



# T. & C. OF PURCHASE

## General Terms and Conditions of Purchase

### I. General terms and conditions

- The legal relations between our suppliers/contractors and HOBART as the ordering party shall be governed by the following terms and conditions in the following order:
  - the individual content of the contract concluded in written form, in case of only unilateral commitment the individual content of our order,
  - these General terms and conditions of purchase (GTC) and
  - the applicable statutory provisions.Supplementary to this, Incoterms 2010 also apply, unless they conflict with these terms and conditions or other agreements concluded between us and our suppliers/contractors.
- By making the first delivery in accordance with these terms and conditions, our supplier/contractor shall accept the validity of these terms and conditions for all further contractual relations. Any different terms and conditions of business of our suppliers/contractors only become subject terms of the contract if they are confirmed in writing by HOBART, and not as a result of order acceptance nor as a result of failure to object to such. By sending these terms and conditions of purchase, we expressly reject any different terms and conditions of sale or delivery of our suppliers/contractors.
- Quotations are to be submitted to HOBART without obligation and free of charge. Cost estimates are not subject to remuneration.

### II. Conclusion of the contract

- All purchase orders as well as changes and amendments to such purchase orders must be made in writing (refer to Sec. 126 b BGB of the German Civil Code). If the supplier/contractor does not accept the purchase order within 10 days of receipt, HOBART shall be entitled to cancel the purchase order.
- The HOBART purchase order exclusively constitutes the subject terms of the contract, whereby we shall be entitled, even after the contract is concluded, to demand reasonable changes to the delivery items within the scope of what is reasonable. These changes shall be carried out at no extra cost to HOBART.
- It is mandatory that our supplier/contractor himself carry out the order placed by HOBART. It is not permitted to pass orders on to third parties, in whole or in part, unless our consent has been granted in writing.

### III. Scope of services

- Our supplier/contractor is obligated to deliver all parts covered by the agreement which are required for the proper operation or the fulfillment of the order within the period agreed upon. This applies even if the individual parts required for this are not separately listed in the purchase order. If assembly is owed, this also must be completed within the period agreed upon. Compliance with delivery dates and deadlines shall be determined by the receipt of the delivery at our indicated place of receipt or use.
- Our supplier/contractor shall be obligated to inform us immediately, in writing, as soon as it becomes apparent to him that it is likely to be not possible for him to comply with the agreed upon period or the agreed upon delivery deadline, with specification of the reasons and estimated duration of the delay. If agreed upon delivery periods and delivery deadlines are not complied with as a result of circumstances for which the supplier/contractor is responsible, HOBART shall be entitled to claim compensation for damages caused by delay from the supplier after a reasonable extension period granted by HOBART has expired without results. In addition, HOBART is authorised according to its own choice, to withdraw from the contract and to claim for damages, following the unsuccessful expiry of an additional and reasonable final deadline. Regardless of this, we shall be authorized to claim from our supplier/contractor a contractual penalty of 0.5% per week of delay or part thereof, beginning with the time of delay in delivery, but no more than 5% of the total gross value of the delivery. The right to claim for further damages is expressly reserved. If we do not expressly reserve our right to claim the contractual penalty at the time the delayed delivery is accepted, we are entitled, within a preclusive time limit of 10 working days after acceptance, to assert our claim to the contractual penalty due. The right of the supplier/contractor to provide evidence that no or significantly lesser damage has occurred remains unaffected.

In case our supplier/contractor cannot meet delivery dates and deadlines agreed upon for reasons he is not responsible for, the contracting parties shall be obligated to adjust their obligations, as far as reasonable, to the new conditions in good faith and trust. HOBART shall, however, be released from any obligation to take delivery, and be entitled to withdraw from the contract, if the delivery can no longer be used by HOBART in consideration of commercial aspects as a result of the delay caused by the time lapse. The supplier/contractor shall only be entitled to claim that HOBART has failed to provide necessary assistance if the supplier/contractor has specified such failure to provide assistance in the form of a reminder in writing and has not received such assistance within a reasonable period.
- Shipping is at the risk of our supplier/contractor, who also bears the risk of deterioration or accidental loss of the shipment until delivery to the place of receipt or use as indicated by HOBART.
- Deliveries prior to the agreed upon delivery date may only be made with our consent. This shall also apply to partial deliveries.

