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1 General Provisions

1.1 The "General Terms and Conditions of Purchase" shall exclusively govern the contract between Elmess Thermosystemtechnik GmbH, Nordallee 1, D-29525 Uelzen ("customer") and supplier to the exclusion of all other terms and conditions, unless otherwise expressly agreed in writing between customer and supplier. No terms or conditions endorsed upon, delivered with or contained in supplier's quotations, acknowledgements or acceptances of orders, specifications or similar documents will form part of the contract, and supplier waives any right which it otherwise might have to rely on such other terms and conditions.

1.2 With the first delivery under the present conditions the supplier acknowledges their exclusive application for further orders.

1.3 Orders and contracts are valid if they were made in writing or confirmed in writing by the customer.

1.4 The preparation of offers by the supplier is free of charge for the customer.

1.5 In case of cancellation by the customer within four weeks after the order date or latest after expiry of half the delivery time confirmed by the supplier, the customer reimburses the provable costs incurred up to this point in time. In general the amount to be reimbursed is limited to 80% max. of the total purchase order value in case of a cancellation by the customer.

2 Delivery and Shipment

2.1 The supplier shall comply with the forwarding instructions of the customer and the carrier. All shipping documents, correspondence and invoices shall contain minimum the order number and item number of the customer (unless otherwise required by customer).

2.2 Costs for transportation including packing, loading and all other expenses are to supplier's account unless expressly agreed in writing between customer and supplier.

2.3 Unless otherwise agreed, the buyer will only pay the most favourable freight costs for not prepaid shipments. If the price doesn't include the packing, it may only be charged to the customer at cost price. The customer reserves the right to send recyclable packing back on supplier's account.

3 Delivery Periods and Delivery

3.1 The delivery periods and dates stated in the order are binding and to be understood as arrived at place of fulfilment. Delays have to be communicated to the customer immediately in writing.

3.2 In the case of a delay in delivery caused by the supplier, the customer reserves the right to claim penalty of 1% of the total purchase order value for every commenced calendar week- maximum 5% of the total purchase order value. Further legal regulations remain unaffected.

A possible claim for contractual penalty is retained even if it is not asserted upon acceptance of the goods.

3.3 In case of a delay of more than 5 weeks the customer reserves the right to withdraw from the contract and to claim liquidated damages instead of performance. Furthermore the customer has the right to refuse the acceptance of the delayed delivery and to send it back at the expense and risk of the supplier or to store it at the premises of a third party.

3.4 Unless expressly agreed with the customer, partial deliveries are not permitted. Excess deliveries are permitted within the commercial limits, short deliveries are not permitted.

4 Quality and Acceptance

4.1 The supplier guarantees that goods will be delivered in accordance with the specifications and/ or functional specification provided, the quality standards and the latest state of the art.

Furthermore the supplier is required to make sure that the fulfilment of the contract complies with the Product Safety Act, the relevant accident prevention regulations, other health and safety regulations as well as generally recognized safety and occupational health rules. Moreover the supplier is responsible for an environmental friendly production of the ordered goods.

4.2 The customer reserves the right to check the goods immediately upon receipt for obvious and visible defects and to inspect them later.

In case of a claim the supplier can be charged with the costs for the inspection and the replacement delivery. During the statutory period of limitation for warranty rights, the supplier waives the right to claim delayed notification of hidden defects.

4.3 Measurements, weights and quantity determined during acceptance are binding.

5 Prices and Payment Terms

5.1 Agreed prices are fixed prices. The reservation to price increase requires the written approval of the customer.

5.2 Invoices have to be submitted in an auditable form containing the following information: order number and item number, immediately after shipment. The invoices have to comply with the applicable local mandatory law.

5.3 Payment is subject to the proper delivery and pricing and accounting accuracy. After detection of a defect the customer is entitled to retain payment until fulfilment of the warranty claim.

5.4 Invoices are payable after receipt of invoice within 14 days minus 3% cash discount, within 30 days minus 2% cash discount or 100% within 60 days net at the latest.

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5.5 Payment and cash discount periods start with invoice receipt but not before receipt of faultless goods or in case of services not before their acceptance and so far as documentation or similar documents belonging to the total scope of supply not prior to their delivery to the customer.

6 Retention of Title

6.1 Solely the legal provisions of the civil code apply. Other types of retention of title, such as so-called current account or group retention of title do not apply.

7 Set-off and Cession

7.1 The contractor is only entitled to offset with undisputed or legally established claims.

7.2 The cession of claims towards the customer is only effective with his written approval.

8 Warranty/ Compensation of Damages / Limitation Period

8.1 Unless otherwise agreed, the warranty obligations of the supplier are subject to the statutory provisions of the German Civil Code. The supplier indemnifies the customer on first demand from all claims by third parties which are levied on account of defects, infringement of proprietary rights of third parties or damage to the product of its supply of its causation share. The supplier guarantees the existence of a product liability insurance. On demand the supplier shall provide a proof of insurance.

8.2 The warranty period is limited to two years. This doesn't apply to goods that are used for the first time in their usual purpose for a building. In this case the statutory duty applies.

8.3 In case of defective delivery the supplier shall deliver to the customer's choice free replacement or has to remedy the defect for free. The legal claims for reduction and damages remain unaffected.

In urgent cases, customer shall be entitled to remedy the defect himself or by a third party or to procure a replacement elsewhere on supplier's account after notification of the same. This shall also be applied if supplier is delayed in fulfilling his warranty obligations.

8.4 The contractor shall be liable to the same extent as for the original delivery item, including transportation and labour costs without restriction for replacement deliveries and rectification work. The period of limitation for replacement deliveries begins at the earliest on the day of arrival of the replacement at the place of delivery.

8.5 In case of a serial defect the customer reserves the right to charge the full costs of a recall or other necessary inspection costs to the supplier.

9 Information and Data

Drawings, drafts, samples, production rules, internal company data, tools, facilities etc. which the customer has provided to the supplier for quoting or for the execution of

an order, remain the property of the customer. They may not be used for other purposes, be reproduced or disclosed to third parties by the supplier, his employees or agents and shall be kept with the diligence of a prudent businessman.

10 Rights of Third Parties

The supplier guarantees that third party rights do not conflict with the intended use of the purchased goods, in particular that rights of third parties are not violated.

If the customer is claimed for infringement of third party rights, such as copyrights, patents and other intellectual property rights the supplier exempts the customer from any related performance.

11 Protection of Privacy

The supplier agrees with the fact that personal data are processed by the customer in accordance with the statutory provisions.

12 Severability Clause

Should any of the provisions of the General Conditions of Purchase be or become invalid, the remaining provisions remain have effect.

13 Performance/ Jurisdiction/ Legal Status

13.1 Place of performance is the respective shipping point specified by the customer.

13.2 The contractual relationship shall be subject to the German law according to BGB. The UN sales convention shall not apply.

13.3 Place of jurisdiction is the customer's headquarter.

14 Deviating Agreements

Arrangements which differ from the contents of these general conditions of purchase are only valid if they are confirmed by the customer in writing.