goods as MATERION shall be able to deliver.

20. Assignment

20.1. The Customer shall not, without the prior written consent of MATERION, assign, transfer, charge, mortgage, or subcontract any of its rights or obligations under the Contract.

20.2. MATERION may at any time assign, transfer, charge, or mortgage any of its rights under the Contract and may subcontract or delegate in any manner any or all of its obligations under the Contract to any third party or agent.

21. Severance

21.1. If at any time one or more of these conditions becomes invalid illegal or unenforceable in respect of any law such terms shall be deemed to be severed from the contract and the validity and enforceability of the remaining provisions shall not be affected or impaired.

22. Waiver

22.1. The failure of either party to exercise or enforce any right conferred on that party by the Contract shall not be deemed to be a waiver of any such right or operate to bar the exercise or enforcement thereof at any time or times thereafter.

23. No Partnership/Agency

23.1. Nothing in the Contract is intended to, or shall be deemed to, constitute a partnership or joint venture of any kind between the parties, nor constitute any party the agent of another party for any purpose. No

party shall have authority to act as agent for, or to bind, the other party in any way.

24. Third Parties

24.1. A person who is not a party to the Contract shall not have any rights under or in connection with it.

25. General

25.1. No delay by MATERION in enforcing any of these terms shall prejudice the right of MATERION to enforce these terms, nor shall any waiver by MATERION operate as a waiver of any subsequent breach.

25.2. Each party acknowledges that, in entering into the Contract, it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether made negligently or innocently), other than as expressly provided in the Contract.

25.3. Each party acknowledges that the Contract constitutes the entire understanding of the parties relating to the subject matter and there are no promised, terms, conditions or obligations whether oral or written, express or implied other than those contained or referred to in it. No amendment or variation of these General Terms will be valid unless in writing expressly identifying the writing as an amendment or variation of these General Terms and signed by an authorized representative of MATERION.

25.4. Headings to the clauses in these conditions are inserted for convenience only and do not affect the construction of them.

25.5 Customer acknowledges that MATERION has furnished Customer with product information which includes warnings and safety and health information concerning the goods and Customer represents and warrants that it will disseminate such information so as to give warning of possible hazards to persons who may be exposed to such hazards, including, but not limited to, Customer's employees, agents, contractors and customers.

26. Special terms for Customers requiring Substrate Coating Service (if applicable).

In addition to these General Terms, the purchaser of the Substrate Coating Service shall be subject to the provisions of this Clause 26.

For the purposes of this Clause 26 "Substrate Coating Service" shall mean the coating service provided by MATERION whereby the Customer supplies its own raw materials (including substrates).

26.1 Delivery of the substrates

26.1.1 The Order must contain all information required by MATERION in relation to the substrate and/or any other materials supplied by the Customer, including but not limited to description of the substrate, number of items, dimensions, and type of material. In addition the Customer shall provide valid drawings and coating specifications based on international standards. MATERION reserves the right to require the Customer to provide any additional information, which MATERION might consider necessary for the proper treatment of the substrates. The Customer must provide such additional information promptly after receiving such a request for information from MATERION.

26.1.2 In relation to all such goods supplied by MATERION, MATERION shall provide the following information on a pro-forma invoice:

Price of each item and total value, number of packages, gross and net weight, country of origin with proof by means of EUR.1 or declaration of origin on invoice, mode of transport for delivery and desired mode of transport for return to the Customer.

26.1.3 The Customer represents and warrants that any substrates delivered will be in conformity with the drawings in accordance with 26.1.1 above and be in MATERION' opinion, a state fit for coating.

26.1.4. MATERION reserves the right to return any substrates or any other materials supplied by the Customer to the Customer which do not comply with the drawings in accordance with Clause 26.1.1 or which MATERION does not believe are in a state fit for coating at the Customer's expense.

26.1.5 Any substrates or other materials provided by the Customer shall be packaged so that if necessary MATERION can reuse the packaging to return any substrates (in accordance with clause 26.1.4) to the Customer. For the avoidance of doubt, if no such packaging is supplied by the Customer, or if MATERION does not consider such packaging adequate MATERION shall have the right to charge the Customer for such reasonable packaging.

26.2 Inspection and acceptance of the substrates

26.2.1 Once it has carried out the Substrate Coating Service, MATERION shall check the coated substrates to the usual and reasonable extent before dispatch and mark any goods incorporating substrates with differently colored marks (in accordance with the guidance at clause 26.2.2 below). Any additional checks requested by the Customer shall be agreed by the parties separately and MATERION shall charge Customer an additional amount.

