

former from which it ensues that the delivery date agreed cannot be met.

(5) The supplier shall only be entitled to effect partial deliveries or partial services if the Siegfried Hofmann GmbH expressly grants this procedure to the supplier in written form before any delivery is made.

(6) If the goods ordered are not delivered or not delivered in the quantity agreed or / and at the time agreed, the Siegfried Hofmann GmbH shall have the right to demand an appropriate amount of damages - as a rule, 10 % of the order value - by estimating such damages at a flat rate insofar as the supplier is at fault. The supplier shall be entitled to prove to the Siegfried Hofmann GmbH that no loss has been incurred or that the extent of the loss incurred is far more negligible. The Siegfried Hofmann GmbH reserves the right to assert a claim for damages instead of performance and withdraw from the contract after a period of grace has fruitlessly expired.

§ 5 Passing of Risk, Documents

(1) The risk of accidental loss shall pass to the Siegfried Hofmann GmbH as soon as the goods have been duly delivered to the place of delivery and, insofar as an installation / assembly has been agreed, as soon as such goods have been duly installed / assembled.

(2) The supplier shall be obligated to indicate the correct order number of the Siegfried Hofmann GmbH on any shipping documents and packing slips; if the former fails to do so, delays in the handling process will be inevitable for which the Siegfried Hofmann GmbH cannot be held responsible.

(3) Any justified return of goods of any sort shall be effected at the supplier's expense and risk.

§ 6 Examination for Defects, Warranty, Limitation of Actions

(1) The supplier shall guarantee that the goods delivered are in compliance with the legal provisions and ordinances as well as with the pertinent industry standards and that they are up-to-date regarding the levels of development, production, material and technology prevailing at the relevant time unless a different quality standard has been agreed. Furthermore, the supplier shall undertake that the goods supplied by the former do not infringe the rights of any third parties and that the latter do not have any legal rights to such goods. The supplier shall be obligated to both mark the goods in accordance with the pertinent regulations and provide them with the extensive product information required, especially with instructions for use, safety instructions and warning labels.

(2) Any incoming goods received by the Siegfried Hofmann GmbH shall be examined by the latter for possible variations in quality or quantity as well as cases of damage in transit within a reasonable period of time and insofar as this is feasible in the ordinary course of business; if necessary, the Siegfried Hofmann GmbH must complain about such defects within a time limit of 10 workdays after delivery. With respect to hidden defects the running period for complaints will commence as soon as the relevant defect has been discovered.

(3) The Siegfried Hofmann GmbH shall have the unrestricted right to assert any warranty claims established in law. Regardless of this right, the Siegfried Hofmann GmbH shall always be entitled to demand a removal of defects or a substitute delivery from the supplier. In this case the supplier shall be obligated to bear the overall expenditure required for the purpose of removing the defects or making a substitute delivery. The Siegfried Hofmann GmbH explicitly reserves the right to claim damages and particularly emphasizes its entitlement to exercise this right instead of accepting a substitute delivery.

(4) If any goods are supplied which have not been ordered, the Siegfried Hofmann GmbH shall be entitled to return such goods to the supplier at the latter's expense and risk.

(5) The limitation of actions for warranty claims is governed by the legal provisions (§ 438 BGB / Federal German Civil Code).

§ 7 Product Liability, Indemnity against Liability, Liability Insurance

(1) If the supplier is responsible for a product defect, the former shall be obligated to indemnify the Siegfried Hofmann GmbH against any third-party claims for damages including any costs which may be inevitably incurred by taking legal action upon having been requested once to do so insofar as the cause has its roots in the supplier's sphere of control and organization and insofar as the supplier is liable for itself with respect to external legal relations.

(2) Within these bounds the supplier shall also be obligated to reimburse any possible expenditure within the meaning of §§ 683, 670 BGB (Federal German Civil Code) which may result from or in connection with a call-back campaign implemented by the Siegfried Hofmann GmbH unless the claim ensues from §§ 830, 840 BGB in conjunction with §§ 426, 254 BGB. The Siegfried Hofmann GmbH shall - insofar as this is possible and reasonable - inform the supplier about the content and scope of the call-back measures to be implemented and give the supplier the opportunity to comment on such measures.

