

HAFNER Pneumatika Kft.

H-9228 Halászi, Püski út 3.

Tel.: +36-96-210-601 | Fax: +36-96-210-615

Web: www.hafner-pneumatika.com



General Terms and Conditions for Supply

1. Concepts and other specifications

- **Supplier:** The organization providing the product and/or service for HAFNER Pneumatika Kft.
- **Customer:** HAFNER Pneumatika Kft.
- **"Order placement"** means the General Terms and Conditions for Supply, the order itself and any other documentation indicated by the Customer. The term **"product"** refers to any item, material, equipment, work, or other services that constitute the object of the purchase.
- **Price:** The order indicates a fixed and total price which is not inclusive of VAT and which may not be changed for any reason without the Customer's specific written approval.

These purchase conditions shall apply exclusively. The Customer does not acknowledge or accept any deviating or contrary purchase conditions set out by the Supplier, unless the Customer has explicitly and in writing agreed to the application of those conditions. The present purchase terms and conditions apply to all future business deals concluded with the Supplier. In particular cases, individual agreements concluded with the Supplier, such as framework agreements, quality assurance agreements and the related ancillary agreements, supplements and modifications are given priority over the General Terms and Conditions of Purchase.

Issues not regulated by the terms and conditions of the contract shall be governed by the general provisions referred to in the relevant regulations of the Civil Code.

2. Terms and conditions applicable to purchase order and its acceptance

The present terms and conditions or references to such terms and conditions shall apply to any order placed. Unless otherwise agreed with the Supplier, the Supplier shall acknowledge the placement of the order within 48 hours after its receipt (via e-mail, fax, etc.). Not receiving any response or instruction within 48 hours is interpreted by the Customer as meaning that the Supplier has accepted all the conditions laid down in the purchase order.

Electronic acceptance: The Customer and the Supplier facilitate the execution of business transactions by sharing data with each other in an electronic way. The Supplier accepts the Customer's electronic order form and all other documents issued via electronic means and acknowledges the validity of such documents without their being signed. Documents that are considered to be of key importance are those that include but are not limited to order placement, amendment to the order, acceptance of order and/or order modification, preliminary notification of delivery, invoice.

3. Delivery terms

Delivery scheduling must be carried out in compliance with the specifications defined in the order.

The delivery deadline indicated in the order is of a binding nature. The Supplier shall, without delay, send a written notification to the Customer about any existing or known circumstances giving rise to the possibility of non-compliance with the delivery deadline.

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The Supplier must attach the delivery note including the price and/or the invoice to the product. Given that the product is accompanied only by a delivery note including no price, the Supplier shall produce the invoice by electronic means (when using omnibus invoicing, the issue of pro-forma invoice) within 24 hours after product delivery.

If delivery is delayed for reasons ascribable to the Supplier, the Customer is entitled to claim late delivery damages.

The rate of such damages is the percentage of the net order value in proportion of the time by which the delivery is overdue.

Week 1– 2%

Week 2– 3%

Week 3– 6%

Week 4 or more - max. 10%

The Customer is entitled to exercise its right to default interest at the time of order fulfilment. To that end the Customer is to submit its claim for default interest within 10 working days after fulfilment of the delayed delivery.

In case the Supplier's prospective delay reaches a point where it may prevent the Customer performing its contractual obligations, the Customer has the right to withdraw from the contract and purchase the necessary product from another Supplier.

Furthermore, the Customer reserves the right to claim compensation for consequential damage.

We reserve the right to modify the order without it having any cost implications.

4. Technical and quality assurance conditions

4.1 Scope of validity

The present technical conditions shall be applied in cases where the documentation made available to the Supplier (e.g. engineering drawing) does not clearly define some specific characteristic feature of the product supplied. The documentation available, the agreements made between the Customer and the Supplier are always given priority over the present document.

