

2. Assignment to Third Parties

Receivables may be assigned with a written consent by SCHOCK or for collection purposes only.

IV. Warranty and Rectification of defects

Supplier warrants for the contract items complying with the requirements and specifications as well as being free from defects, faults or claims of rights by third parties that would diminish or nullify their worthiness or fitness for purpose. Supplier further warrants for the contract items fulfilling all applicable EU norms as well as any other valid norms and mutually agreed processes, whereby upon request by SCHOCK, the Supplier shall present a proper certificate thereof.

Acceptance or signing of submitted documents by SCHOCK does not serve as a waiver of warranty rights. SCHOCK has fulfilled its obligation to inspect and notify the Supplier on any visible defects if SCHOCK sends such notification within 14 days after the delivery of the contract items. Notification on hidden faults is possible up to the expiry of the warranty period. Warranty period shall be twelve months after the acceptance of the contract items. It commences anew upon every rectification. Rights for remedy granted by law remain reserved for SCHOCK without limitations. In case of faulty goods, SCHOCK may at its own discretion require remedy or replacement. In case of a failed replacement delivery, SCHOCK may at its own discretion require compensation of damages, diminishing of or reversal of contract. SCHOCK is entitled to replace or rectify faulty items and make good the existing damages at the Supplier's cost in order to avoid additional damages. If SCHOCK, after a failed replacement delivery opts to withdraw from contract due to legal or material breach, SCHOCK's rights to compensation of damages due to such breach remain unaffected. If SCHOCK, after a failed replacement delivery opts for a compensation of damages, SCHOCK may require a full compensation against return of the faulty goods.

If a fault in a contract item becomes apparent only after its further processing or use as part of a product, or sales of such product carried out by SCHOCK, such fault may be remedied by SCHOCK's own customer service or by supply or use of a new replacement product made by a third party at SCHOCK's own decision. Supplier shall be notified about the costs it shall carry as incurred in conjunction with the fault.

V. Liability, Insurance

In case of claims against SCHOCK for infringements of government work safety rules, product liability or other infringements of law due to defects of its products that are attributable to the Supplier's contract items, the Supplier shall compensate SCHOCK for the liquidated damages including the costs of legal defense. The costs of a possible recall are to be borne by the Supplier as well. SCHOCK shall notify the Supplier on any such recall, and provide the Supplier with an ample opportunity to cooperate if it be permitted by the urgency of the required action.

In cases where liability is determined by the cause, the right to a compensation of damages applies only if the Supplier or its sub-suppliers are responsible. If the cause of damage falls within the responsibility of Supplier or its sub-suppliers, it shall bear the burden of proof that it has not caused the damage. Supplier is obliged to upkeep a valid product liability insurance with a coverage of at least 1 million Euro per case for damages on health and property that shall include the territory in which the subject of contract is to be delivered or used. Any further claims for damage compensation against the Supplier remain unaffected. A copy of the policy shall be provided to SCHOCK upon request. SCHOCK shall inform the Supplier if claims of product liability relating to the contract item are made, and upon request SCHOCK shall avail the Supplier with photographs of the subject of the damage claim.

VI. Periods of limitation

Periods of limitation as stipulated by law shall apply.

VII. Infringements of Property

Rights Supplier shall be solely responsible that the supply and use of its products or services do not infringe patents, utility models or other property rights of third parties.