

Schaltbau Machine Electrics Limited
Terms and Conditions of Purchase

1. INTERPRETATION

1.1 Definitions. In these Conditions, the following definitions apply:

Business Day: a day (other than a Saturday, Sunday or public holiday) when banks in London are open for business.

Conditions: the terms and conditions set out in this document as amended from time to time in accordance with clause 14.6.

Contract: the contract between Schaltbau and the Supplier for the sale and purchase of the Goods in accordance with these Conditions.

Goods: the goods (or any part of them) set out in the Order.

Order: Schaltbau's order for the Goods, as set out either in Schaltbau's purchase order form, Schaltbau's written acceptance of the Supplier's quotation, or overleaf, as the case may be.

Schaltbau: the customer, being Schaltbau Machine Electrics Limited, 335 Woodside Way, Springvale Industrial Estate, Cwmbran, Torfaen, United Kingdom, registered in England and Wales with company number 06606708.

Specification: any specification for the Goods, including any related plans and drawings that are agreed by Schaltbau and the Supplier.

Supplier: the person or firm from whom Schaltbau purchases the Goods.

1.2 Interpretation. In these Conditions, unless the context requires otherwise, the following rules apply:

- (a) A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- (b) A reference to a party includes its personal representatives, successors or permitted assigns.
- (c) A reference to a statute or statutory provision is a reference to such statute or provision as amended or re-enacted. A reference to a statute or statutory provision includes any subordinate legislation made under that statute or statutory provision, as amended or re-enacted.
- (d) Any phrase introduced by the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- (e) A reference to writing or written includes faxes and e-mails.

2. BASIS OF CONTRACT

- 2.1 These Conditions apply to the Contract to the exclusion of any other terms that the Supplier seeks to impose or incorporate, or which are implied by trade, custom, practice or course of dealing.
- 2.2 The Order constitutes an offer by Schaltbau to purchase the Goods in accordance with these Conditions.
- 2.3 The Order shall be deemed to be accepted on the earlier of:
 - (a) the Supplier issuing a written acceptance of the Order; and
 - (b) the Supplier doing any act consistent with fulfilling the Order, at which point the Contract shall come into existence.

3. THE GOODS

- 3.1 The Supplier shall ensure that the Goods shall:
 - (a) correspond with their description and any applicable Specification including in relation to the composition of the materials processed or in the design or workmanship;
 - (b) be of satisfactory quality (within the meaning of the Sale of Goods Act 1979, as amended) and fit for any purpose held out by the Supplier or made known to the Supplier by Schaltbau expressly or by implication, and in this respect Schaltbau relies on the Supplier's skill and judgement;
 - (c) where they are manufactured products, be free from defects in design, material and workmanship and remain so for 12 months after Delivery;
 - (d) comply with all applicable statutory and regulatory requirements relating to the manufacture, health and safety, labelling, packaging, storage, handling, operation and delivery of the Goods;
 - (e) have a country of origin as described in the Suppliers documentation at the time of Order; and
 - (f) not infringe the intellectual property or other proprietary rights of any third party.
- 3.2 The Supplier shall ensure that at all times it has and maintains all the licences, permissions, authorisations, consents and permits that it needs to carry out its obligations under the Contract.
- 3.3 The Supplier shall notify Schaltbau prior to implementing any changes in the composition of the materials processed or in the design or workmanship compared to deliveries of a similar nature provided to the date of deliver. Any changes must be documented and full details of the nature of the change and impact on the Goods and the Supplier shall obtain the prior written consent of Schaltbau to such changes. In the absence of consent, deliveries of such Goods shall be treated as defective.
- 3.4 Schaltbau shall have the right to inspect and test the Goods at any time before delivery.

- 3.5 If following such inspection or testing Schaltbau considers that the Goods do not conform or are unlikely to comply with the Supplier's undertakings at clause 3.1, Schaltbau shall inform the Supplier and the Supplier shall immediately take such remedial action as is necessary to ensure compliance.
- 3.6 Notwithstanding any such inspection or testing, the Supplier shall remain fully responsible for the Goods and any such inspection or testing shall not reduce or otherwise affect the Supplier's obligations under the Contract, and Schaltbau shall have the right to conduct further inspections and tests after the Supplier has carried out its remedial actions.
- 3.7 The Supplier shall remain liable for the actions or omission of any of its agents, sub-contractors, employees or other agent as if such actions or omissions were its own.