4.2 Technical specifications

4.2.1. Dimensional tolerances, damage

- For dimensions not possessing separate tolerance ISO 2768-1: 1989 - General tolerances - Part 1: Tolerances for linear and angular dimensions without individual tolerance indications: „m” (medium) accuracy class of dimensional tolerances, and ISO 2768-2:1989 - General tolerances - Part 2: Geometrical tolerances for features without individual tolerance indications: „H” (fine) accuracy class of shape- and position tolerances standards are applicable.
- Unless specifically approved by the Customer, the component parts must not bear visible signs of damage, under suitable testing and lighting conditions, at a magnification of 10x

4.2.2 The edge of a non-accurate piece

- Unmarked chamfers according to the DIN ISO 13715 standard:
 - External edges: max. -0.1 mm
 - Internal edges: max. +0.2 mm
- For edge markings, such as: "sharp cutting edges clean of burrs", "sharp edged" and flashing and "clean of burrs", in accordance with the DIN ISO 13715 standard, ± 0.02 mm tolerance is to be applied.
- For inoculated type boreholes and open-end holes the acceptable maximum size of burrs: +0,1 mm.

4.2.3. Thread

4.2.3.1. Thread test by gauging

Tolerances applied during thread-cutting and control:

- For external threads: 6g
- For internal threads: 6H
- For internal threads the "No Go" side of the thread gauge is to be driven for a maximum of two complete turns. Similarly, for external threads the "No Go" thread gauge is to be driven for a maximum of two complete turns (see DIN ISO 1502 standard).
- The „Go" thread gauges is to be screwed down to the very bottom of the thread.

4.2.3.2 Thread initiations, thread run-outs and their chamfered edges

- All thread initiations and thread run-outs should always be supplied with chamfered edges
- For external threads the smallest size of the corner break: thread base diameter -0.1 / -0.2 mm
- For internal threads the biggest size of the corner break: thread base diameter +0.1 / +0.2 mm
- The angle size of corner breaks: $45^\circ \pm 5^\circ$
- Thread run-outs on the basis of DIN 76:
 - For external threads:
 - thread run-outs: x_2
 - thread run-outs before edge: a_2
 - thread undercuts: B2
 - For internal threads:
 - thread run-outs: e_2
 - thread undercuts: D2

4.2.4 Cut-off chunk

As a rule, no cut-off chunks are allowed on the components.

In problematic cases, prior to the launch of production, consultation becomes necessary.

Governing standard: DIN 6785.

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4.2.5. Size changes due to surface treatment and heat treatment

Component drawing contains the final sizes of the already surface-treated and heat-treated parts. During the manufacturing process, the aforementioned size changes must be taken into account in correspondence with the surface treatment technologies applied.

4.2.6. Delivery condition and the cleanness of items

- At the time of delivery each work piece must be free of impurities derived from the manufacturing processes or from any other impurities. (The presence of borings, lubricants or other contaminants is not allowed.)
- The packaging of the products must guarantee their cleanness, intactness and integrity.
- The Supplier shall apply environmentally-friendly packaging in compliance with the regulations for packaging in effect. The Customer reserves the right to return the packaging at the expense of the Supplier.
- The product delivered must in all cases be supplied with documents corresponding to the legal regulations in effect.

4.3 Quality assurance conditions

- The products ordered must meet the requirements relating to the given product group.
 - Standard products are subject to the relevant regulations.
 - The principal guidelines in relation with non-standard products are represented by the prescriptions set forth by Hafner Pneumatika Kft.
- You are requested to observe all the requirements when ordering items supplied with drawing numbers.
- Unless otherwise specified in a separate agreement or in a written notice, the the valid standard year is always the current year when the order is delivered.
- Series production may only be launched for approved first samples provided the product item is subject to initial sample supply.
- Essentially, the objective to be achieved with component parts is "zero" fault.
- Further consultations may become necessary if the Customer requires the Supplier to conduct 100% inspection of the component parts or carry out statistical process control procedures to demonstrate the reliability of the manufacturing process.
- The Supplier shall make sure that it keeps the documentation of the products manufactured (e.g. measurement reports, declarations of conformity needed for raw materials) at the disposal of the Customer for up to 36 months and presents it to the Customer upon request.
- Upon Customer's request, the Supplier shall draw up an inspection certificate in compliance with the EN 10204 standard.
- The Supplier shall perform initial sampling on the Customer's request or on the basis of VDA or PPAP currently in effect. The cost of initial sampling requires further consultations.

