



**PEI Inspection Service Co., Ltd.**

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## General Conditions of PEI Inspection

PEI Inspection Service Company Limited, hereafter called “the Company”, while reserving the right to decline, without giving any reason whatsoever, any request for the undertaking of an inspection or audit, will carry out at the request of the Applicant the required inspection or audit subject to the following conditions:

1. The Company acts on behalf of the Applicant from whom the instructions to act have originated, hereafter called “the Principal”. No other party is entitled to give instructions particularly on the scope of inspection / audit or delivery of inspection certificate or report.
2. The Company will however be deemed irrevocably authorized to deliver at its discretion the certificate or the report to a third party if the following instructions given by the Principal or such a promise implicitly follows from circumstances, trade customs, usage or practice as determined by the Company.
3. Documents reflecting engagements contracted between the Principal and third parties, such as copies of contracts, letters of credits, bills of lading, etc., are (if received by the Company) considered to be for information only, without extending or restricting the Company’s mission and obligations.
4. Subject to the Principal’s instructions, the Company will issue inspection / audit reports and / or certificates which reflect statements of opinions made with due care within the limitation of instructions received but the Company is under no obligation to refer to or report upon any facts or circumstances which are outside the specific instructions received. Subject to Clause 5, the Company will, without the consent of the Principal, neither enter into any discussion or correspondence with nor disclose to any third party concerning the contents of the reports unless required by the relevant government authorities, laws or court orders.
5. The Company shall be at liberty to disclose the inspection related documents and / or files anytime to any third-party accreditation and / or recognition bodies for audit or other related purposes unless disagreed with by the Principal in writing at the time of them submitting the applications. No liabilities whatsoever shall attach to the Company’s act of disclosure.
6. The Principal agrees that he will:
  - a) ensure that instructions to the Company are given five (5) days in advance to enable the required services to be performed effectively;

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- b) procure all necessary access for the Company's representatives to goods, premises, installation and transport;
  - c) supply, if required, any special instruments necessary for the performance of the required services;
  - d) ensure that all necessary measures are taken for safety and security of working conditions, sites and installations during the performance of services and will not rely in this respect, on the Company's advice whether required or not;
  - e) take all necessary steps to eliminate or remedy any obstructions to or interruptions in the performance of the required service;
  - f) and fully exercise all his/her rights and discharge all his/her liabilities under the contract of sale whether or not a certificate or a report has been issued by the Company.
7. The Company undertakes to exercise due care and skill in the performance of its services and accepts responsibility only for gross negligence proven by the Principal. The Liability of the Company to the Principal in respect of any claims for loss, damage or expense of whatsoever nature and howsoever arising shall in no circumstances exceed a total aggregate sum equal to two (2) times the amount of the fee or commissions payable in respect of the specific service required under the particular contract which give rise to such claims or two percent (2%) of FOB value of the incriminated goods, whichever is lower.

The Principal has to lodge his/her claims and has to prove the liabilities of the Company within a reasonable time. An indication of a reasonable time is two (2) calendar months. The Company reserves the right to re-inspect the merchandise forming the subject matter of the claim.

The services performed and certificate / reports issued by the Company or its recognized correspondents do not relieve manufacturers / sellers from their contractual responsibilities and legal liabilities against other third parties.

8. The Principal shall guarantee, hold harmless and indemnify the Company and its members of staff or sub-contractors against all claims made by any third party for loss, damage or expense of whatsoever nature and howsoever arising relating to the performance, purported performance or non-performance, of any services to the extent that the aggregate of any such claims relating to any one service does not exceed the limit mentioned in Clause 7.

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9. Approval samples are deposited with and accepted by the Company on the basis that either they are insured by the Principal or the Principal assumes entire responsibilities for loss through fire, theft or burglary, or for damage arising directly or indirectly in the Company's premises or in the course of inspection or handling, without recourse whatsoever to the Company, any members of its staff, or sub-contractors.
10. In the event of the Company being prevented by reason of any cause whatsoever outside the Company's control from performing or completing any service for which an order has been given or an agreement made (for example but not limited to: the supplier cannot have goods ready on the agreed upon date and does not inform in advance so that the Company representatives have arrived at the supplier premise for inspection but cannot perform), the Principal will pay to the Company:
  - a) the amount of all abortive expenditure actually made or incurred, which is USD 120 per non-performing-day per person plus transportation and lodging (if applicable);
  - b) and a proportion of the agreed fee or commission equal to the proportion (if any) of the service actually carried out and the Company shall be relieved of all responsibility whatsoever for the partial or total non-performance of the required service.
11. Any parameter to be checked by the Company during a particular inspection which substantially entails subjective judgment (for instance odor, taste, etc.) and is not determinable by objective standards is only intended as a general reference for the Principal under any circumstances.
12. The Company reserves the right to include Special Conditions in addition to the foregoing General Conditions if warranted by the particular circumstances of the required inspection or audit.

The Company: Qingdao PEI Inspection Services Ltd.  
Representative: Yin, Xiongzhi  
Title:  
Signature:

The Principal:  
Representative:  
Title:  
Signature:

Date:

Date:

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