

Theleico Schleiftechnik GmbH & Co.KG

- hereinafter THELEICO -

Purchasing Terms and Conditions

§ 1

Validity of Conditions

1. Services rendered by the Supplier to THELEICO shall only be subject to these terms and conditions.
2. The conditions shall also apply to any future business relations with suppliers, even if not expressly agreed again.

The Sub-Contractor's terms and conditions will not be accepted. They shall expressly only be applicable, if their validity has been agreed upon in writing with THELEICO under a deviating agreement.

§ 2

Order/Scope of Supply

1. Supply contracts, orders, acceptance and call-off orders including respective changes and amendments are subject to written form. The written form requirement concerning orders and call-off orders at THELEICO and the respective changes and amendments may be replaced by electronic form/text form, in particular data transmission or machine-readable data carriers.
2. If the Supplier does not accept the order within 10 days from receipt, this receipt having immediately to be confirmed to THELEICO in writing, THELEICO shall be entitled to cancel the order. Claims of the Supplier being due to an effective cancellation shall be excluded.
3. THELEICO reserves intellectual property rights and copyrights concerning illustrations, drawings, calculations and other documentation. They shall not be made available to third parties without THELEICO's express written consent.
4. Even after conclusion of the contract the Supplier, at THELEICO's request, has to modify the object of purchase as regards construction and design, as far as this is reasonable. In doing this, adequate agreements shall be concluded unanimously concerning the impact, in particular with regard to additional or reduced costs and delivery times.

5. Products or product components not being listed on the order but essential for operating the product safely and efficiently, shall be regarded as component of the delivery item and as being payable by the Supplier.

§ 3

Prices

1. The price shown on the order shall be binding. In case of delivery "free domicile" the Supplier shall bear all transport, insurance and packaging costs including any customs duties being possibly required. The risk passes to THELEICO only on acceptance of the delivery in THELEICO's premises. It is only then that performance shall be deemed to have been effected. Unless otherwise agreed in writing, the return of the packaging shall be at the expense of the Supplier.
2. If not otherwise agreed in writing, following receipt of products according to the contract or receipt of the proper and verifiable invoice, payment shall be made 10 days after delivery or performance with 3% discount or 30 days net cash. Where earlier deliveries are accepted, the due date is based on the agreed delivery date. Payments shall not be considered a renouncement of complaints and shall not be interpreted as an approval of contractual performance.
3. In the event of defective delivery THELEICO shall be entitled to withhold the payment proportionally, while maintaining the discount agreement, until correct fulfilment.

§ 4

Delivery Dates and Delivery Time

1. Delivery dates and time agreed shall be binding.

In the case of delivery "free domicile" the Supplier is obliged to provide the product in time taking into account the ordinary time for loading and dispatch. The receipt of the product at THELEICO shall be the determining factor for assessing compliance with delivery date and period.

With respect to call-off orders THELEICO shall be entitled to determine individual call-offs and dates of call-offs for the part delivery.

2. Default shall automatically occur even without reminder, if the agreed delivery date is exceeded. The Supplier is under the obligation to immediately inform THELEICO in writing if circumstances occur or are recognised which prevent the agreed delivery time from being met. This information does not discharge the Supplier from his/her original obligation to deliver. If this obligation is violated, THELEICO shall be entitled to compensation for any resulting damage against the Supplier.

If the Supplier is in default, THELEICO shall be entitled to a flat-rate compensation

for delay amounting to 1.5% for every completed week of delay, in total not more than 4% to 5% of the invoice amount of the delivery and services affected by the delay. Any further claims arising from proven damage shall remain unaffected thereby.

3. With respect to the number of items, weights, measures and quantities delivered - subject to other proof - the values determined by THELEICO on checking the goods on receipt shall be applicable.
4. Force majeure, industrial action or official orders etc. which cannot be averted or settled by appropriate technical and economic effort shall release THELEICO from the performance of contractual obligations for the duration of the event.