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- In the event of non-compliance with the technical documentation, the Customer is entitled to reject the given production series. In this case, any costs associated with handling complaints shall be chargeable to the Supplier. Such costs may be incurred by assorting and refacing procedures performed at the sites of the Customer or the Supplier or a third party, furthermore, they may be induced as a result of repetitive manufacturing by the Supplier or the costs may arise from user penalties, contractual penalties or those generated by consignment.
- In most cases, the Customer exclusively conducts random spot-checks on the component parts delivered, inspecting them in terms of size and quantity. The signed consignment note used by the forwarder, or the delivery note drawn up / signed by the Supplier upon the fulfilment of delivery are documents which are not to be considered as product compliance acknowledgement. In case, defects do not become revealed upon receipt of the products delivered but become known only later or possibly during functional testing (typically hidden, hardly detectable defects in relatively limited presence), the Supplier can be held liable retroactively for the given defect. In this case, any costs incurred by handling complaints shall be chargeable to the Supplier. The duration of implied warranty of merchantability (mandatory period of product suitability) shall last at least 36 months after supply of the given component. The above statement is valid only if the component supplied was defective at the time of the delivery, more particularly, if it did not comply with the specifications of the order.

5. Tools

The tools manufactured by the Supplier at the Customer's costs shall become property of the Customer at the time of payment. Such tools are unchangeably declared to be the property belonging to the Customer. The Supplier shall undertake to use the tools exclusively for the purpose of manufacturing the product ordered by the Customer. The Supplier commits itself to taking out insurance cover for the tools belonging to the Customer on the basis of their value and at the costs of the Supplier in order to protect such tools against theft, fire & water damage.

6. Transfer

The Supplier shall not transfer any order placed with or amounts to be paid to Supplier, or any of its obligation specified in the order unless Supplier is in possession of the Customer's prior written consent to such action. Relationships are of strictly personal nature (*intuitu personae*), therefore they shall not be transferred without the Customer's prior written consent.

7. Changes

Any alteration must be made by the agreement between the parties. The Customer is entitled to modify the quantity ordered or the deadline set for the delivery by sending the Supplier prior written notification about the intention to do so. If, due to the above changes the cost of executing the work specified in the order or the time for its performance increases or decreases, the price or the deadline, -or both

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proportionately - may be changed with the consent of the Customer. A decrease in the costs should result in making modifications. The order shall be modified accordingly.

8. Terms of payment

The place where all payments are made:

Payment means neither acknowledgement nor fulfilment, it does not infer waiver of warranty either, which also applies to the acknowledgment of receipt at the time of product delivery.

In the event of late performance the applicable rate of interest is the rate determined by the Civil Code.

9. Guarantees

In the event of material and legal deficiencies, the Customer shall be fully entitled to claim warranty and damages prescribed by law. The Customer has the fundamental right to choose the method of subsequent delivery, more particularly, the method of supplying deficiencies or that of the delivery of replacement products.

The Supplier shall guarantee that:

- a) The products delivered to the Customer in accordance with the present order satisfy all the requirements defined by or contained in the order specifications, descriptions and designs,
- b) Free of design-and material deficiencies, they are manufactured according to the professional standards.
- c) The Supplier is in possession of the professional expertise, professional abilities, permissions, licences and certificates necessary for supplying the products,
- d) the products do not infringe any intellectual property rights of a third party
- e) The Supplier shall guarantee the legitimate origin of the products and declares that Supplier has full authority over the products which are free and clear of any liens, mortgages, or other such encumbrances.

In case the above guarantees are violated, in addition to other available statutory compensations, the Customer may request the Supplier to take the following actions at its own expenses:

- a) Replacing the defective products at the plant of the Customer, more particularly, at the point of the original destination of products. Exclusively in cases where replacement of products is not possible within the deadline requested by the Customer or unless otherwise stipulated by the law of a given country, at the choice of the Customer, the Supplier is obliged to
- b) Repair the defective products, or
- c) Refund the price of defective products to the Customer.

In case the Customer opts for repairs or replacement, Customer shall not bear the costs incurred by the repairs, such as but not limited to the costs generated by the removal of defective products, by repairs and replacement or those incurred by the installation and assembly of new products or by the delivery of these products. Provided the Supplier does not repair the faults within the period of time set by the

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Customer or if it does not replace the defective product, the Customer may as well order repair work from a third party at the Supplier's expenses. The expenses thus incurred shall be borne by the Supplier.

The period of limitation for material and legal deficiencies is 36 months calculated from the passage of risk.

