

1. Terms and Conditions of Contract, Applicable Law

- The following Coating Terms and Conditions (CTCs) apply to all of our present and future business relationships with our contracting partners ("Customers"), provided that these business relationships concern only the surface coating or finishing of workpieces that our Customers supply to us directly or indirectly for this purpose or that we procure according to Customer specifications.
- If not agreed otherwise, the applicable CTCs take the form of the outline agreement, valid at the time of the Customer's purchase order or, at least, in the wording communicated in writing to the Customer, also with respect to similar, future contracts without our having to refer to them in each and every case.
- All and any deviating, conflicting, or supplementary terms and conditions do not form part of the contract, even when they have come to our notice, unless we have consented explicitly to their applicability in writing. This requirement of consent applies without exception, for instance when we deliver without reservation to the Customer in full knowledge of its terms and conditions.
- Any and all separate agreements reached with the Customer from case to case, including subsidiary agreements, supplements, and revisions, take priority over this ABB. Subject to proof to the contrary, the content of such agreements must be set down in a written contract or at the least in our confirmation issued in writing (§ 126b of the German civil law BGB).
- Declarations and notifications of legal relevance that the Customer must submit to us following contract conclusion, e.g. set deadlines, notifications of defects, declarations of withdrawal or markdown, must take the written form for their applicability.
- References to the applicability of laws have clarifying significance only. In other words, the laws apply even without such clarification, unless they have been amended directly or ruled out explicitly herein.
- All legal relationships with us are subject to the law of the Federal Republic of Germany; the application of the UN Convention on Contracts for the International Sale of Goods dated 11 April 1980 is excluded.

2. Conclusion of contract

- Our offers are nonbinding and subject to change. A contract does not come into force until we have confirmed the order in writing or the work has been performed.
- On submitting a purchase order or awarding a job, the Customer submits its binding declaration that it intends to have the commissioned work performed (coating, finishing, processing). If not specified otherwise in the purchase order / job award, we are entitled to accept the contracted offer set down in the purchase order / job award within fourteen (14) days following receipt by us. This acceptance may take the form of writing, e.g. as a job confirmation, or the performed work.
- The sole authoritative document for the legal relationships between the Customer and us is the contract concluded in writing, including these CTCs. Our oral pledges prior to contract conclusion are nonbinding under the law, and any oral agreements are replaced by the written contract, unless their content states explicitly their continued applicability.
- Supplements and amendments to the reached agreements, including these CTCs, must be submitted in writing for their applicability. With the exception of the managing director, our employees are not authorized to reach any agreements to the contrary thereof.
- We reserve the ownership and copyrights for all offers and cost estimates we submit and for all drawings, figures, calculations, brochures, works specifications, catalogs, models, tools, and other material and auxiliaries we provide to the Customer. The Customer may not render these objects or their content accessible to third parties, announce them, utilize them either itself or through a third party agency, or duplicate them without our explicit consent. At our request, the Customer must return to us all of these objects and destroy any copies when its proper business practices no longer require these or when negotiations fail to conclude a contract. This does not apply to the storage of provided digitized data for backup purposes.

3. Price, Payment, Security

- If not agreed otherwise from case to case, all prices are in euros ex works, excluding the statutory value added tax applying in each case and any packaging and shipping costs. All custom duties, fees, taxes, and other public levies are borne by the Customer. If there are any considerable changes in job based costs following contract conclusion, the contracting partners reach an agreement on the new costs.
- In the case of a submitted nonbinding cost estimate, we inform the Customer immediately when we discover that our further processing cannot be performed without a considerable addition to the cost estimate. A considerable addition makes up at least 15% of the cost estimate.
- Our contractual performance is subject to the proviso that there are no obstacles standing in the way of performance based on national or international foreign trade provisions, embargoes and/or other sanctions.
- Unless agreed otherwise, the purchase price shall be payable 14 days after the invoice date. We are entitled to send invoices in electronic form as well. Within this context, the Parties shall be deemed to have consented to the dispatch of electronic invoices if they actually follow this procedure, meaning that they tacitly approve it. Payment periods shall begin on the invoice date, the day on which payment is received shall be deemed decisive when it comes to determining adherence to all deadlines.
- We are entitled to determine which receivables incoming payments shall be offset against.
- From the due date onwards, we are entitled to charge default interest at a rate that is 9% above the base interest rate published in the German federal gazette (Bundesanzeiger).
- Any offsetting and retention by the Customer shall only be permitted if the counter-claim has been established with res judicata effect or is uncontested.
- If the performance of the contract is jeopardized by an inability to pay on the part of the Customer, which shall also be the case if the credit limit of a commercial credit insurance policy is cancelled, then we shall be entitled to refuse to render the services we owe and also to revoke any periods for payment that we have granted and demand advance payment as security. We shall also be entitled to withdraw from the contract. If performance cannot be delivered for reasons outside of our control, the Customer nevertheless owes appropriate remuneration for the addition work incurred to us. In this case, our liability for damage to the workpieces, the violation of contracted accessory obligations, and damage incurred to other than the subject matter itself is ruled out, unless on the grounds of intent or gross negligence.

