

Standard Terms and Conditions of Delivery

(valid from 01.09.2010/b)

Hovalwerk AG · FL-9490 Vaduz

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1. General

- 1.1 The following Terms and Conditions shall apply to all our present and future contracts for deliveries and other services (even if the said Terms and Conditions are not specifically mentioned in verbal, telephonic or fax communications).
- 1.2 All deviations from the present Terms and Conditions, ancillary verbal agreements and subsequent contractual amendments shall only be valid if they have been confirmed by us in writing.
- 1.3 Buying terms and conditions of the client shall not be valid even if they are not specifically rejected by us. Our Standard Terms and Conditions of Delivery shall be regarded as accepted at the latest upon receipt of our goods and services by the client.
- 1.4 If a provision of the present Terms and Conditions of Delivery proves to be wholly or partially invalid, the contracting parties shall replace the aforesaid provision by a new provision which comes as close as possible to the legal and economic intention of the invalid provision.

2. Offers

- 2.1 Our offers shall be subject to change without notice.
- 2.2 Orders shall only be regarded as accepted when they have been confirmed by us in writing.
- 2.3 Illustrations, drawings and all technical details in catalogues and printed material shall be approximate values as customary within the industry. They shall only be binding if specific reference is made to them in the contract. We shall also reserve the right to make technical and design changes after the conclusion of the contract.
- 2.4 Cost estimates, drawings and other documents shall remain our property and shall be subject to copyright protection; they may not be made available to third parties.

3. Regulations in the Country of Destination

- 3.1 At the latest at the time of the order, the buyer shall draw our attention to the regulations and standards in force in the country of destination relating to the design of the delivered goods and the operation thereof and also to the execution of services.
- 3.2 Our deliveries and services shall comply with the regulations and standards in the country of destination provided the buyer has drawn our attention thereto in accordance with Section 3.1.
- 3.3 The buyer shall duly inform us of any special application features of goods ordered from us if these differ from our general recommendations.

4. Prices

- 4.1 Our prices shall be ex works, net, excluding packaging.
- 4.2 All ancillary costs, e.g. freight, insurance, export, transit, import and other approvals, licenses and authentications, shall be for the account of the buyer. The buyer shall also bear all taxes, charges, customs duty, etc., which are levied in connection with the contract.
- 4.3 We shall reserve the right to make price adjustments if wage rates or material prices change between the date of the order confirmation and the contractual performance of the contract. Price increases shall normally be notified three months in advance. We shall be bound to the price stated in the order confirmation for a period of three months after the effective date of the price increase.

5. Payment Terms

- 5.1 Unless otherwise agreed in writing, our invoices shall be payable within thirty days with no cash discount. Payment shall be deemed to have been made when the amount in question is at our unrestricted disposal on our account in Swiss Franks.
- 5.2 Payment dates shall be observed even if any delays whatsoever occur after shipment of the goods from our works. The buyer shall not be permitted to reduce or withhold payments on account of complaints or counterclaims not recognised by us.
- 5.3 Payments shall also be made if insignificant components are missing but usage of the delivered goods is not rendered impossible as a result or if rectification work has to be carried out on the delivery. We shall be entitled to reject rectification of the defect as long as the buyer has not discharged his/its obligations to us.

- 5.4 If the buyer fails to comply with the agreed payment dates, default interest shall be paid from the agreed due date without a reminder being issued; the aforesaid interest shall be based on the interest rates prevailing at the domicile of the buyer, but shall be not less than four percent above the current discount rate of the Swiss Central Bank.
- 5.5 We shall be entitled to make deliveries of pending orders dependent upon settlement of outstanding claims.