4. DELIVERY

- 4.1 The Supplier shall ensure that:
 - (a) the Goods are properly packed and secured in such manner as to enable them to reach their destination in good condition;
 - (b) each delivery of the Goods is accompanied by a delivery note which shows the date of the Order, the Order number (if any), certified evidence of the origin, type and quantity of the Goods (including the code number of the Goods, where applicable), special storage instructions (if any) and, if the Goods are being delivered by instalments, the outstanding balance of Goods remaining to be delivered and such other evidence required by schaltbau to satisfy customers requirements and/or obtain other favourable terms; and
 - (c) If any supplier requires Schaltbau machine Electrics to return any specific packaging to the supplier those terms have to be agreed in writing by Schaltbau Machine Electrics Purchasing Dept prior to the supply of any goods under any supply agreement.
 - (d) The supplier is to inform SME Purchasing Dept before any delivery that requires the return of any packaging. Non notification could result in the non-return of such packaging Schaltbau Machine Electrics will not be responsible for the loss of such packaging.
 - (e) Any such packaging shall be returned at the suppliers cost.
 - 4.2 The Supplier shall deliver the Goods:
 - (a) on the date specified in the Order, or, if no such date is specified, within 28 days of the date of the Order (Delivery Date). Where the Delivery Date is stated in the Order Schaltbau shall not accept early delivery unless the Supplier has prior written consent from Schaltbau;
 - (b) to Schaltbau's premises at 335 Woodside Way, Springvale Industrial Estate, Cwmbran, Torfaen, United Kingdom or such other location as is set out in the Order, or as instructed by Schaltbau prior to delivery (Delivery Location); and
 - (c) during Schaltbau's normal business hours, or as instructed by Schaltbau.
 - 4.3 Delivery of the Goods shall be completed on the completion of unloading the Goods at the Delivery Location. Time shall be of the essence in relation to delivery.
 - 4.4 Schaltbau shall not accept any tolerances in relation to the quantity of Goods ordered. If the Supplier delivers more or less than the quantity of Goods ordered, Schaltbau may at its sole discretion reject the Goods or the excess Goods and any rejected Goods shall be returnable at the Supplier's risk and expense. If the Supplier delivers more or less than the quantity of Goods ordered, and Schaltbau accepts the delivery, a pro rata adjustment shall be made to the invoice for the Goods.
 - 4.5 The Supplier shall not deliver the Goods in instalments without Schaltbau's prior written consent. Where it is agreed that the Goods are to be delivered by instalments, they may be invoiced and paid for separately. However, failure by the Supplier to deliver any one instalment on time or at all or any defect in an instalment shall entitle Schaltbau to the remedies set out in clause 5.
- 5. REMEDIES**
- 5.1 If the Goods are not delivered on the Delivery Date, are not the correct quantity or do not comply with the undertakings set out in clause 3.1 including in relation to the county of origin, then, without limiting any of its other rights or remedies, Schaltbau shall have the right to any one or more of the following remedies, whether or not it has accepted the Goods:
 - (a) to terminate the Contract;
 - (b) to reject the Goods (in whole or in part) and return them to the Supplier at the Supplier's own risk and expense;
 - (c) to require the Supplier to repair or replace the rejected Goods, or to provide a full refund of any amounts paid for the price of the rejected Goods (if paid);
 - (d) to refuse to accept any subsequent delivery of the Goods which the Supplier attempts to make;

- (e) to recover from the Supplier any costs incurred by Schaltbau in obtaining substitute goods from a third party; and
- (f) to claim damages for any other costs, loss or expenses incurred by Schaltbau which are in any way attributable to the Supplier's failure to carry out its obligations under the Contract.

- 5.2 If the Goods are not delivered on the Delivery Date Schaltbau may at its option claim or deduct five per cent of the price of the Goods for each week's delay in delivery by way of liquidated damages, up to a maximum of ninety per cent of the total price of the Goods. If Schaltbau exercises its rights under this clause 5.2, it shall not be entitled to any of the remedies set out in clause 5.1 in respect of the Goods' late delivery (but such remedies shall be available in respect of the Goods' condition).
- 5.3 These Conditions shall apply to any repaired or replacement Goods or spare parts supplied by the Supplier.
- 5.4 Schaltbau's rights and remedies under these Conditions are in addition to its rights and remedies implied by statute and common law.

6. TITLE AND RISK

Title and risk in the Goods shall pass to Schaltbau on completion of delivery.

