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**ddm hopt + schuler GmbH & Co. KG,
Königsberger Straße 12, D-78628 Rottweil
General Terms and Conditions of Purchase (2016)**

§1 General information - scope

- (1) Our purchase conditions shall apply to all business relationships with our business partners and suppliers. Provided as otherwise agreed, our purchase conditions shall apply as master agreement in the version valid at the time the buyer places his order or in the last text version provided to him from time to time and shall also be valid for future similar contracts without any requirement on our part to repeat reference to them in any individual case.
- (2) Our General Terms and Conditions of Purchase apply exclusively. Diverging, adverse or additional general terms and conditions of the supplier shall only become part of the contract if and insofar we have expressly acknowledged them in writing. This requirement of consent applies in any case, for example, even if we execute the deliveries to the supplier without any reservation being aware of the supplier's general terms and conditions.
- (3) In any case, ancillary agreements, supplements or amendments shall take precedence over these purchase conditions. Regarding the contents of such agreements, a written contract or our written confirmation shall be decisive.
- (4) Our purchase conditions only apply to entrepreneurs in the sense of § 14 of the German Civil Code (BGB).

§2 Conclusion of contract

- (1) Our order shall be considered binding at the earliest when being made in writing or confirmed.
- (2) The supplier undertakes to promptly confirm the order within 2 workdays or, in particular, to execute it without any reservation by promptly sending the goods (acceptance). Any delayed acceptance shall be considered a new offer and needs to be accepted by us.
- (3) If we request selection or release samples beforehand, series production may not start before our written acceptance of the sample.
- (4) Any concerns regarding the intended execution must be promptly communicated before executing the order. In such cases, execution of the order may not start before our further written information.

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§3 Performance, delivery, dispatch notes

- (1) The supplier shall not be entitled without our previous written consent to arrange for third parties (e.g. subcontractors) to provide the performance owed. The supplier bears the procurement risk for his performance unless otherwise agreed in writing in each individual case (e.g. restriction to stock).
- (2) Within Germany, delivery shall be made "free domicile" acc. to Incoterms 2015 to the place specified in the order. If the place of delivery is not specified and nothing else has been agreed, delivery shall be made to our business address in Rottweil. The relevant place of delivery is also the place of fulfilment for the delivery and any possible rectification (obligation to provide).
- (3) A delivery note including date (issue date and dispatch date), contents of the delivery (article numbers and specified by number, quantity and weight) as well as order code (date and number) shall be sent along with the delivery. In addition to the delivery note, a dispatch note with the same contents shall be sent to us separately. Our order data shall be included in freight documents and delivery notes.

§4 Prices - payment conditions and disclosure of raw material costs

- (1) The price specified in the order is binding.
- (2) In the absence of a deviating written agreement, the price includes all services and ancillary services of the supplier and all additional charges (such as appropriate packaging, transport costs, including any transport and liability insurance). Packaging may only be returned if agreed separately. All prices are deemed plus applicable value added tax, which shall be stated separately.
- (3) The invoice with order number, order date, exact order text, article and drawing number shall be issued after delivery. The supplier shall be responsible for any consequences arising out of the non-observance of this duty unless he can prove that it is not his fault. Unless otherwise agreed in writing, we pay the purchase price with 3 % discount within 14 days from delivery and receipt of the invoice or net within 30 days from receipt of the invoice. We are entitled to rights of set-off or retention to the extent allowed under the law.
- (4) The supplier undertakes to disclose the calculation of the raw material costs if being requested so by us.
- (5) We shall not owe any interests on maturity. Legal provisions shall apply with regard to default of payment.
- (6) We are entitled to rights of set-off or retention as well as defence of a non-fulfilment of contract to the extent allowed under the law. In particular, we are entitled to retain due payments as long as we are still entitled to assert claims against the supplier due to incomplete or defective deliveries.

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- (7) The supplier is only entitled to rights of set-off or retention for legally binding and undisputed counterclaims.