### IV. Provisions in international goods trade, origin of goods and preferences

- Our supplier/contractor shall submit with the first serial delivery, unrequested, a long-term supplier declaration according to Regulation (EEC) No 1207/2001 for all products to be delivered by him, in which he confirms the products' preferential status. The country of origin shall be clearly indicated, even if manufactured within the European Union.
- Our supplier/contractor is further obligated to submit the statistical customs tariff number (HS-code) of the individual products together with the quotation.
- In addition, our supplier/contractor undertakes to inform HOBART of any authorization requirements for his goods as per the German, European (EU), US-American export, customs and foreign trade regulations that apply at any one time, as well as the export, customs and foreign trade regulations of the country of origin of his goods as early as possible ahead of the delivery date in writing, and to provide us, unrequested, with all information required.

### V. Prices, invoicing, payment

- A single copy of the invoices shall be submitted. In order to become due, the invoices must meet the applicable legal requirements, in particular they must separately list the remuneration (net invoice amount and tax amount due on the remuneration), in addition to the supplier number, invoice number, numbers and dates of the purchase orders, of the completion of the purchase or of the delivery schedule, unloading point, numbers and dates of the delivery notes and quantities of the billed deliveries and services.
- Prices shall be quoted free to the site of receipt or site of application specified by us including all additional costs (e.g. packaging, loading and shipping costs, etc., insurance), plus applicable value added tax including any customs formalities and duties. They shall be fixed prices and not be subject to change for the duration and execution of the order. If our supplier/contractor is additionally responsible for the assembly, the complete assembly and commissioning shall also be included in the price.
- Payment shall be made less 3% early payment discount within 14 days, unless other terms have been agreed upon. In the case of acceptance of services rendered prior to the delivery date, the due date shall be based on the agreed upon delivery date. In the case of incorrect delivery/service, HOBART shall be entitled to withhold payment until proper fulfillment in the amount of up to three times the value of the incorrect delivery/service.
- If partial payments have been agreed upon, our supplier shall submit to us a written request for payment 14 days prior to the agreed upon payment date respectively. Nothing shall be due prior to this.
- If advance payments have been agreed upon, our supplier/contractor must arrange a performance bond free of charges and backed by a domestic credit institute as a security in the amount of the respective partial payment. This security shall cover repayment of the agreed upon prepayment including all accessory claims. The bond shall be returned to our supplier when successful acceptance.

### VI. Warranty, guarantee

- Our supplier/contractor ensures that all services rendered are in accordance with the purchase order and the latest technology, all pertinent legal, technical and environmental protection regulations, of which he must have knowledge independent of the purchase order, in particular the directives and guidelines of public authorities, the Employers' Liability Insurance Association and trade associations. If individual cases require deviation from these regulations, directives and guidelines, our supplier/contractor must obtain our written consent for such deviation, whereby the liability for material defects shall not be limited as a result of our consent.
- Our supplier/contractor guarantees that he, as well as each one of his subcontractor, fulfills the requirements of the minimum wage law and the "Arbeitnehmer-Entsendegesetz (AEntG)".
- Our supplier/contractor further guarantees that the products sold and delivered are manufactured and delivered only according to the currently applicable EU regulation "REACH" (EC-no. 1907/2006) as well as the EC-guideline 2011/65EU-RoHS-RL. Our supplier/contractor further guarantees that the products sold and delivered are manufactured and delivered only according to the currently applicable EU regulation "REACH" (EC-no. 1907/2006) as well as the EC-guideline 2011/65EU-RoHS-RL. Our supplier/contractor is obliged to provide us in time the necessary information, without special request, that Hobart is able to fulfil the Art. 33 of the Reach regulation EG-no. 1907/006.
- Our supplier/contractor undertakes to provide us with information regarding any so-called conflict minerals used in the products (cf. USA, Dodd-Frank-Act, Section 1502) and their origin, unrequested and at the latest when delivering the products.
- Our supplier/contractor shall ensure the traceability of the goods delivered by him. In case of any errors having been detected, traceability of the rejected delivery must be possible so as to determine the status of the warranty period and identify the total quantity of the rejected delivery. Should traceability thus not be possible in case of a warranty claim or product liability claim, the supplier/contractor must compensate HOBART for any losses we incur as a result. If, due to a lack of traceability on behalf of the supplier/contractor, the warranty period for defective goods cannot be determined, the supplier/contractor shall be prohibited from invoking any expiry of the warranty period. This does not apply if the supplier/contractor can prove that the warranty period has expired with certainty and regardless of this.
- If our supplier/contractor has concerns with regard to the execution desired by HOBART, he must indicate such concerns immediately and in writing and seek our opinion.