7. PRICE AND PAYMENT

- 7.1 The price of the Goods shall be the price set out in the Order, or, if no price is quoted, the price set out in the Supplier's published price list in force as at the date the Contract came into existence or the last price paid by Schaltbau to the Supplier for equivalent Goods, whichever is the lower.
- 7.2 The price of the Goods is exclusive of amounts in respect of value added tax (VAT) (where applicable), but includes the costs of packaging, insurance and carriage of the Goods. No extra charges shall be effective unless agreed in writing and signed by Schaltbau.
- 7.3 Schaltbau shall, on receipt of a valid VAT invoice from the Supplier, pay to the Supplier such additional amounts in respect of VAT as are chargeable on the supply of the Goods.
- 7.4 The Supplier may invoice Schaltbau for the Goods on or at any time after the completion of delivery.
- 7.5 Schaltbau shall pay correctly rendered invoices within 60 days of receipt of the invoice. Payment shall be made to the bank account nominated in writing by the Supplier.
- 7.6 If a party fails to make any payment due to the other under the Contract by the due date for payment, then the defaulting party shall pay interest on the overdue amount at the rate of 4% per annum above Lloyds Bank's base rate from time to time. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after judgment. The defaulting party shall pay the interest together with the overdue amount. This clause shall not apply to payments the defaulting party disputes in good faith.
- 7.7 Schaltbau may at any time, without limiting any of its other rights or remedies, set off any liability of the Supplier to Schaltbau against any liability of Schaltbau to the Supplier, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under the Contract.

8. SCHALTBAU MATERIALS

The Supplier acknowledges that all materials, equipment and tools (including, where applicable tooling), drawings, Specifications, and data supplied by or on behalf of Schaltbau to the Supplier (Schaltbau Materials) and all rights in Schaltbau material are and shall remain the exclusive property of Schaltbau. The Supplier shall keep Schaltbau Materials in safe custody at its own risk, maintain them in good condition until returned to Schaltbau, and not dispose or use the same other than in accordance with Schaltbau's written instructions or authorisation.

9. INDEMNITY

- 9.1 The Supplier shall keep Schaltbau indemnified against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by Schaltbau as a result of or in connection with:
- (a) any claim made against Schaltbau for actual or alleged infringement of a third party's intellectual property rights arising out of or in connection with the supply or use of the Goods, to the extent that the claim is attributable to the acts or omissions of the Supplier, its employees, agents or subcontractors;
 - (b) any claim made against Schaltbau by a third party for death, personal injury or damage to property arising out of or in connection with defects in Goods, to the extent that the defects in the Goods are attributable to the acts or omissions of the Supplier, its employees, agents or subcontractors; and

- (c) any claim made against Schaltbau by a third party arising out of or in connection with the supply of the Goods, to the extent that such claim arises out of the breach, negligent performance or failure or delay in performance of the Contract by the Supplier, its employees, agents or subcontractors.

- 9.2 This clause 9 shall survive termination of the Contract.

10. INSURANCE

During the term of the Contract and for a period of 6 years thereafter, the Supplier shall maintain in force, with a reputable insurance company, professional indemnity insurance, product liability insurance and public liability insurance to cover the liabilities that may arise under or in connection with the Contract, and shall, on Schaltbau's request, produce both the insurance certificate giving details of cover and the receipt for the current year's premium in respect of each insurance.

11. CONFIDENTIALITY

- 11.1 A party (receiving party) shall keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and have been disclosed to the receiving party by the other party (disclosing party), its employees, agents or subcontractors, and any other confidential information concerning the disclosing party's business, its products and services which the receiving party may obtain. The receiving party shall only disclose such confidential information to those of its employees, agents and subcontractors who need to know it for the purpose of discharging the receiving party's obligations under the Contract, and shall ensure that such employees, agents and subcontractors comply with the obligations set out in this clause as though they were a party to the Contract. The receiving party may also disclose such of the disclosing party's confidential information as is required to be disclosed by law, any governmental or regulatory authority or by a court of competent jurisdiction.

- 11.2 This clause 11 shall survive termination of the Contract.

