



OUR TERMS AND CONDITIONS I

The general terms and conditions for contract heat treatment workshops were registered according to §22 paragraph 3 no. 2 of the law against restraint of trade at the Federal Cartel Office in Berlin on 1 April 2003 and published on 16 April 2003 in the Federal Official Gazette no. 74. The „General terms and conditions for contract heat treatment workshops“, registered at the Federal Cartel Office and published in the Federal Official Gazette form the basis for our business relations.

GENERAL CONDITIONS

I.1 PLACE OF PERFORMANCE, PLACE OF JURISDICTION AND LAW TO BE APPLIED

The place of performance and place of jurisdiction for all performances, deliveries and payments is the place of business where the contractor is based. The contract shall be governed by the law of the Federal Republic of Germany. The application of the United Nations Convention on Contracts for the International Sale of Goods dated 11 April 1980 is excluded.

I.2 TERMS

The offers of the contractor are without engagement. All incoming orders are, unless otherwise agreed in writing, only performed at the following terms. Purchasing specifications in forms and other terms and conditions of the client are not recognized, even if they are not expressly contradicted. The contractors will confirm verbal agreements immediately in detail in writing.

I.3 PRICES

The prices are in EURO ex works excluding VAT and costs for any packaging. The total calculated price consists of a service fee, the working price and, if applicable, a performance price surcharge. It contains the working; Material, administration and energy costs including all taxes, levies, levies and all statutory energy price elements, any toll fees and all additional costs necessary to fulfill, expand and maintain the certification of energy management ISO 50001, quality management ISO 90001 and environmental management ISO 14001 are.

If significant changes occur after conclusion of the contract - especially but not exclusively - of the above-mentioned order-related costs, each contractual partner is entitled to request an appropriate adjustment of the prices taking these factors into account.

I.4 PAYMENT

Invoices are to be paid immediately upon receipt without any deductions. In case the term of payment has been exceeded, the contractor can charge interest on late payments set to the amount of the key interest rate the bank charges the contractor for current account advances, but at least 8% above the respective base rate of the European Central Bank. The client's right of retention or offset is excluded, unless counterclaims are uncontested or legally acknowledged.

I.5 RIGHT OF LIEN

The contractor has a right of lien on the client's work pieces for all current and future claims as soon as they are submitted for heat treatment. The legal consequences of Act §§1204 ff German Civil Code and the Insolvency Code are applied respectively.

II. WORKMANSHIP AND DELIVERY CONDITIONS

II.1 INFORMATION OF THE CLIENT

All work pieces that are submitted for heat treatment must be accompanied by an order or a delivery note which is to contain the following information:

- a) Description, number of items, net weight, value of parts and type of packaging;
- b) Material quality (standard description or type of steel and steel manufacturer);
- c) the desired heat treatment, particularly
 - aa) for case-hardened steels according to DIN 6773 either the requested carburization depth with saturated hydrocarbon content (e.g. At 0.35 = 0.8 + 0.4 mm) or the prescribed case-hardening thickness with reference hardness value and surface hardness (e.g. Eht 550 HV1 = 0.2 -0.4 mm, surface hardness = at least 700 HV5);
 - bb) for tempering steels, the prescribed tensile strength. To determine this, the Brinell test of hardness of the surface is decisive, unless otherwise agreed;
 - cc) for tool steels and high-speed steels, the desired degree of hardness according to Rockwell or Vickers;
 - dd) for nitrided steel, the desired nitriding depth (Nht);
 - ee) for induction and flame hardening, the desired depth of case (Rht) with reference hardness value and surface hardness and the position of the area to be hardened;



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ff) for salt bath nitrocarburization and gas nitration, either the duration of treatment or the desired strength of the compound area;

d) information about the desired test method, the test station and the test load (see DIN test standards);

e) additional information or instructions required for successful treatment (see DIN 6773, DIN EN 10 052, DIN 17021, DIN 17023). For requested partial hardenings, drawings need to be included, which indicate which parts must become hard or remain soft. If the same work pieces are made from different molten steel, this must be indicated. Likewise, special requirements on dimensional stability or the surface finish must be noted on the shipping documents. Welded or soldered work pieces and those containing hollow parts must be specifically referenced by the client. The contractor checks the information of the client within the scope of his knowledge with regard to content and completeness. In case of justified doubts about a successful heat treatment, the contractor notifies the client.

II.2 DELIVERY TIME

Delivery time starts as soon as the parties having signed the contract have clarified the contract and the client meets all requirements. For procedural reasons, the delivery time is only considered as approximate and is adequately extended - also within a delay in delivery - in case of unforeseeable obstacles which the contractor could not prevent from occurring, despite reasonable prudence appropriate for the specific circumstances of this case. Unforeseeable obstacles are potential, at first sight unrecognizable manifold treatments, severe operational disturbances in one's own business through no fault of one's own, which can be caused for example by strikes, lockout, accident, transport difficulties, lack of operating materials, power supply difficulties as well as operational disturbances in the supplier's business. The contractor needs to submit proof for this. If the contractor can foresee that they cannot adhere to the delivery time, they will notify the client immediately, including reasons for this, and state a new possible delivery date.