6. Reservation of Title

- 6.1 Delivered goods shall remain our property (reserved goods) pending full and complete payment of all present and future claims to which we are entitled regardless of their legal cause. This shall also apply if payments are made in settlement of specifically designated claims.
- 6.2 The buyer shall be entitled to process and sell reserved goods in the ordinary course of business.
- 6.3 If our reserved goods are combined or intermingled with other goods, the buyer shall hereby transfer his/its ownership rights in the new goods or chattels to us upon the conclusion of the contract in the amount of the invoice value of the reserved goods.
- 6.4 If the goods are resold by the buyer, he/it shall hereby transfer to us upon the conclusion of the contract with us his/its claims arising from the aforesaid resale in the amount of the invoice value of the reserved goods.
- 6.5 If the reserved goods are used by the buyer to perform a works or works delivery contract, his/its claim from the aforesaid works or works delivery contract shall hereby be assigned to us in the same amount and on the same date as for the purchase price claim (Section 6.4).
- 6.6 As long as he/it is honouring his/its payment obligations, the buyer shall, however, be authorised to collect his/its resale claim which has been assigned to us. He/it may not dispose of such claims by way of assignment to third parties, however. The empowerment of the buyer to collect the claim may be revoked by us at any time. We shall be entitled to notify thirdparty debtors of the assignment. The buyer shall be entitled to provide us with the necessary information and documents in order to enable us to enforce our rights.
- 6.7 If the value of our securities exceeds our total claims by more than 10 %, we shall be obliged to release securities of our choice at the request of the buyer.
- 6.8 The buyer shall inform us immediately of any pledge or other impediment to our property enforced by third parties.
- 6.9 The buyer shall be obliged to collaborate in measures required to protect our title. He/it shall, in particular, empower us upon the conclusion of the contract to make entries or prior notice of the reservation of title at his/its cost in public registers, books and documents, etc., in accordance with the relevant national laws and shall perform all formalities in this respect.
- 6.10 The buyer shall maintain the reserved goods at his/its cost for the duration of the reservation of title and shall insure the said goods against theft, breakage, fire, water and other risks in our favour. He/it shall also take all steps to ensure that our property claims are neither adversely affected nor rescinded.

7. Delivery Periods

- 7.1 Delivery periods and deadlines stated by us shall be approximate unless we have given an express written confirmation of a deadline as binding.
- 7.2 Delivery periods shall be deemed to have been met if notification of readiness to deliver has been sent to the buyer before the end of the delivery period.
- 7.3 The delivery period shall be prolonged if details required for the performance of the contract are not received on time or if they are subsequently changed by the buyer.
- 7.4 The delivery period shall also be reasonably prolonged if impediments arise which we cannot avert despite exercise of the necessary care (e.g. major operational disruptions, industrial disputes, delayed or defective deliveries, force majeure, etc.).

7.5 If an agreed delivery date is met by more than 14 days, the buyer shall be obliged to set us a reasonable period of grace. The buyer may only withdraw from the contract if our goods have not been delivered by the end of the said period of grace. Compensation claims for non-performance, delayed performance or any consequential losses shall be excluded unless there was gross negligence on our part.

8. Transfer of Risk

8.1 Unless expressly agreed otherwise in writing, our „ex works“ deliveries shall be made in accordance with the international rules on the interpretation of commercial clauses of the International Chamber of Commerce (Incoterms) in the version in force on the date of the order confirmation.

8.2 The transfer of risk shall be determined by the aforesaid Incoterms.

8.3 Insurance against damages of any kind shall be the responsibility of the buyer.

8.4 Complaints in connection with the transport shall be immediately notified by the buyer to the last carrier upon receipt of the delivery.

8.5 If despatch is delayed at the request of the buyer or for any other reasons not attributable to us, the risk shall pass to the buyer on the original date envisaged for the „ex works“ delivery. We shall be entitled to demand payment from this date onwards.

9. Delivery Inspection

9.1 The buyer shall be required to inspect deliveries immediately. If the goods do not comply with the order or the delivery note or if visible defects are identified, he/it shall be obliged to notify the aforesaid to us in writing within eight days of receipt. Later complaints shall not be recognised.

(Re transport damages, cf. Section 8.4)

10. Assembly and Operations

10.1 The assembly, putting into operation, operation and maintenance of the delivered goods shall be carried out in accordance with our guidelines. They may be executed by our staff or by appropriately trained third parties as agreed with the buyer.

10.2 If we require a commissioning certificate for certain product groups, warranty claims for the proper functioning of the equipment can only be enforced if a proper hand-over has been documented by a confirmed commissioning certificate received by us within one month of the hand-over.

11. Warranty

11.1 Warranty period

11.1.1 The general warranty period shall be 24 months from the first commissioning but no longer than 30 months from the date on which the relevant goods left our works.

If despatch is delayed for reasons not attributable to us, the warranty shall lapse no later than 18 months after notification of the readiness to deliver.

The general warranty period shall exclude electrical components for which the warranty period shall be 6 months from the first commissioning but no later than 12 months from the date of shipment from our works.

11.1.2 We refer to Section 11.6.1 with regard to the warranty period for third party products.

11.1.3 The warranty period for components which we have repaired during the warranty period or have delivered as replacement shall be 12 months from the completion of our repair or from the date of the replacement delivery but no longer than the end of a period equivalent to twice the original warranty period as per Section 11.1.1.