# T. & C. OF PURCHASE

7. Our supplier/contractor shall be obligated to manufacture and deliver the products with the greatest possible attention given to environmental protection. He undertakes to conduct his business in accordance with all worldwide regulations and in particular also, within the scope of production, to strictly comply with human rights, national labour law and safety regulations with respect to employees and the environment.
8. The warranty period shall be at least 24 months. It begins with acceptance by HOBART and is valid for multiple shift operation. In the case of built-in parts, i.e. unprocessed or unchanged parts that are built into our products, the warranty period does not begin until the HOBART product is commissioned at the site of the end user. HOBART's obligation to give notice of any defects in accordance with Sec. 377(1) HGB of the German Commercial Code shall be two weeks after delivery. The provisions of Sec. 377 HGB of the German Commercial Code, 442 BGB of the German Civil Code, incidentally, are not applicable given the provision that even in case of acceptance of a service which is recognizably defective or incomplete, all claims on the part of HOBART resulting from material defects remain unaffected.
9. Our supplier/contractor shall be obligated to remedy material defects in deliveries or services within the scope of subsequent fulfilment during the warranty period. It is at HOBART's sole discretion whether to demand subsequent fulfilment, i.e. fixing the problem by means of repair or delivering goods without defects; any legal claims existing in addition to the legal claim to subsequent fulfilment, in particular claims to compensation and reimbursement for wasted expenditure shall remain unaffected.
10. If our supplier/contractor fails to honour his obligations of subsequent fulfilment by the deadline appropriately set by HOBART, HOBART shall be entitled to carry out the required measures itself at the cost and risk of our supplier/contractor or have such measures carried out by third parties. The suppliers' liability for material defects remains unaffected by this.

## VII. Liability

1. Our supplier/contractor shall be liable, irrespective of other provisions in these terms and conditions as well as in the contractual agreements, for all damages to persons and property, as well as financial losses, which are caused by him, his staff and/or his vicarious agents as a result of fault or negligence. The obligation to compensate for damage also includes measures taken by HOBART for the purpose of avoiding and defending against damage (e.g. recall measures).
2. If claims are brought against HOBART in accordance with provisions of domestic or foreign product liability legislation or product liability provisions on account of the defectiveness of a product arising from goods delivered by our supplier/contractor, our supplier/contractor shall be obligated to release HOBART from these claims if the claims brought against HOBART can be traced back to parts delivered by the supplier. The release also includes the costs of a preventive recall. Our supplier shall furthermore be obligated to subject the products and services to quality assurance measures in keeping with the latest technology and in accordance with the legal requirements and provide HOBART with proof of this upon request. The supplier shall further be obligated to take out insurance against all risks related to product liability including recall risk in an appropriate amount (*but no less than € 5.0 million in each individual case*) and provide HOBART with proof of this insurance upon request.

## VIII. Trade mark rights, indemnification

1. Our supplier/contractor guarantees that his delivery item is free from third-party trade mark rights and no other rights exist, which exclude contractual use in full or in part.
2. Our supplier/contractor assumes sole liability, to an unlimited amount, towards those who assert claims for infringement of trade mark rights or other rights, and is further obligated to release HOBART and its customers from any claims asserted by the copyright and trademark holders. Our supplier/contractor is authorised and, vis-à-vis HOBART obligated, to conduct any legal disputes – also legal disputes on the part of our customers which result from such claims – at his own expense.

## IX. Spare parts supply

The supplier/contractor is obligated to ensure that spare parts for the goods delivered to us will be available for a period of no less than twelve years after HOBART serial production has ceased.

## X. Data protection, non-disclosure

1. We advise our suppliers/contractors that our data processing system stores all required data.
2. Our supplier/contractor shall be obligated to treat all of the information which he receives in connection with an order or order initiation as strictly confidential and to use such information exclusively for order-related purposes. All order terms and conditions are also subject to this confidentiality. This shall also apply after the order has been completed.

## XI. Severability

If one or more of the above provisions are or become void in whole or in part, this shall not affect the validity of the agreement or any of the remaining

provisions hereto. Our supplier/contractor and HOBART shall be obligated to replace the invalid provision with a provision which matches its commercial purpose as closely as possible, provided that such replacement does not result in a major alteration of the contents of contract.

## XII. Choice of law, place of performance, jurisdiction

The agreement is subject to – also in the case of our suppliers/contractors abroad – the law of the Federal Republic of Germany, under exclusion of the UN Convention on Contracts for the International Sale of Goods (CSIG).

The place of performance for all mutual obligations shall be Offenburg. Place of jurisdiction is Stuttgart. HOBART is free to institute proceedings against our supplier/contractor even at his general place of jurisdiction.