4. Risk, Delivery, Commercial Clauses, Public Standards

- The risk of coincidental loss and random deterioration of the workpieces is borne by the Customer, and this irrespectively of whether the damage was incurred during transport to or from the destination or at our production facilities.
- The Customer shall not be entitled to reject partial deliveries.
- The INCOTERMS® 2010 shall apply to all commercial clauses.
- The costs for transporting the workpieces to and from the destination are borne by the Customer, if not agreed otherwise from case to case.
- The Customer is obliged, in cases involving the intra-Community supply of goods and self-collection (using the party's own HGV or a forwarding agent commissioned by it), to provide us with a confirmation of arrival that has been duly completed. If this confirmation is not provided (on time), then we shall be entitled to invoice the Customer/invoice recipient for German value added tax and the Customer/invoice recipient shall be obliged to pay this to us.
- During the processing times at our production facilities there is no special insurance coverage. Solely the Customer is responsible for maintaining any insurance coverage for the workpieces, e.g. against fire, mains water, and storm damage.
- Where the wording of the order refers to public national or international standards, then the current valid version of these standards shall apply.

5. Delivery period; delivery terms

- Delivery periods and deadlines shall always refer only to the approximate time of delivery ex works or warehouse.
- Our delivery obligation shall be subject to timely and correct delivery to us, in particular in cases involving subcontracting, unless we are responsible for the untimely or delayed delivery or lack of delivery.

- If delivery is delayed due to force majeure, then an appropriate extension of the delivery period may be granted. This provision shall apply irrespectively of whether the reason for the delay arises before the agreed delivery deadline or at a time that the contractual partner in question is in default. The term "force majeure" shall include an interruption of operations, loss of production, procurement difficulties, industrial disputes and other circumstances that make delivery by us considerably more difficult.
- In all cases, we shall only be in default if, after the due date and a written reminder issued by the Customer, we fail to perform within a suitable grace period for reasons for which we are responsible. This is also subject to the proviso that the Customer is not in default itself on an obligation under the business relationship.
- If the delay on our part is due to ordinary negligence, then our liability for damages shall be excluded, except in cases involving damage to life, limb and health. As an alternative, in cases involving ordinary negligence, we shall limit our liability in connection with delays to the damage that is typically foreseeable.

6. Handover and condition of workpieces; incoming goods

- All workpieces handed over to us for coating/processing/finishing must be provided with an order or delivery note bearing the following details: designation of the parts; piece number; value; net weight; particularities; packaging dates and mode; material grade (standardized designation); and explicit instruction when parts are unsuitable for heat treatment at 300 °C.
- For all deliveries from abroad, a proforma invoice must contain in addition the following details: unit price and total value; number of packaging units; gross and net weight; the goods' country of origin; the transport mode for delivery; and the transport mode required for returns.
- Solely the Customer assumes the risk for the coating/processing/finishing suitability of the goods the Customer delivers or we procure according to the Customer's specifications, unless on the grounds of intent or gross negligence on our part.
- The Customer must deliver by the agreed deadline the workpieces for processing, which must be in a condition suitable for processing.
- Without an explicit reference or an obligation imposed by the Customer, we are not obliged to subject the workpieces for processing to any special analysis or incoming goods inspection.

7. Property, pledge, and retention rights

- In all cases we process/finish the workpieces for the Customer. At all times the workpieces remain the property of the Customer when the Customer has acquired this.
- On the grounds of our accounts receivable arising from the contract, we may exercise a right of pledge on the Customer's workpieces and other assets in our possession by contract. Our statutory rights of pledge and retention remain unaffected.
- We may also exercise our right of pledge on the grounds of accounts receivable from the earlier performance of work, replacement parts deliveries, and other services, provided that they are related to the subject matter. The right of pledge also applies to other claims arising from the business relationship when these claims are untested or recognized by declaratory judgment.