11.2 Liability for material, design and workmanship defects

11.2.1 The contractual condition of the goods shall be based on the condition upon the transfer of risk.

11.2.2 Defects shall be notified to us immediately in writing.

11.2.3 We shall be liable for all components which can be shown to have become defective or unusable before the end of the warranty period as a result of defective materials, defective design or defective workmanship, with such components being repaired or replaced ex works immediately at our choice.

11.3 Liability for warranted qualities

11.3.1 Warranted qualities shall only be those which are specifically designated as such in the order confirmation or in the relevant specifications.

11.3.2 The aforesaid assurance shall apply at the latest until the end of the warranty period. If a taking-over test has been agreed with the buyer, the assurance shall be deemed as performed if proof of the relevant qualities is furnished during the aforesaid test.

11.3.3 If the warranted qualities are not performed or only partially performed, the buyer shall be entitled to an immediate rectification. The buyer shall grant us the necessary time and opportunity for this purpose.

11.3.4 If the rectification is abortive or only partially successful, the buyer shall be entitled to a reasonable reduction of the purchase price. If the defect is so serious that it cannot be rectified within a reasonable period of time, and if deliveries or services for the notified purpose are not usable or are only usable to a much lesser extent, the buyer shall be entitled to refuse acceptance of the defective component or to withdraw from the contract if part-acceptance is economically unreasonable. We shall only be obliged to refund amounts which have been paid to us for the components affected by the aforesaid withdrawal.

11.4 Exclusion of liability for defects

11.4.1 Our liability shall exclude damages which cannot be proved to have been sustained as a result of defective material, defective design or defective workmanship.

11.4.2 Damages shall therefore be excluded for example which were caused by

- improper work of other persons with regard to planning, site preparation, assembly, operation and maintenance;
- plant concepts and designs which do not comply with the latest state of the art;
- non-observance of our guidelines for planning, assembly, commissioning, operations and maintenance;
- force majeure (e.g. thunderstorms).

11.4.3 The following shall be excluded in particular

- corrosion damages (e.g. as a result of aggressive water, unsuitable water treatment, oxygen intakes, emptying the plant over a longer period of time, falling below the dew point, chemical or electrochemical effects, etc.);
- damages caused by air pollution (e.g. the accumulation of intense dust, aggressive vapours, etc.);
- damages caused by unsuitable equipment and fuels;
- damages caused by overcharging, excessive water pressure, scaling, improper electrical connections and inadequate fuse protection.

11.4.4 Components shall also be excluded from the warranty which are subject to natural wear and tear (e.g. burner nozzles, combustion chamber inserts, ignition and monitoring components in contact with fire, fireclay and wall facings, fuses, seals and flexible tubes).

11.5 Commissioning certificate

11.5.1 We hereby draw attention to the due and proper hand-over and - if envisaged - the commissioning certificate in accordance with Section 10.2 as prerequisites for our warranty.

11.6 Deliveries and services of sub-contractors

11.6.1 Our liability for third party products which form a major part of the delivered goods (e.g. warehouse and conveying equipment, burners, measuring and control equipment, electrical components, flue gas and waste water cleaning equipment) shall - if permissible - be limited to an assignment of our claims against the suppliers of the said third party products.

12. Exclusion of Further Liability

12.1 The buyer shall have no rights and claims for materials, design and workmanship defects or the lack of warranted qualities unless specifically mentioned in Sections 11.1 to 11.6.

12.2 All claims for compensation, reduction in the contract price, rescission of the contract or withdrawal from the contract shall be excluded in particular unless these are specifically mentioned. Under no circumstances shall the buyer have any compensation claim for damages which were not sustained by the delivered goods themselves (e.g. replacement costs, cost for establishing the cause of the damage, expertises, production stoppages, production losses, lost orders, lost profit and other direct or indirect damages). The aforesaid liability exclusion shall not apply in the event of gross negligence on our part.

12.3 The exclusion as per Section 12.2 shall apply for all breaches of contract and all claims of the buyer regardless of why they were lodged from a legal point of view. It shall therefore also apply for a breach of any ancillary obligations (e.g. inadequate advice, etc.).

13. Jurisdiction

13.1 The place of jurisdiction for the buyer and for us shall be Vaduz. We shall be entitled to bring action against the buyer at his/its domicile, however.

13.2 The legal relationship between the parties shall be governed by the substantive laws of Switzerland. The application of the UN convention on contracts for the international sale of goods (CISG) shall be excluded.