II.3 PASSING OF RISK

Unless otherwise agreed, the material to be heat treated is to be supplied by the client at his cost and risk, and to be collected after completion. With the goods being delivered to the railway carrier, to the haulier or to the carrier or with the start of storage, at the latest with leaving the factory or store, the risk passes to the client, even if the contractor has performed delivery to and from his premises with his own fleet.

II.4 TESTING

The material to be heat treated is tested before leaving the heat treatment workshop to an extent which is customary in the trade and according to specifications by the client. Additional tests and analyses are only carried out in case of special agreements. The final inspection of the contractor does not release the client from his duty to perform a receiving inspection.

II.5 MATERIAL DEFECTS

The requested heat treatment is performed after placement of the order following specifications according to point II.1 as service with the required attention and suitable means. A warranty for successful heat treatment, e.g. to be free from delay and cracks, for surface hardness, hardness penetration, through-hardening, ability to be galvanised and similar cannot be given particularly due to possible different hardenability of the material used, hidden defects, unfavourable shape or due to possible modifications having been made in the previous process. If heat treatment is not successful without the contractor being responsible for this, e.g. because the client made incorrect statements as regards the information requested in point II.1, because the contractor did not know about hidden defects in the work piece before performing heat treatment or could not know about them or because properties of the used materials, shape or the condition of the supplied work pieces made heat treatment impossible, but the contractor did not know about this and could not know about it, the remuneration for treatment is to be paid regardless. Required aftertreatment will be charged for separately under the aforementioned conditions. The contractor is to be notified of defects in writing immediately following transfer of risk. Complaints about hidden defects are to be made in writing directly after detection, within 12 months after transfer of risk at the latest. This term is also valid for the limitation of liability in time for redhibitory defect claims, unless the law prescribes obligatory longer terms, particularly for defects of a building and for work pieces which were used for a construction according to their usual application and caused the defectiveness of this construction. Following each complaint, the contractor must be given the opportunity to inspect and apply aftertreatment. If the contractor does not fulfil his duty for aftertreatment or not within a suitable period according to contract, the client can lower the remuneration for treatment following expiry of a suitable term specified in writing, cancel the contract or perform the required aftertreatment on his own or by a third party at the expense of the contractor. For damages to the material to be heat treated and for other losses caused by the contractor, he will only be liable for the reasonably foreseeable damage typical for this type of contract. Proof of a defect is incumbent on the client. The warranty periods and limits are also valid for any aftertreatment. If work pieces that were found fault with have been treated or further treated, the obligation under warranty is



forfeited. For customary in the trade and process-related wastage occurring during the hardening process of bulk articles and small parts which is reasonable in its extent, no warranty claims can be enforced. If the contractor performs corrective measures upon request of the client, he is not liable for any breakages resulting herein.

In case of application of insulating materials against carburization or nitration, a success cannot be guaranteed either.

II.6 LIABILITY

With regard to the heat treatment to be performed, the client is responsible for a production of the work pieces according to engineering rules, for the correctness and completeness of the required information according to II.1 and for a heat treatment regulation adapted to the later intended use. The contractor is not liable - as long as no other mutual agreements have been made in writing - for damages resulting from treatment that was proposed by him and approved by the client. The contractor assumes that the client performs the tests required for meeting the liability for premises. Claims of indirect nature, particularly those that result from damages to objects that are not identical with the work piece, are not recognised by the contractor. The foregoing limitations of liability do not apply in case of intent, in case of gross negligence of the legal agents or chief executives of the contractor as well as in case of culpable violation of essential contractual obligations. In case of culpable violation of essential contractual obligations, the contractor is only liable - except for cases of intent or gross negligence of the legal agents or chief executives - for the reasonably foreseeable damage typical for this type of contract. Furthermore, the limitation of liability is not valid in cases in which according to the Product Liability Act in case of defects of the delivered products, liability can be claimed for personal or material damage of privately used objects. It is also not valid in case of injuries to life, body or health and if warranted properties are missing, or in case of defects of a guaranteed consistence, if and as far as the warranty or guarantee was specifically intended for protection of the contractual partner against damages that were not incurred at the material to be heat treated itself. As far as liability of the contractor is excluded or limited, this is also valid for the personal liability of his employees, labourers, clerical workers, legal agents and assistants. The law for the burden of proof is not affected by this.

II.7 PARTNERSHIP CLAUSE

For all indemnifications, particularly with regard to the amount of the compensation, the economic conditions of the contractual partners, the type, extent and duration of the business relationship as well as the value of the heat treatment efforts is to be adequately considered in good faith.

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