8. Acceptance of the processed workpieces

- The Customer must examine the workpieces directly on delivery and report any complaints immediately with respect to scope of delivery, condition, or quality. Workpieces we have coated, but not finished are deemed accepted without defect when the Customer reports no quality defects in writing within seven (7) days of delivery. This regulation also applies to coatings that do not require or are not intended for subsequent work. Owing to the impossibility of monitoring this work, workpieces the Customer or its authorized third party agents reprocess are generally excluded from all warranties. If the Customer refuses to accept the workpieces on the grounds of a fundamental defect, we have the right of rework. We may refuse rework when our experience of the applicable technologies assesses the coating quality to be suitable for the specified and required purpose. Acceptance is deemed granted when the coated workpieces are handed over and used without question or when the Customer effects the full payment.
- The acceptance costs are borne by the Customer obliged to conduct the acceptance.
- When the Customer becomes in default of acceptance, fails to provide collaboration, or our delivery is delayed for other reasons accountable to the Customer, we are entitled to demand compensation for the damage incurred as a result, including any additional expenses (e.g. storage costs). To this end we calculate an all inclusive compensation sum for each started calendar week of the delay to the amount of 0.5% of the agreed net price (delivery value), but with a maximum total of 5% of the delivery value of the workpieces delivered late, and, in the event of refused final acceptance, 10% of the delivery value of the workpieces not accepted.
- This does not affect our rights to justify compensation for greater damages or to exercise our legal rights to claims (in particular compensation for additional expenditure, appropriate recompense, termination). This all inclusive sum, however, must be credited to other pecuniary claims. The Customer may furnish verification that we have not suffered any damage at all, or damage far less than the above all inclusive sum.
- In the event of default on acceptance, acceptance is deemed granted at the latest two weeks after receipt of the Customer's notice of completion.

9. Condition of the components; warranty

- For finishing, processing, and coating results, we warrant that the performance characteristics agreed in the contract have been fulfilled and correspond to the agreed scope of performance.
- In all cases without exception, the basis of our defects liability is exclusively the agreement reached for the condition of the coating/finishing/processing on the workpieces. The agreement applying to this condition takes the form of product descriptions designated as such that we have handed over to the Customer prior to his purchase order or have included in the contract in a manner similar to these CTCs. In addition, public statements, praise, or advertisements by us or third parties do not constitute any specification of condition as set down under contract.
- We remedy warranty defects that the Customer has reported in writing to us. This defects report must contain the following details: designation of the parts, description of the defects, piece number, delivery date, delivery note number, job number. The Customer must furnish proof for all claim requirements. If a Customer chooses compensation for damages after failed subsequent performance, this compensation is restricted solely to the value of our coating services (§ 11c-h apply accordingly).
- If there is a warranty defect, the Customer may demand subsequent performance. In this case, we have the right within an appropriate period either to remedy the defect (rework) or deliver a new, defect free article (new make). This warranty becomes void, however, when the Customer, without our consent, alters or commissions third parties to alter the workpieces, and defect remedies become impossible or unacceptable as a result. In all cases, the Customer must bear the additional costs of defect remedy caused by the change.
- We are entitled to make the subsequent performance we owe dependent on the Customer's payment of the due wages receivable. However, the Customer is entitled to retain an appropriate sum from the wages receivable corresponding to the defect.
- We are entitled to make the subsequent performance we owe dependent on the Customer's payment of the due wages receivable. However, the Customer is entitled to retain an appropriate sum from the wages receivable corresponding to the defect. The Customer must grant us the opportunity and time needed to provide the subsequent performance we owe, in particular for handing over the defective workpieces for test purposes. In the event of a new make, the Customer must return to us the defective workpieces as required by law. Subsequent performance does not include the removal of the defective workpieces nor the installation of new, unless we have been obliged to install originally.
- If there is an actual defect, we bear the necessary testing and subsequent performance costs, in particular for transport, traveling, labor, and materials (but not removal and installation). This does not apply should the costs rise owing to the workpieces' being at a place other than that of the original delivery. Otherwise, we may demand from the Customer the costs incurred by the unjustified claim for defect remedy (in particular for testing and transport costs), unless the Customer was unable to identify the lack of defect. In urgent cases, e.g. when there is a risk to operational reliability or for averting excessive damage, the Customer has the right to remedy the defect itself and to demand from us reimbursement of the objectively assessed expenses incurred thereby. We must be informed immediately, if possible beforehand, of such measures. There is no right to remedy defects oneself when we would have been justified in refusing the appropriate rework under the legal regulations.
- (Inapplicable)
- If rework fails, an appropriate deadline fixed by the Customer expires without success, or the legal provisions

render this rework superfluous, the Customer may withdraw from the contract or mark down the price. A trivial defect, however, does not justify any right to withdraw.

