

CeramTec GmbH Conditions for External Services

Last updated: February 2017

Preamble

These conditions apply to all external services on behalf of CeramTec GmbH (hereafter referred to as the Purchaser), excluding the general terms and conditions of our suppliers (hereafter referred to as the Contractor) and subject to deviating provisions in written agreements. Otherwise, the statutory provisions applicable in specific circumstances shall apply.

1. Offer and agreement

1.1 Offer

Offers are made free of charge and do not establish obligations on the Purchaser.

Written documents, such as offers, supplementary offers, confirmations and commercial correspondence, must be addressed to the Purchaser's responsible purchasing department. Order-specific details must be noted in full in all written documents (correspondence, invoices, delivery notes, consignment notes etc.).

If the Purchaser provides the Contractor with resources of its own, the costs for the use of such resources shall be charged at the applicable price list rates.

1.2 Purchase order

Only written purchase orders and order amendments issued by the Purchaser's purchasing department are legally binding.

1.3 Parts of the contract

The following are integral parts of the contract:

- a) The purchase order with all attachments
- b) The details in the offer
- c) These Conditions for External Services and, if applicable, the additional order-specific conditions

In the event of conflicts, the parts of the contract listed under a) and b) shall apply in the same order as above.

1.4 Warranty

The warranty periods are as follows:

For machinery, equipment, spare parts and accessories: 24 months without operating hour limit from start of series production at CeramTec, once series production has started without issues.

For building work, including architectural and engineering services in accordance with the German Construction Contract Procedures (Vergabe- und Vertragsordnung für Bauleistungen (VOB)): extended to 5 years.

For all other external services, e.g. repair of machinery: 2 years.

If defects occur during the term of the warranty, the Purchaser may also demand repair instead of the other rights under Section 634 ff. of the German Civil Code (BGB).

1.5 Liability and insurance

The Contractor shall indemnify the Purchaser against all third-party claims for damages and/or shall compensate the Purchaser for all damages that arise from breach by the Contractor of its contractual obligations and/or for which the Contractor, its personnel or agents are responsible.

The Contractor shall take out liability insurance with adequate cover at its own expense for the services to be performed by the Contractor, whereby cover shall not be less than EURO 5 million (lump sum) per insured event for personal injury and damage to property.

The Contractor shall provide the Purchaser with corresponding evidence of insurance on request and shall inform the Purchaser unprompted and immediately of every circumstance that affects the above insurance cover.

The Contractor shall inform the Purchaser immediately in writing if the Contractor has reservations with regard to materials, lifting equipment or components provided by the Purchaser or the services of other suppliers. Otherwise, the Contractor shall remain responsible in full for performance of the work.

The Purchaser shall not take out insurance for building and assembly work.

1.6 Acceptance

All services, including any remedying of defects, shall require formal acceptance by the Purchaser.

1.7 Ownership of execution documents etc.

Plans, written documents, electronic data (media), drawings, models etc. that are provided to the Contractor or third parties acting on its behalf remain the property of the Purchaser and must be returned after the end of work. This applies in particular to copies made by the Purchaser and with the consent of the Purchaser.

1.8 Confidentiality

The Contractor must treat as confidential all information regarding operating facilities, business processes and work procedures that becomes known to the Contractor in the course of working on behalf of the Purchaser. This obligation shall continue to apply after the end of work.

The Contractor must impose a corresponding obligation to maintain confidentiality on the personnel it employs, for the benefit of the Purchaser.

The Contractor shall be liable for all loss that the Purchaser incurs as a result of breach of these obligations.

2. General conditions for services

2.1 Scope of performance

The sum of the order for the ordered service covers all the Contractor's claims necessary for proper performance of the applicable service.

2.2 Sub-contractors

The Purchaser's prior written consent is required for the use of sub-contractors. In such cases, the Contractor must specify the services that are already covered by its offer and that it wishes to sub-contract. If consent is given, the Contractor shall nonetheless remain liable to the Purchaser for performance of the contract in full. The Contractor must impose the above conditions on its sub-contractors. The Contractor must impose all the conditions agreed between the Purchaser and the Contractor on its sub-contractors.

2.3 Hourly paid work, overtime, allowances for difficult working conditions

Hourly paid work may only be undertaken by order of the Purchaser. The Contractor must provide the Purchaser with evidence of the hours actually worked for each worker, deducting the regular breaks, which must be at least the minimum legally required breaks.

The provision of supervisors is included in the hourly rate.

Allowances for overtime, night work, work on Sundays and public holidays and for difficult working conditions are only paid, if the work is ordered by the Purchaser. The amounts must be agreed in writing in advance.