(3) The supplier shall undertake to maintain a product liability insurance with an amount of € 5 million per physical injury / property damage insured at a flat rate. If the Siegfried Hofmann GmbH should be entitled to damages for a more extensive loss, such claims for damages shall remain unaffected.

§ 8 Rights of Retention, Offset

(1) With respect to any claims which may possibly be asserted by the Siegfried Hofmann GmbH it shall only be admissible for the supplier to enforce rights of offset or rights of retention if they incontestably exist or have been officially found to be valid.

(2) The Siegfried Hofmann GmbH shall be entitled to any rights of offset or retention within the scope provided by law.

§ 9 Transfer of Contractual Obligations, Assignment

(1) Any transfer of contractual obligations to another person or subcontracting of orders to any third parties by the supplier shall be inadmissible without written consent having been given and shall entitle the Siegfried Hofmann GmbH to cancel the relevant order in full or in part and claim damages.

(2) The supplier shall undertake to document details on any items received from its own suppliers, i.e. including the individual suppliers and individual periods of supply. The Siegfried Hofmann GmbH must be provided with such information in writing at any time at the former's request.

(3) The supplier shall not have the right to assign any claims on the Siegfried Hofmann GmbH to a third party or have such claims collected by a third party without prior consent having been given in writing.

(4) If the supplier assigns a claim on the Siegfried Hofmann GmbH without relevant consent having been given, the claim shall be valid nevertheless. In this case the Siegfried Hofmann GmbH shall, however, have the freedom to decide whether to effect its payments in settlement of the claim either to the supplier or to the third party, with such payments having a discharging effect regarding the financial commitment.

§ 10 Property Rights, Indemnity

(1) The supplier shall guarantee that there is, to the best of the former's knowledge and belief, no infringement of any rights held by third parties within the Federal Republic of Germany or the country for which the goods are destined in connection with the supplier's delivery unless the supplier proves that the latter is not responsible for the breach of duty in question.

(2) If a third party enters any claims towards the Siegfried Hofmann GmbH relating to such an infringement, the supplier shall be obligated to indemnify the Siegfried Hofmann GmbH against such claims upon having been requested once to do so. The Siegfried Hofmann GmbH shall not be entitled to reach any agreements and, in particular, any settlements with the third party without the supplier's consent.

(3) The supplier's indemnity obligation shall refer to any expenditure which is inevitably incurred by the Siegfried Hofmann GmbH as a result of or in connection with claims being entered by a third party.

§ 11 Retention of Ownership, Provision of Objects, Paid Labor, Tools

(1) The supplier shall not have the right to an extended retention of ownership going beyond a simple retention of ownership.

(2) Insofar as the Siegfried Hofmann GmbH provides the supplier with components on the latter's premises, it retains ownership thereof. Any processing or reconstruction of such components shall be done for the Siegfried Hofmann GmbH. If the retained property is processed with other objects which are not owned by the Siegfried Hofmann GmbH, the latter shall acquire co-ownership of the newly created object in proportion of the value of this object to the other objects processed at the time of processing. Should the mixture be effected in such a manner that the supplier's object must be regarded as the main constituent, it shall be deemed to have been agreed that the supplier shall transfer to the Siegfried Hofmann GmbH co-ownership proportionally; the supplier shall keep the object whose sole owner or co-owner the Siegfried Hofmann GmbH constitutes for the latter in a safe place.

(3) The workpieces delivered for working or processing must be treated with care and protected against any possible risks. The supplier shall be liable for loss of or damage to any objects made available to the former and must notify the Siegfried Hofmann GmbH of any adverse impact on such objects in fact or in law without delay. An ordinary reject rate shall be tolerated by the Siegfried Hofmann GmbH. Should the supplier itself be responsible for any further defective goods in excess of such a rate, the former shall have to compensate the Siegfried Hofmann GmbH for the loss incurred by the latter; moreover, the Siegfried Hofmann GmbH never effects any reimbursement or remuneration for the handling of rejects as a matter of principle.

