

General Terms and Conditions of Herbert Arnold GmbH & Co. KG

- herein after called Supplier / Date: 01.10.2015

**ARNOLD
GRUPPE**

SINCE 1950

1. Primary note

- These general terms and conditions apply exclusively; we do not recognize conditions of the Customer which contradict or deviate from the Supplier's general terms and conditions unless the Supplier has expressly approved their validity in written form. The general terms and conditions shall also apply in cases where the Supplier is aware of a Customer's contrary or deviating terms and conditions and nevertheless performs the Supply commitment to this Customer.
- Any and all agreements and understandings made between the Supplier and the Customer for the purpose of executing this contract are set forth herein in written form.
- The general terms and conditions for purchase and delivery shall only be applicable to contractors. Contractors in terms of these business conditions are natural and legal persons, or in case of conclusion of the contract partnerships who undertake business in the course of their commercial or self-employed occupational activities.

2. Product information

- The product information, price lists, drawings and technical or commercial documents provided by the Supplier shall remain the property of the Supplier. If our contracting party or contractors with whom business relations are or shall be maintained, receives information, price lists, drawings and technical or commercial documents, he is only allowed to use these in the context of the respective contact purpose. They may not be used for any other purposes, copied, reproduced, passed on to a third party or released.
- Weight and measurement data, drawings, explanations, descriptions and images provided by the Supplier represent only approximate values; images do not have to be identical with the actual execution of the Supplier's product. Documents with definite data can be delivered upon conclusion of contract to an appropriate extent. The Supplier reserves the right to change the technical concept and construction the offer is based on, provided the modification does not affect the quality and performance of the delivery item.
- We reserve the right of ownership and copyright (proprietary) for drawings and other documents owned by us; an extended copyright is excluded for due to us. Drawings and other documents may be passed on to third parties without our explicit written permission and must be returned to us if requested.

3. Offers and offer documents

- General offers are non-binding and are subject to alteration without notice, as far as nothing to the contrary results from the offer.
- To become legally validated, general offer or orders and declarations of acceptance require the written confirmation by the Supplier, which can also occur through execution of the performance or invoicing.
- All information about suitability or use of the products is non-binding and has been stated according to the best knowledge and belief of the Supplier.
- In particular the Customer is none exempted from checking and verifying if the product is suitable for the purpose intended by him / him
- All orders must be called up within the time limits laid down in the contract.

4. Terms of delivery

- Delivery dates or deadlines can be agreed upon as binding or non-binding. The delivery period is determined by the agreements of both contracting parties. The Supplier shall only be obliged to meet the delivery date if all business and technical issues have been clarified and if the customer has met all his obligations such as providing the necessary certificates / approvals, supplying and required material. If this is not the case, the delivery period is extended accordingly. This does not apply if the delay is due to the Supplier.
- If a deposit was agreed upon, the delivery period begins according to the clause on the day of receipt of the down payment, provided that all other necessary contract terms have been fulfilled. Payments of any type shall be considered as received on the day on which the amount is at supplier's disposal.
- Meeting the delivery deadline is subject to correct and punctual supply to the Supplier by his sub suppliers. The Supplier shall provide notification of any delays that become apparent immediately.
- The time of delivery is met when the item to be delivered has left the Supplier's premises by the end of the stipulated time or is notified as ready for dispatch. If a technical inspection is required, the acceptance date applies - except in the event of acceptance being justifiably refused - alternatively the notification of acceptance readiness.
- If dispatch or acceptance of the delivery object is delayed for reasons which are due to the Customer, any costs accruing from the delay shall be charged to the Customer, starting one month after reporting of the readiness for dispatch or acceptance.
- In the non-observance if the delivery time is attributable to higher power, labor disputes or other events that lie beyond our sphere of influence, then the delivery time is extended proportionally. The Supplier is notified the earliest as soon as possible of the beginning and end of such events.
- If the Customer delays acceptance or violates his duty to cooperate, and the Supplier is entitled to claim for compensation. The supplier reserves the right to additional claims.
- If the conditions listed in clause (7) apply, the risk of accidental loss or deterioration of the delivery items shall pass to the Customer at the point in time at which the Customer defaults on acceptance.
- The Supplier is liable in accordance to the respective legal provisions, far as the sales agreement is a final deal in the German Civil Code (BGB), in §§ 281 to 376 German Code of Commercial Code (HGB). The Supplier shall also be liable in accordance to statutory provisions if, as a consequence of any delay the delivery for which the Supplier is responsible, the Customer is entitled to assert the right that his interest in the continued fulfillment of the contract has ended.
- Furthermore, the Supplier shall be liable in accordance with statutory provisions if any delay in delivery is the result of willful or grossly negligent infringement of the contract for which the Supplier is responsible; culpability of Supplier's representatives or agents shall be attributed to the Supplier. Insofar as the delay is based on willful or grossly negligent contractual infringement for which the supplier that we present is responsible, our liability to pay compensation shall be limited to foreseeable damages of the Supplier which typically occur.
- The Supplier shall be also liable according to the statutory provisions if the delay in delivery for which the Supplier is responsible is due to the culpable infringement of a fundamental contractual obligation (fundamental contractual obligations are those whose fulfillment from the contract and whose compliance the customer may have confidence in). In this case, liability for damages is, however, limited on the predictable, typically occurring loss.
- Incidentally, in the case of delayed delivery, the supplier is liable for every completed week of delay in the range of an estimated compensation for delay of 0,5% (percent) of the value of goods, which however shall not exceed 5% (percent) of the value of goods. The Supplier is authorized to provide evidence that due to the delay in delivery no damage or a considerably lower damage occurred. If the Supplier provides the evidence, the damage caused by delay only has to be replaced by the estimated compensation for delay mentioned in clause 1 which is below the damage caused by delay.