Specific evidence of the hours to be paid must be provided, as required by the Purchaser, and submitted to the Purchaser for confirmation immediately on completion of the work or weekly in the case of services that take longer to perform.

Detailed, written evidence of the use of materials to be paid for exceptionally and of machinery and equipment must be maintained.

2.4 Quality assurance

The Purchaser reserves the right to perform interim inspections as part of quality control. Parts must not be installed if inspection is still incomplete or the results of inspection demonstrate inadequate quality.

Costs arising from increased expenditure for inspection as a result of identified defects shall be borne by the Contractor.

3. Billing

Invoices and proof of performance must be submitted to the Purchaser with the order number.

4. Payment

4.1 Advance and partial payments

Advance and partial payments, including the number and amounts, must be agreed separately by the Purchaser and Contractor and must be requested in the specified manner.

4.2 Payment periods

The payment periods are governed by the agreements made between the Purchaser and the Contractor.

4.3 Final payment

The final payment is made in accordance with the concluded agreements, as long as the services have been accepted and all defects have been eliminated.

5. Good order & safety

5.1 Reference to regulations

In order to maintain good order and safety, the applicable statutory and operating regulations for the companies and their employees working within the applicable factories at CeramTec GmbH (CeramTec access and on-site rules for external companies and their employees) and any other additional requirements (regulations for specific factories and systems) must be observed and complied with. The Purchaser shall inform the Contractor of the applicable regulations, if they must be complied with in addition to the statutory provisions.

If the Contractor does not comply with the applicable statutory regulations, in particular provisions to combat illegal employment, during performance of the contract, the Purchaser shall be entitled to terminate the contract for cause.

In the event of breaches of the operating and/or statutory safety rules, the Purchaser may have work stopped and order the applicable employee or sub-contractor off the premises. If work is stopped, the Purchaser reserves the right to claim applicable damages.

5.2 General safety regulations

The Purchaser reserves the right to check that safety and environmental requirements are being complied with.

For safety reasons, work may only be started after instruction has been given on site by the construction, assembly or project managers.

The materials, equipment, tools and machinery brought into the factory by the Contractor must be marked as its property.

Hydrants must not be used for the supply of water.

There must be enough German-speaking contacts on construction and assembly sites on behalf of the Contractor and at least one such contact must always be available directly on site. The Contractor shall ensure that its employees and sub-contractors have been informed of the safety information and comply with the safety information.

The Contractor must inform the Purchaser of workplace accidents involving its employees or the employees of sub-contractors immediately, i.e. not later than the working day after the date of the accident, if such workplace accidents occur during work to complete the order on the Purchaser's commercial premises and require medical care for the injured person or result in incapacity of the injured person for at least one day (in addition to the day of the accident). The accident report must be sent by fax by the Contractor to the applicable safety officers for the sites. The accident report must be made on the accident report form provided for this purpose, which is to be completed in full by the Contractor. Accident report forms can be requested by the Contractor from the local safety officers.

5.3 Requirements for waste disposal in the course of building or maintenance work

The Purchaser is the primary generator of waste in the case of waste from building or maintenance work that was originally part of the building or its fittings (e.g. masonry, windows, doors, pipes, tanks and other technical equipment). The disposal methods and procedures for such waste must be agreed with the Purchaser before the start of work and the Contractor must name a person responsible for the disposal process. If the Contractor recommends disposal companies, the Contractor shall provide the Purchaser in good time in advance with documents to assess whether the disposal method is permissible (e.g. disposal operating certificate, copies of approvals, disposal company number, exemption number).

All disposal documents required under waste disposal law, such as proof of disposal and transport documents, shall be prepared by the Purchaser and must be used by the Contractor.

Waste from the Contractor's activity that originates from materials that the Contractor has brought on site to perform the orders, such as packaging waste, empty containers, left-over paints or other left-over materials etc., is the Contractor's waste and must be taken away by the Contractor and disposed of on its responsibility in accordance with all statutory regulations and requirements.

If the Contractor undertakes to dispose of waste, the Contractor guarantees that it will handle the waste properly and correctly.

6. Data protection

The Purchaser reserves the right to process the data, including personal data, that is required to perform its commercial activity, subject to applicable data protection laws.

7. Place of performance, place of jurisdiction & applicable law

The place of performance for deliveries and services is the place of execution specified by the Purchaser; for payment, it is Plochingen, unless otherwise specified in the order. If the Contractor is a merchant registered in the commercial register, the exclusive place of jurisdiction is Stuttgart, although the Purchaser may also choose the court with jurisdiction at the Contractor's place of establishment at its discretion.

The contract is subject to the law of the Federal Republic of Germany.