(4) The Siegfried Hofmann GmbH retains ownership of tools; the supplier shall be obligated to use the tools exclusively for the production of goods ordered by the Siegfried Hofmann GmbH and mark them as property of the Siegfried Hofmann GmbH. The marking must be so accurate that the goods can be clearly discerned as property of the Siegfried Hofmann GmbH without any closer inspection. The supplier shall be obligated to insure the tools owned by the Siegfried Hofmann GmbH against any damage caused by fire, water, burglary or theft by taking out a replacement value insurance at the supplier's own expense. Furthermore, the supplier shall be obligated to carry out any maintenance and inspection work which may possibly be required at the former's own expense. The Siegfried Hofmann GmbH must be advised of any abnormal occurrences by the supplier immediately. Should the latter culpably fail to do so, any claims for damages shall remain unaffected.

§ 12 Handling of Information, Secrecy, Advertising

(1) The supplier shall be obligated to observe strict secrecy about any information, drawings, calculations, quantities, models, tools, standard sheets, printing templates, technical documentation and other data (hereinafter referred to as "information") received by the former within the framework of or at some time during the performance of this contract and, with this aim in view, the former shall be obliged to keep such information in an inaccessible place.

(2) Such information may only be made available to any third parties if the Siegfried Hofmann GmbH gives its explicit consent. The supplier must protect such information adequately from being accessed by any persons who are uninvolved in the performance of the contract. Upon termination of the supply relationship the supplier shall return any documents which contain information of the aforementioned kind to the Siegfried Hofmann GmbH at the latter's request.

(3) This obligation shall not apply if such information is publicly known or accessible or if it became publicly known or accessible during the contract period. The obligation to maintain secrecy shall continue to exist even after the relevant supply relationship has terminated.

(4) The Siegfried Hofmann GmbH reserves all intellectual property rights on any information of the kind described in the foregoing. If such information should acquire the attributes of intellectual property worthy of protection only as a result of any action done by the supplier, the relevant action or actions shall be deemed to have been done for the Siegfried Hofmann GmbH.

(5) The supplier may only refer to the former's business connection with the Siegfried Hofmann GmbH within the framework of promotional measures if the Siegfried Hofmann GmbH has given a written declaration of consent to that effect.

§ 13 Discontinuation of Delivery, Insolvency

(1) If the supplier ceases to effect deliveries or if a provisional receiver is appointed or if insolvency proceedings are instituted against the supplier's assets, the Siegfried Hofmann GmbH shall be entitled to rescind the contract in full or in part without notice, but any derivation of claims from such a rescission on the Siegfried Hofmann GmbH shall be excluded.

(2) If the contract is rescinded by the Siegfried Hofmann GmbH, the latter shall only be charged with any services rendered or work performed up until that point in time at contractual prices insofar as such services or work can be used by the Siegfried Hofmann GmbH in accordance with the purposes intended by the contract. The loss incurred by the Siegfried Hofmann GmbH shall be taken into consideration as far as the calculation of the invoice is concerned.

§ 14 Compliance with Legal Regulations

(1) The supplier shall undertake the following with an effect towards the Siegfried Hofmann GmbH and also with the effect of a possible constitution of claims in favor of the supplier's own employees being used at the Siegfried Hofmann GmbH within the framework of the services agreed:

a) The supplier shall pay its employees a minimum remuneration in accordance with § 1 II Mindestlohngesetz (Minimum Wage Law) for their use at the Siegfried Hofmann GmbH as of 01/01/2015.

b) Should any statutory remuneration or remuneration under the collective wage agreement be or become higher or lower, the relevant rate shall constitute the minimum remuneration which must be paid.