26.2.2 The coloured marks applied by MATERION indicate the following:

White:

The coated substrates comply with agreed specifications and MATERION services shall charge accordingly.

Yellow:

The coated substrates contain defects, which are due to defects of the substrates supplied by the Customer. MATERION services shall be charged for, as agreed by the parties.

Grey:

The coated substrates contain minor defects caused by MATERION, which do not affect the fitness for use. MATERION service shall be charged unless the Customer notifies MATERION in writing within two weeks of receipt of delivery that the coated goods are not usable.

Red:

The coated substrates contain defects, which were caused by MATERION and the coated goods are not usable. No charge shall be made by MATERION.

26.3 Claims

26.3.1 Any claims made by the Customer for faulty Substrate Coating Service must be evidenced by the Customer. The Customer shall make the disputed coated goods available for MATERION' inspection within 10 days if MATERION so requests. Any claim shall be submitted to MATERION as follows:

- In the case of material or manifestly obvious defects the Customer must notify MATERION in writing as soon as possible but not later than 2 weeks after delivery;
- In the case of non-obvious defects as soon as possible after discovery, but not later than 6 months after delivery.

If the Customer does not make a claim in accordance with this Clause 26.3.1 above the coated goods are deemed to have been approved and accepted by the Customer.

26.3.2. In addition to the exclusive remedy, limitations and waivers of Clause 12.3, Customer has no rights and claims in respect of any defects whatsoever in relation to the coated goods or the Substrate Coating Services than those expressly named in clause 26.4.

26.4 Tolerance for defects with Substrate Coating Service

MATERION and the Customer agree in calculating any liability of MATERION in relation to the Substrate Coating Service there shall be (unless otherwise agreed by the parties) the following tolerance levels:

5% for any rejects claimed in accordance with clause 26.3 (For the avoidance of doubt MATERION shall not be liable for any claims to the extent that the level of claims is within this tolerance).

26.5 Exclusion of liability for coated goods

In addition to the provisions of Clause 26.3 and subject to 26.4, MATERION shall not be liable to the Customer in contract, tort or negligence and for any differences or damages to the coated goods or in relation to the Substrate Coating Service in respect of the following situations:

26.5.1 Incorrect information

MATERION liability is excluded for all differences and damages, which are due to information not provided in accordance with Clause 26.1.1 or information which is late, incorrect, incomplete or inaccurate information and advice provided by the Customer in the Order or elsewhere.

26.5.2 Defective substrates

MATERION liability is excluded for any damages or loss which is due to the unsuitable condition of the substrates supplied by the Customer, e.g. those resulting from defects in material, deviations in dimensions, manufacturing faults, residues from previous treatments or auxiliary agents which cannot be removed.

In particular, but not limited to, MATERION has no liability where particular coating procedures are being used which, due to the strong increase in contrast, make visible after coating spots and other defects which had not been visible before coating.

26.5.3 Inaccurate labeling of the Substrates

MATERION has no liability for, (including but not limited to) losses, delayed deliveries, confusion which are due to inaccurate labeling of the substrates by the Customer, any carrier or customs authorities.

26.5.4 Storage damage

MATERION has no liability for any damage, which despite taking all reasonable care may arise out of the storage of the substrates. If highly sensitive substrates are to be used any special provisions in relation to storage shall be agreed by MATERION in writing.

26.5.5 MATERION has no liability for any substrates where the coated substrates have been processed by the Customer or a third party after coating.

27 Anti-bribery provisions

27.1 The parties shall not commit, authorize or permit any action which would cause the parties and/or the parties' affiliates to be in violation of any applicable anti-bribery laws or regulations. This obligation applies in particular to illegitimate payments to government officials, representatives of public authorities or their associates, families or close friends.

27.2 Each party agrees that it will neither offer or give, or agree to give, to any employee, representative or third party acting on behalf of the other party nor accept, or agree to accept from any employee, representative or third party acting on behalf of the other party, any gift or benefit, be it monetary or other, that the recipient is not legally entitled to with regard to the negotiation, conclusion or the performance of any Contract.

27.3 The parties shall promptly notify each other, if they become aware of or have specific suspicion of any corruption with regard to the negotiation, conclusion or the performance of any Contract.