- j. When defects are discovered on components from other manufacturers that we are unable to remedy for legal licensing or effective reasons, we shall choose whether to file warranty claims against the manufacturers and suppliers to the Customer's account or to assign these components to the Customer.
- k. The Customer does not receive from us any guarantees in the legal sense. This does not affect manufacturers' warranties. We do not grant any warranty for suitability under extraordinary loads. We accept no liability for any damage caused by effects that were unknown to us during work execution and also whose extent could not be foreseen at a later date; by improper treatment, or by mechanical stress.
- l. The condition of workpieces affects greatly the properties of coatings. As a consequence, the Customer must ensure that these workpieces are delivered in a condition suitable for coating. Specifically important to prevent or eliminate: scale, tarnish, weld spatter, lap, burr, cracking, pores, voids, and similar. The Customer bears the costs of damage and defects as a result of material supplied in a condition unsuitable for coating. This likewise applies when our coatings do not adhere or adhere only inadequately to the workpiece as a result of poorly soluble preservative, oils/greases, drawing media, and oxide layers, provided that we could not identify this without further ado. Furthermore, we accept no liability for damage and defects as a result of input stock qualities differing from those provided for our test coatings or other than those agreed. Color specifications, e.g. RAL, or gradient and gloss specifications are always approximations, even when we confirm them. Discrepancies in color, gloss, and gradient within the tolerances acknowledged in the sector do not justify a notification of defect. This also applies to deliveries according to sample.
- m. When the coating is exposed to extraordinary stress induced by seawater, chemicals, vibrations, high temperatures, and similar, the Customer itself is solely responsible for verifying the coating's resistance to these stresses.
- n. We accept no liability for any changes in geometry, in dimensional or fitting accuracy, or for cracks or similar induced by the treatment. No liability is accepted for the usual production rejects and inadequate quantities of up to 1% for small parts.
- o. Costs incurred to us for fixtures and tooling based on the piece number specified by the Customer we must bill as a remainder sum on nonfulfillment of the quantity named by the Customer. Only the cost prices for special fixtures needed for the accepted job, e.g. covers and coating equipment, are billed.
- p. Irrespectively of the above, we do not acknowledge any complaints of defects in the following cases, if not agreed otherwise and specifically in writing:
 1. Transport and assembly damage, or repairs performed by the Customer or a third party, if the parties have not agreed whether the Customer or third party is entitled to perform the repair;
 2. Damage as a result of contact with shaped gaskets, sealants, cleaning agents, and cleaning processes (e.g. autoclaves, steam jets) and damage from silicon-containing or other products contaminating the blanks; and damage from excessive grease, oil, or similar;
 3. Inappropriate workpiece structures or workpiece structures unsuitable for coating;
 4. When finished workpieces are kept within the direct effects of saltwater, industrial chemicals, or other sources of aggressive, harmful emissions;
 5. When workpieces are used for any purpose contrary to their intended purpose agreed separately with us or when the workpieces are cut, bent, or otherwise formed improperly with defective tools or by unqualified personnel (if not agreed explicitly otherwise, intended use can be taken from our product description);
 6. on delivery of defective workpieces (e.g. with corrosion, scale, oil, or grease) from the Customer or of laser cut edges. If the Customer delivers defective workpieces for which the Customer wishes or needs services beyond those set down in the contract, the Customer must reimburse the separate costs incurred thereby in addition to the agreed price;
 7. coatings on primers, casts, unprocessed 3D printed parts, and batch galvanized workpieces, irrespectively of their origin – owing to the substrate being outside of our influence, our finishing/processing is applied at the sole risk of the Customer;
 8. rejects that result from processing and that take the form of altered geometries, cracking, similar mechanical damage, and inaccurate dimensions and fits of moving parts;
 9. degassing, compromised adhesion, and rough surfaces as a result of surface quality;
 10. excessive air and/or dust inclusions, unless these are workpieces as new or such whose surface quality facilitates defect free coating;
 11. surface defects
- q. All warranty and damage compensation claims – irrespectively of the legal grounds – expire at the end of twelve (12) months or at the end of a longer agreed period following delivery or performance, unless §§ 483(1)2, 479(1), and 634a(1) BGB stipulate longer periods.