§ 5

Delivery/Packaging

1. Products shall be delivered "free domicile". In case that THELEICO bears the delivery charges, the products shall be dispatched by the lowest-cost method of dispatch. A transport insurance at THELEICO's expense may only be taken out following express written instruction. Packaging shall be done by the Supplier in a professional manner according to condition of the products and method of dispatch. In case that THELEICO, under a deviating express agreement, bears the packaging costs, the Supplier will only charge at cost price.
2. The Supplier shall not be entitled to carry out part deliveries at any time, unless expressly instructed by THELEICO to do so.

§ 6

Quality/Test for Quality/Notification of Defect

1. Deliveries shall be made at mutually agreed and constant high qualities approved by THELEICO (specifications). The Supplier assures to deliver only products meeting quality specifications.

As far as technical certifications, acceptance reports, initial sample test reports, etc. have to be submitted for deliveries/services to be rendered, the Supplier shall provide them unrequested and free of charge.

2. Incoming goods are only inspected by THELEICO for externally apparent damage and externally apparent deviations in identity and volume. THELEICO reserves the right to carry out a more detailed incoming goods inspection. If, in accordance with the ordinary course of business, there is a defect not having been obvious before, the notification of defect shall be made immediately after the defect has been discovered. To this extent, the Supplier waives the objection of late notification of defects under HGB (German Commercial Code).
3. In case that the products have not been delivered free from manufacturing and material defects, the time limit for asserting claims for deficiencies is one year from delivery of products, but at least the statutory period. Following written notification of a defect by THELEICO, the Supplier is obliged to carry out improvement within 14

days. In case of lacking improvement after an adequate time limit, THELEICO, at THELEICO's option, may claim compensation or withdraw from the contract.

4. In the case of imminent danger to operational safety, threatening disproportionately high damages or for maintaining THELEICO's ability to supply vis-à-vis its own customers, THELEICO shall be entitled to substitute performance without being obliged to set the Supplier a time limit for improvement. Costs incurred hereby shall be borne by the Supplier. The Supplier shall be liable for all damages and expenses incurred by THELEICO that result directly or indirectly from defects of the item. Expenses for the inspection of incoming goods that exceed the ordinary scope are also subject to compensation, if at least parts of the delivery have been found to be defective. The Supplier shall also compensate THELEICO's customers or THELEICO for expenses arising in advance with respect to liability for defects or in connection therewith, to the extent that such expenses have been incurred for the purpose of avoiding, preventing or mitigating damage (recalls). THELEICO shall inform the Supplier on the content and scope of recall measures to be made, as far as this is possible and reasonable, and shall give the Supplier the opportunity to make a comment.

For the duration of the supply relationship the Supplier shall be obliged to insure the mentioned risks (including a product liability insurance) such that all interests of THELEICO and concerned third parties are safeguarded in case of damage. Proof shall be delivered on request.

5. THELEICO reserves the right to regularly carry out quality audits at Suppliers' premises and/or their sub-contractors, if applicable together with THELEICO customers.

§ 7

As far as THELEICO has made available to the Supplier all kinds of documents, e.g. drawings, calculations, samples, descriptions, models and the like, these documents shall remain the property of THELEICO. It is not permitted to reproduce these documents, hand them over or make them available to third parties. Following termination of the contractual relationship all documents including copies thereof have to be returned.

§ 8

General Provisions

1. The law of the Federal Republic of Germany shall exclusively apply. The provision of the United Nations Convention on Contracts for the International Sale of Goods shall not apply. Place of performance and jurisdiction is the place of business of THELEICO.
2. If one of the foregoing provisions should be or become ineffective in part or in total, the effectiveness of the remaining parts of the contract shall not be affected hereby. The contracting parties oblige themselves to replace the invalid provision or part of the invalid provision by a valid provision coming as close as possible to the intended economic purpose of the invalid provision. The same shall apply to any contractual gaps.