
GENERAL TERMS AND CONDITIONS OF BUSINESS FOR SERVICES AND DELIVERIES OF KLH GMBH TO OTHER FIRMS (SUPPLIERS)

§ 1 APPLICABLE CONDITIONS

(1) All legal relationships between Supplier and Ordering party are based on these terms and conditions. Other Terms and Conditions of Business, unless specified in this purchase order, shall not apply even if not expressly renounced in the individual situation.

(2) Any modifications and supplements must be made in writing in order to be valid.

§ 2 ORDER

(1) All orders must be made in writing. Verbal orders must be confirmed in writing.

(2) The Supplier must confirm each order in writing. If such a confirmation is not received within five work days, the Ordering party will no longer be bound to the order.

§ 3 DELIVERY TIME

(1) The delivery period begins on the date the order was made. The Supplier will be liable as per the legal requirements if he fails to make the delivery within the agreed time.

(2) The Supplier must inform the Ordering party without delay about all circumstances which make adhering to the delivery period impossible or unlikely. This notice must include the reasons for the delay and an estimate of the duration of the delay.

§ 4 DISPATCH

(1) The Shipping department must send a comprehensive dispatch note with each separate delivery. The dispatch papers must include the information in the purchase order, incl. purchase order number and the Ordering party's item number.

(2) The Supplier must choose the transport modes most suitable and favourable to the Ordering party unless other (special) agreements apply.

§ 5 INVOICING AND PAYMENT

(1) The invoice must be submitted in duplicate after delivery (separately from the dispatch) and must contain full information about the order number, delivery/service items, etc. The invoice will not be processed if some of the order information is missing.

(2) Payment does not signify an acknowledgement of the conditions and prices; payment is subject to any pleas which have been raised. The time payment is made does not have any bearing on the Supplier's warranty or the Ordering party's right to file a complaint.

(3) Invoices are to be paid using the payment method chosen by the Ordering party. This payment method includes promissory notes and customer bills of exchange with a term of up to three months. In case of a payment by bill of exchange, the discount charges shall be reimbursed by the Ordering party to the agreed amount.

(4) Payments are made following delivery/performance and invoicing. Payment is due within 30 days at a 3% discount or 60 days net.

§ 6 OFFSETTING AND ASSIGNMENT

(1) The Supplier may only assign his accounts receivable against the Ordering party with the latter's consent who can only decline this request if there is an important reason for doing so.

(2) The Ordering party is always entitled to an offset in lieu of payment.

§ 7 WARRANTY

(1) The obligation to inspect the delivery and, where applicable, to file a notice of defects begins upon receipt of the delivery. If an acceptance test has been agreed, the duty to inspect/file a notice of defects shall commence after the acceptance test.

(2) The Supplier shall assume warranty for the fact that the delivery is free of material and legal defects for a period of 24 months following the acceptance test or hand- over of the delivery.

(3) The Supplier's warranty shall also extend to parts manufactured by Sub-suppliers.

(4) Any claim for damages of whatever kind made by the Ordering party against the Supplier cannot be limited by the Supplier's Terms and Conditions of Sale to a specific amount or to the extent that the Supplier is only liable under the terms of the insurance policy he has taken out for such damage claims.

(5) The Ordering party reserves his rights pursuant to § 439 of the German Civil Code (BGB).

§ 8 INTELLECTUAL PROPERTY RIGHTS

(1) For a period of twenty (20) years following the delivery, the Supplier shall assume liability that delivery and use of the delivery items do not infringe upon any patents, licences or the intellectual property rights of third persons. The Supplier is responsible for all licence fees, where applicable.

§ 9 COPYRIGHT

(1) The Ordering party reserves the right to retain ownership of drawings, models, other information which were given to the Supplier for manufacture of the delivery. The Supplier is not permitted to use them for any other purposes. Documents which were made available must be returned immediately after the order has been completed without being asked to do so. The Supplier shall secure these documents from theft and fire at no charge to the Ordering party and shall provide evidence of having done so.

§ 10 CONFIDENTIALITY

(1) The Supplier shall keep all of the information about the Ordering party and third parties strictly confidential.

(2) Reference may only be made to existing business relations with the Ordering party with the express approval of the Ordering party. This consent can be revoked at any time.

§ 11 ACCEPTANCE

(1) If an acceptance test has been earmarked for the delivery item the Supplier shall bear the costs of such an acceptance test.

§ 12 CONTRACTUAL PENALTY

(1) The Ordering party reserves the right to file a suitable claim for damages if the Supplier is not able to meet his performance in an orderly and correct manner, or if he infringes upon one of the above agreements or a mandatory requirement in some form or another.

(2) In the event of the Supplier being in arrears, a contractual penalty of 2% of the order amount per commenced week of delay shall apply. This penalty is limited to 10% of the order amount.

13 FORCE MAJEURE

(1) Force majeure and other unavoidable events shall exempt both contractual parties from their performance obligations for the duration of the disruption and the scope of its impact.

§ 14 APPLICABLE LAW

(1) German law shall apply exclusively. The UN Convention on the International Sale of Goods (C.I.S.G.) shall not be applicable.

§ 15 PLACE OF PERFORMANCE AND COURT OF JURISDICTION

(1) The place of performance and court of jurisdiction is the Headquarters of the Ordering party.

Bad Doberan, 02/12