12. TERMINATION

- 12.1 Schaltbau may terminate the Contract in whole or in part at any time before delivery with immediate effect by giving the Supplier written notice, whereupon the Supplier shall discontinue all work on the Contract. Schaltbau shall pay the Supplier fair and reasonable compensation for any work in progress on the Goods at the time of termination, but such compensation shall not include loss of anticipated profits or any consequential loss.
- 12.2 Without limiting its other rights or remedies, Schaltbau may terminate the Contract with immediate effect by giving written notice to the Supplier if:
- (a) the Supplier commits a material breach of any term of the Contract and (if such a breach is remediable) fails to remedy that breach within 7 days of that party being notified in writing to do so;
 - (b) the Supplier suspends, or threatens to suspend, payment of its debts, or is unable to pay its debts as they fall due or admits inability to pay its debts, or (being a company or limited liability partnership) is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986, or (being an individual) is deemed either unable to pay its debts or as having no reasonable prospect of so doing, in either case, within the meaning of section 268 of the Insolvency Act 1986, or (being a partnership) has any partner to whom any of the foregoing apply;
 - (c) the Supplier commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with its creditors;
 - (d) (being a company) a petition is filed, a notice is given, a resolution is passed, or an order is made, for or in connection with the winding up of the Supplier, other than for the sole purpose of a scheme for a solvent amalgamation of the Supplier with one or more other companies or the solvent reconstruction of the Supplier;
 - (e) (being a company) an application is made to court, or an order is made, for the appointment of an administrator or if a notice of intention to appoint an administrator is given or if an administrator is appointed over the Supplier;
 - (f) (being a company) the holder of a qualifying floating charge over the Supplier's assets has become entitled to appoint or has appointed an administrative receiver;
 - (g) (being an individual) the Supplier is the subject of a bankruptcy petition or order;
 - (h) a creditor or encumbrancer of the Supplier attaches or takes possession of, or a distress, execution, sequestration or other such process is levied or enforced on or sued against, the whole or any part of its assets and such attachment or process is not discharged within 14 days;
 - (i) a person becomes entitled to appoint a receiver over the Supplier's assets or a receiver is appointed over the Supplier's assets;

- (j) any event occurs, or proceeding is taken, with respect to the Supplier in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the events mentioned in clause 12.2(b) to clause 12.2(i) inclusive;
- (k) the Supplier suspends, or threatens to suspend, or ceases or threatens to cease to carry on all or a substantial part of its business;
- (l) the Supplier's financial position deteriorates to such an extent that in Schaltbau's opinion the Supplier's capability to adequately fulfil its obligations under the Contract has been placed in jeopardy; or
- (m) (being an individual) the Supplier dies or, by reason of illness or incapacity (whether mental or physical), is incapable of managing his or her own affairs or becomes a patient under any mental health legislation.

12.3 Termination of the Contract, however arising, shall not affect any of the parties' rights and remedies that have accrued as at termination.

12.4 Clauses which expressly or by implication survive termination of the Contract shall continue in full force and effect.

13. FORCE MAJEURE

13.1 Neither party shall be in breach of the Contract nor liable for delay in performing, or failure to perform, any of its obligations under it if such delay or failure result from events, circumstances or causes beyond its reasonable control.

13.2 The Supplier shall use all reasonable endeavours to mitigate the effect of a Force Majeure Event on the performance of its obligations.

13.3 If a Force Majeure Event prevents, hinders or delays the Supplier's performance of its obligations for a continuous period of more than [10] Business Days, Schaltbau may terminate the Contract immediately by giving written notice to the Supplier.

14. GENERAL

14.1 Assignment and other dealings.

(a) Schaltbau may at any time assign, transfer, mortgage, charge, subcontract or deal in any other manner with all or any of its rights or obligations under the Contract.

(b) The Supplier may not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any or all of its rights or obligations under the Contract without the prior written consent of Schaltbau.

14.2 Notices.

(a) Any notice or other communication given to a party under or in connection with the Contract shall be in writing, addressed to that party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that party may have specified to the other party in writing in accordance with this clause, and shall be delivered personally, or sent by pre-paid first class post or other next working day delivery service, commercial courier, fax or e-mail.

(b) A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause 14.2(a); if sent by pre-paid first class post or other next working day delivery service, at 9.00 am on the second Business Day after posting; if delivered by commercial courier, on the date and at the time that the courier's delivery receipt is signed; or, if sent by fax or e-mail, one Business Day after transmission.

(c) The provisions of this clause shall not apply to the service of any proceedings or other documents in any legal action.

14.3 Severance. If any provision or part-provision of the Contract is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Contract.

14.4 Waiver. A waiver of any right or remedy under the Contract or law is only effective if given in writing and shall not be deemed a waiver of any subsequent breach or default. No failure or delay by a party to exercise any right or remedy provided under the Contract or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

14.5 Third party rights. A person who is not a party to the Contract shall not have any rights to enforce its terms.

14.6 Variation. Except as set out in these Conditions, no variation of the Contract, including the introduction of any additional terms and conditions or charges, shall be effective unless it is agreed in writing and signed by Schaltbau.

14.7 Governing law. The Contract, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by, and construed in accordance with the law of England and Wales.

14.8 Jurisdiction. Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).