§5 Delivery period

- (1) The delivery period specified in the order is binding.
- (2) The supplier undertakes to inform us promptly in writing if circumstances emerge or become aware to him, which indicate that the agreed delivery period cannot be met.
- (3) We are entitled to legal rights in case of delayed delivery. In particular, we are entitled to claim damage caused by delay and to claim compensation instead of performance and rescission of the contract after a reasonable period has expired. In case of default, we are entitled to claim 1% interest on arrears on the goods value for each calendar day until delivery or rescission of the contract. Interest in arrears may not exceed 50% of the goods value. Provided we are entitled to compensation instead of performance, a lump-sum compensation of 20% of the order price may be claimed. The supplier is entitled to prove that there has not been any damage or that the resulting damage was considerably lower. The supplier shall be entitled to demand a higher damage.
- (4) We are entitled to determine the date of call-off and amount of the called-off goods based on our operating conditions and considering a maybe agreed time frame. This does not entitle the contractor to claims for damages nor to invoice any deferred amounts to us.

§6 Transfer of risk

- (1) The supplier bears the risk of damage until the goods are accepted by us or by our authorized representative at the place of delivery specified in the order.
- (2) The risk of accidental loss and accidental deterioration of the goods shall pass to us when the goods are handed over to us at the place of fulfilment. Insofar acceptance has been agreed, it is decisive for transfer of risk.

§7 Defects investigation - liability for defects

- (1) At goods receipt, we are only obligated to check the goods for conformity with the order and external integrity. There is not any further duty to examine. In particular, we are not obligated to use the delivered goods on a trial basis. Should a defect become obvious according to the previously mentioned duty to examine, it may be notified within 10 days after having detected the defect. This shall also apply in case a defect is hidden at first sight but becomes obvious later on, maybe after having used the delivered goods.

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- (2) All goods and services ordered by us shall meet the specifications and guaranteed characteristics as well as technological and scientific state-of-the-art. If a product does not meet one of these criteria, liability in the sense of this provision also exists if the value or the merchantability of the products is not impaired. The supplier guarantees for a period of 36 months from the date of delivery that all delivered products and replacement parts meet these criteria and are free from defects.
- (3) We are fully entitled to our legal claims for defects in case of defects as to quality and defects of title as well as our legally applicable claims for compensation within a supply chain (recourse of the entrepreneur acc. to articles §§ 478 and 479 of the German Civil Code); in this case, we are entitled, on our choice, to request remedial action or delivery of a new product from the supplier. For the rest, we are entitled to reduction of the purchase price or rescission of the contract in case of defects as to quality and defects of title acc. to legal provisions. We explicitly reserve the right to seek compensation, in particular, to claim compensation instead of performance.
- (4) The supplier bears all costs with regard to remedy. The costs incurred by the supplier for inspection and rectification (including dismounting and mounting costs, if any) shall be borne by the supplier even if it turns out that there is no actual defect.
- (5) Any dismounting and mounting of the defective product shall be carried out by us on the supplier's expense. If dismounting is not possible due to technical reasons or uneconomic, the supplier is obligated to replace us the entire value of the total product, in which the defective product of the supplier was mounted and which became useless due to this defective product. In addition to the required dismounting and mounting, we are entitled to remedy any defect ourselves or subcontract third parties to do so at the supplier's expense, in particular, in case of imminent production standstills or any imminent danger or in case of special urgency.
- (6) We are entitled to pick up the ordered articles at the supplier's factory. This pick-up neither relieves the supplier from his warranties nor does this affect the scope of the prescribed duty to examine.

§8 Product liability - indemnification - liability insurance

- (1) Insofar the supplier is responsible for a product defect, he shall be obligated to hold us harmless against any third-party claims on first request, inasmuch as the reason lies within his range of command and organisation and he is personally liable in relation to third parties.
- (2) In the context of his liability for damages in the sense of paragraph (1), the supplier is also obligated to replace any expenses acc. to articles § 683 and 670 of the German Civil Code as well as articles § 830, 840 and 426 of the German Civil Code, which are incurred due to or in relation with any product recall by us. We will inform the supplier - insofar as possible and reasonable - about the contents and volume of the recall actions carried out by us and give him the opportunity to react. All other legal claims shall remain unaffected.