10. Technical Advice, Guarantee

- a. The technical advice we offer to the best of our knowledge is nonbinding and does not exempt the Customer from subjecting each and every delivery before further processing or use to a test of its suitability for its intended use.
- b. Our technical, physical, and chemical specifications and our details on scope of delivery, measurements, weights, engineering materials, appearance, and performance are approximate only when the usability for the contracted purpose does not imply recognizably an exact agreement or specific details have not been agreed in the form of a performance specifications contract. They do not constitute condition or durability warranties, but a description or label of the delivery or service. In order to be legally valid, guarantees must be issued explicitly and in writing. If, at the time of the transfer of risk, the goods do not have one of the characteristics guaranteed in this manner, then the rights of the party placing the order shall be based solely on the statutory provisions. Permitted are deviations usual on the sector and deviations arising from legal regulations or serving as technical improvements as well as the replacement of components with equivalent parts, except when these prove detrimental to the usability of the goods for a contracted purpose.

11. General Limitation of Liability

- a. If not specified otherwise herein, including the following terms, we are liable for violations to contractual and extracontractual obligations under the applicable legal regulations.
- b. We accept no liability for the suitability of coating/finishing/processing ordered by the Contractor for the purpose intended by the Contractor – the risk of use is borne solely by the Customer. Specifically, the Customer bears the risk involved in the use of coated workpieces in the safety relevant areas of machinery, equipment, installations,

and vehicles of all kinds. The Customer alone is responsible for adherence to the laws governing the approval of coated workpieces for use in vehicles of all kinds, equipment, installations, and machinery. The Customer is responsible for securing and receiving operating permits for vehicle, equipment, or machine parts coated by us. We do not provide any compensation for damage caused by the use of coated workpieces in machinery, equipment, installations, and vehicles of any kind. We accept no liability for any damage caused to coatings by chemical, thermal, and mechanical effects, including friction damage from bearings and seals. Also, we accept no liability for damage caused by the processing or other use of the delivered workpieces.

- c. In all other cases involving liability for damages due to a negligent breach of duty, irrespectively of the legal grounds, our liability shall be limited to the damage that is foreseeable for us and is typical given the nature of the contract.
- d. Alternatively, we shall exclude our liability for damages, the liability of our legal representatives or vicarious agents, insofar as we are responsible for an ordinarily negligent breach of a contractual obligation which does not, based on its nature and consequences, jeopardise the purpose of the contract, except in cases involving damage to life, limb or health.
- e. The above mentioned provisions shall not apply to claims under the German Product Liability Act (Produkthaftungsgesetz).
- f. If claims for damages are asserted against us under section 823 of the German Civil Code (BGB) based on producer's liability (Produzentenhaftung), then we shall limit our liability, over and above the provisions set out above, to the indemnity to be paid by our liability insurer. The limit of indemnity has been taken out in an amount that is the typical amount for the damage, contract and materials. If the insurer does not provide indemnity at all or in full, then our liability shall remain unaffected, limited to the amount of the sum insured. If the limit of indemnity has not been taken out in an amount that is the typical amount for the damage, contract and materials, then we shall limit our liability in such cases to the typical amount for the damage, contract and/or materials.
- g. The Customer is obliged, as soon as a defect is identified, to endeavour to ensure that any further damage is prevented at all costs. When a defect is reported, the Customer must specify the amount of the damage that it expects to incur. The party placing the order shall inform us in writing as soon as any circumstances arise that could impact the amount of the damage. If the party placing the order fails to provide us with this notification, we shall not be obliged to reimburse any financial loss that exceeds this amount.
- h. The Customer may only withdraw or terminate when we are responsible for violating an obligation not consisting in a deficiency. The Customer has no free right to terminate (in particular as set down under §§ 651, 649 BGB). In all other cases, the legal prerequisites and consequences apply.
- i. The limitation under 9q) also applies to the Customer's contractual and extracontractual compensation claims for damage that can be put down to a defect in the goods. They do not apply in this case when the application of the regular legal limitation period (§§ 195, 199 BGB) would lead to a shorter limitation in individual cases.

12. (Inapplicable)

13. Third-Party Proprietary Rights, Rights to Tools, Confidentiality

- a. If deliveries based on drawings or other information provided by the Customer breach third-party proprietary rights, then the Customer shall indemnify us against all claims.
- b. The full or partial remuneration for tool costs shall not result in the Customer acquiring any rights to the tools themselves.
- c. All information set out in our documents, e.g. drawings, samples, calculations, must not be made available to third parties unless the case in question relates to use in accordance with the intended purpose or we have issued our explicit written consent in advance.

14. Place Of Performance, Place Of Jurisdiction

- a. The place of performance for the delivery shall be the place where our relevant factory from which the delivery is made is located. The place of performance for payment shall be our registered office.
- b. If the Customer is a merchant who has been entered in the German commercial register (Vollkaufmann), then the place of jurisdiction shall be Ulm.