(2) The supplier shall be obligated to furnish the Siegfried Hofmann GmbH with information on the due remuneration of the former's employees in accordance with the Mindestlohngesetz (Minimum Wage Law) as well as the due payment of social security contributions and income tax on wages and salaries by presenting an attestation thereof drawn up by the former's tax consultant or accountant at the request of the Siegfried Hofmann GmbH. The costs incurred in relation to this shall be borne by the supplier.

(3) If any of the supplier's employees enters a claim on the Siegfried Hofmann GmbH for non-payment of the minimum remuneration or non-payment of social security contributions or income tax on wages and salaries pursuant to § 13 Mindestlohngesetz in conjunction with § 14 Arbeitnehmerentsendegesetz (Employee Assignment Law), the Siegfried Hofmann GmbH shall be entitled to retain the remuneration owed to the supplier in the amount of the claim asserted by the relevant employee until the supplier proves that the latter has duly paid the minimum remuneration.

(4) The supplier shall undertake to

(5) indemnify the Siegfried Hofmann GmbH against any possible claims of any of the supplier's employees for the supplier's non-compliance with statutory provisions;

(6) indemnify the Siegfried Hofmann GmbH in the event that a fine is imposed on the latter owing to the supplier's non-compliance with statutory provisions (e.g. with respect to § 21 Mindestlohngesetz);

(5) The contracting parties agree that even one single violation of the supplier's obligations arising from clause (1) or (2) shall constitute a right for the Siegfried Hofmann GmbH to terminate the contract extraordinarily and without notice.

§ 15 Gifts from Suppliers

(1) On the basis of its corporate philosophy the Siegfried Hofmann GmbH has committed itself to collaborate with suppliers and business partners fair and reliably. Therefore, the Siegfried Hofmann GmbH will not accept that members of the staff receive gifts to their personal advantage from companies with which the former cooperates. Such gifts bestowed on employees - regardless of the latter's position or rank - shall include, inter alia, presents, supplementary benefits, trips or journeys, cash, samples, tickets for entertainment events, remuneration in the form of money or goods, courtesy discounts or Christmas presents.

(2) In the event that this provision is not observed, the Siegfried Hofmann GmbH reserves the right to break off the business relations.

§ 16 Written Form, Language of the Contract, Data Protection, Saving Clause

(1) Verbal agreements outside this contract have not been made. Any collateral agreements require written form in order to be legally effective. This shall also apply to the renunciation of the written form stipulated herein.

(2) Any legal inoperativeness of a part of the agreements made between the parties shall not affect the operativeness of the General Conditions of Purchase or of the other agreements made between the parties. Any inoperative provisions shall be replaced by such provisions which come closest to the originally intended purpose in a legally admissible fashion.

(3) Our contractual partners are hereby advised that we store data from the contractual relationship in accordance with § 28 Bundesdatenschutzgesetz (BDSG / Federal Data Protection Act) for the purpose of data processing and that we reserve the right to convey such data to third parties (e.g. insurance companies) insofar as this is necessary for the fulfillment of the contract.

(4) The language of this contract is German. Should any written versions of this contract also exist in any other language, the German version of the contract shall be exclusively authoritative.

§ 17 Applicable Law, Place of Performance, Legal Venue

(1) Unless otherwise agreed in writing, this contract is governed by German law or, insofar as it is applicable, by the United Nations Convention on Contracts for the International Sale of Goods of 04/11/1980 (CISG).

(2) Unless otherwise agreed in writing, the place of performance is 96215 Lichtenfels / Germany.

(3) Any disputes arising in connection with this contract or with respect to its validity shall be arbitrated without any possibility of resort to the general courts of law in accordance with the Arbitration and Conciliation Rules of the International Chamber of Commerce (ICC, Paris) by means of a final decision to be pronounced by one or more arbitrators appointed in compliance with the aforementioned rules. The place of arbitration proceedings is Frankfurt am Main. The language used for the arbitration proceedings is English. The arbitration proceedings are subject to the German Law of Civil Procedure insofar as the arbitration rules do not contain anything to the contrary.

(Lichtenfels, Date)

(Place, Date)

(Siegfried Hofmann GmbH)

(Supplier)