10. Breach of contract

In case the Supplier fails to deliver the products or a part of the products specified in the order within the deadline defined in the order, which is considered to be an essential element of the contract, or the Supplier violates or neglects any of the conditions set forth by the order, the Customer, while observing the relevant legal regulations, shall be entitled to terminate the order as a whole or any of its parts in writing and in the shortest possible time without the termination affecting Customer's rights to compensation claimed due to breach of contract. Unless otherwise specified by the contract, the Customer is entitled to a compensation corresponding to 5% of the value of the order in a one-off payment of liquidated damages provided by the contract.

11. Termination of order

The Customer is entitled to terminate the order any time before it is fully executed by the Supplier but at least 10 days before the termination through a written notice in a manner that the Customer's obligation does not extend beyond the payment of the price specified in the order for the products already delivered or consigned at the time of termination.

The Customer has the right to terminate the contract with immediate effect without having to comply with the expiry date of the period of notice if the Supplier ceases to carry on its business or bankruptcy proceedings have been initiated against it. The Customer shall make payment for the work supplied on a pro-rata basis and reimburses possible expenditures not contained in the amount paid. If the termination of the contract is initiated by the Supplier, the Customer may exercise its right to claim compensation.

12. Force majeure

In the event of Force Majeure or in events related to labour, operational disruptions which are beyond the control of the parties, riots, official measures or any other unavoidable circumstances, the Customer - without prejudice to its rights - has the right to fully or partially withdraw from the contract if the given circumstances are likely to persist for a relatively long period of time thus leading to a considerable reduction in the level of demand.

13. Limitation of liability

The Customer shall not in any case be liable to the Supplier for the loss of use of any work, loss of profit, loss of transaction or contract, neither shall the Customer take up any responsibility for any contract-related indirect, special or consequential damage or loss occurring on the side of the Supplier.

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In addition to the guarantees, the Supplier shall take responsibility for all damage arising from the deficiency of the subject-matter of the contract as long as it is the Supplier that can be held liable for such deficiency. Provided the damage occurs with a third party, the Customer shall be relieved of liability for claims damages.

14. Confidentiality

The Supplier shall treat all information received from the Customer as confidential whether the disclosure of information takes place verbally or in writing, including but not limited to patents, designs, documents, software, specifications, information or data carriers containing information or other data, all of which shall be returned to the Customer in good condition upon the execution of the order or before that if so requested by the Customer. No such information or data shall be disclosed to any third party, copied or used for purposes other than those specified in the order to any third party without the prior written consent of the Customer.

15. The equipment of the Supplier/Service Provider

The Supplier/Service Provider performs delivery by using its own tools and equipment (including personal protection equipment) unless otherwise specified by the order or if the Supplier bears responsibility for all such tools and equipment present on the site of the Customer. The Customer shall not be held liable for damage arising from pilferage or fire or from any other damage caused to the Supplier's/Service Provider's assets on the premises of the Customer. Upon fulfilment or termination of order, the Supplier/Service Provider shall hand over the premises in appropriate condition and remove all its equipment from the site.

16. Right to audit

The Customer is entitled to execute audit at the Supplier's premises with prior notice of 8 days and in normal working hours, more particularly, it has the right to inspect and audit, in a non-exhaustive manner, any records, data, invoices and documents regardless of their shape and form. Such records shall be retained in a precise and clear form by the Supplier for at least 3 years after the date of expiry or termination of the order or for a period of time as potentially prescribed by law and in such manner and with content in sufficient details as are appropriate.

17. Governing Law

The expiry of certain elements of this document or further agreements building upon such elements or otherwise related to them shall not result in the present Terms and Conditions of Supply ceasing to take effect. Parties to the contract commit themselves to replace the provisions which have lost relevance with regulations most appropriate to their interests.

The place of performance is the place indicated in the order as place of destination / place of taking over the products. In case such place is not demonstrated in the order, the place of performance is the Customer's place of establishment.

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In any dispute arising directly or indirectly from the contract, the seat, or legal place, of arbitration shall be at the place where the Supplier's establishment is situated. Furthermore, the Customer, at its own discretion, is entitled to file a lawsuit against the Supplier at the court situated at the place of its own establishment, premises or place of performance. This also applies if the seat of the contracting party is located abroad. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the order agreed between the Customer and the Supplier.

Should the Customer fail to exercise any of its rights due to it under this document, the non-exercise shall not be construed as waiver of such rights. Any waiver of rights shall only be valid if an express written statement is given to that extent. Once the Customer disregards the strict enforcement of any essential term or condition of these Rules, it shall not mean that it waives such right or the right to insist on the strict implementation of the given term or condition at a later time.