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- (3) The supplier undertakes to conclude a product liability with coverage of €5 million for insured losses and each insured event. The insurance shall include the supplier's legal liability for all damages being caused by produced or delivered products as well as work carried out and other services rendered. In addition to the legal damage claims arising out of defective delivery, damages claims as a consequence of deliveries not meeting the specifications or guaranteed characteristics shall also be insured. Furthermore, the insurance shall be agreed for the entire guarantee/warranty period of 36 months. In case we are entitled to further damage claims, these remain unaffected hereof. At the same time, the supplier already assigns to us all claims for compensation arising out of the insurance on account of performance; we hereby accept this assignment.

§9 Protection rights

- (1) The supplier bears liability that the use or resale of the ordered goods is admissible without violating any third-party industrial property rights (patents, registered designs, trademarks, license rights, and so on). In case third-party property rights are violated, the supplier holds us harmless against all claims; furthermore, we are entitled to rescind the contract any time.
- (2) If claims are asserted against us by a third party due to such infringement, the supplier shall be obliged to indemnify us from these claims on first written request.
- (3) The supplier's indemnity obligation refers to all expenses necessarily incurred by us due to or in relation with the claims made by a third party. This shall also apply to all judicial and extrajudicial costs and expenses in relation with proceedings initiated due to a violation of property rights.
- (4) The period of limitation is ten years from the date of concluding the contract.

§10 Provision of tools and operating materials

- (1) Tools and other operating materials (e.g. raw material, software, finished and semi-finished products, production material, models, samples and other objects) shall only be provided by us insofar as explicitly agreed between us and the supplier.
- (2) Any tools and other operating materials that are
- provided by us to the supplier or
 - manufactured by the supplier on our account and at our expenses or
 - manufactured by the supplier for us and, as agreed, paid for as included in the item price

shall be considered provided tools and/or operating materials.

- (3) Provided tools and operating materials are our property and may only be used for manufacturing the goods ordered by us. The supplier is obligated to insure these objects at his own costs against fire, water and theft damages. At the same time, the

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supplier already assigns to us all claims for compensation arising out of the insurance; we hereby accept this assignment. The supplier undertakes to maintain the serviceable condition of these objects, in particular, to carry out necessary maintenance and inspection work as well as all services and repair at his own expenses and in good time.

- (4) The supplier shall label all provided tools and operating materials according to our specifications and have them entered at our request in a title retention register or similar register or ensure our property in any other legally possible way by labelling.
- (5) After completing the order, all provided tools and operating materials shall be returned to us; any right of retention with regard to the claim for return shall be excluded.
- (6) Any processing or modification of the provided operating materials by the supplier shall be made in our behalf. When the reserved goods are processed with other material that is not our property, we reserve the ownership and shall acquire the co-ownership in the new goods at a ratio of the value of the provided object (purchase price plus VAT) to the value of the other processed objects at the time of processing.
- (7) For materials provided directly by us or by a third party, the supplier carries out the incoming goods inspection. He shall inform us immediately if any defect is detected.

§11 Samples, models, documents, records

We retain all property rights and copyrights to samples, models, illustrations, plans, drawings, calculations, instructions, product descriptions and other documentation. Such documentation may only be used for the contractual performance. After the relevant contract ends, this documentation shall be returned to us promptly and without request. Any copies of any type require our previous written consent. Such copies shall also automatically become our ownership. The supplier is not entitled to any right of retention with regard to this documentation.

§12 Confidentiality

The supplier undertakes not to disclose to third parties any knowledge, both technical as well as related to business, directly or indirectly obtained during the contractual relationship, in particular, knowledge with regard to factory equipment, business processes, work instructions or the like, which relates to us or any of our customers. The supplier undertakes not to make available to third parties any data subject to data protection law or any other information, unless it is obvious, or utilize it in any other way. The supplier ensures that his employees also observe the confidentiality and secrecy agreements made. This obligation to maintain confidentiality shall also apply after the end of this contract.

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§ 13 Place of jurisdiction - place of fulfilment - applicable law

- (1) Provided the supplier is a merchant, our place of business is the place of jurisdiction; however, we are also entitled to initiate proceedings against the supplier at his local court.
- (2) Unless otherwise stated in the order, our place of business is the place of fulfilment.
- (3) This agreement shall be subject to the law of the Federal Republic of German, excluding the UN Convention on Contracts for the International Sale of Goods.