5. Prices

- The prices are EURO prices. The turnover tax will be listed separately in the bill at the respective legally valid rate on the billing date (in case of down payments: on the day of payment). Important duties, fees for consultation and different levies/taxes/fees based on regulations of the country of destination are generally not included in the appointed price and will be changes to the Customer. Delivered; included duties or other charges, the stated price is based on the rates valid at the time of the placement of the order. We will charge the real costs. Sales tax, if any, is charged in addition.
- If the Supplier has, as an exception, covered the duties and other important fees, eventual increases, for instance through changes to tax laws, will be charged to the customer.
- The costs of the packaging will additionally be charged. Special packaging shall remain the property of the Supplier and will be charged in form of rental on the basis of production costs; the packaging must be returned to the Supplier immediately, sent freight paid. The costs for the transport to the customer are not included in the price.
- For supplies and assignments, for which no final sum can be determined, the Supplier reserves the right, depending on the circumstances, to demand a down payment with order as well as part payments for the duration of production, according to the production costs. No interests are changes on down payments.
- In case of an increase or reduction of production costs (particularly increases in wages, prime costs, taxes or other duties) in the period between placement of order and execution of the order, as far as this period is longer than 2 months, the Supplier is entitled to change or prices accordingly. We will document this if requested by the Customer.

6. Conditions of payment

- If the order confirmation does not specify otherwise, the remuneration is payable within 30 days from the invoice date as a net price (without deductions) for the service provided in our power. Invoices for spare parts, repairs and assembly are payable without deduction within 14 days. Bills of exchange or cheques are accepted under reservation and are not considered as cash payments before complete cancellation of the Supplier's accounts. Upon receipt of bills of exchange, the standard discount and collection charges levied by banks and collection fees will be charged.
- In case of foreign shipments, it applies that if a transfer of the payments from the country the payment must occur it is not possible when the payment is due, the Customer must nevertheless deposit the equivalent amount of the amount due in a bank in the respective country. In case of worsening rates in the previously not agreed currency in which the amount was deposited, the Customer must compensate the amount with additional payments.
- If the Customer defaults on payment, the Supplier is entitled to demand default interest in the amount of 8% above the applicable bank rate in the Federal Republic of Germany. If the Supplier is in the position to prove higher damage caused by delay, the Supplier is entitled to assert this. The Customer shall, however, be entitled to submit evidence to the effect that no or a considerably lower loss or damage has been caused to the Supplier as a result of the delay in payment.
- In case of payment's delay, the Supplier is entitled to demand advances payments or other collateral securities for outstanding deliveries.
- If the payment date occurs, without the need for a special reminder, consequences of default will take place, if the customer is in default when the payment, the remuneration provided by our performance, the Supplier is the authorized to claim damages for delay.

Further rights of the supplier, for example from paragraph 14 - reservation of title- shall remain unaffected. In case of default, cessation of payment, significant deterioration of pecuniary circumstances of the purchaser, in case of request of a comparison or moratoriums, all claims of the supplier are immediately due. The Supplier is entitled, to offset claims against the Purchaser with all claims the Purchaser has against the Supplier. Against the claims of the purchaser the Purchaser is only allowed to offset undisputed or legally established claims.

7. Power Supply

Crucial for the power supply are the type-signs on the electric motors as well as, where appropriate, the circuit diagrams attached to the user manual. In case of doubt, queries should be directed to us.

8. Warranty

- The claims and rights of the Customer regarding defects, are subject to him having according to the regulations of the German private law fulfilled the inspection and notification obligations properly in accordance with § 377 HGB. In the case the Customer will have to prove all conditions for his claims under statutory rights, in particular the specific fault itself, the time of its discovery and the punctual reporting of the fault.
- The warranty of merchantability may be excluded if the Customer does not follow the user manual, the Supplier's specification for the media connections such as current, compressed air, vacuum, water in - an outlet, fuel gas and so on, as well as not follow the fundamental requests for the machine assembly and therefore the delivery item does not fulfill the contractually determined or standard condition the regulations of the German private law apply for the burden of proof, with regard to the obligation of warranty as a result of the nonobservance of the user manual as well as the specification for the media connections.
- As far as the technical condition for the internet based Remote-Service via VPN-connection is given, in case of a service the customer is obligated to connect the supplied item according and to grant access to the Supplier for fault-tracing.
- As far as the delivery item is deficient, the Supplier can choose between a supplementary performance and a delivery of fault-free replacement merchandise. In case of a subsequent performance the Supplier is committed to bear all the costs that are required for removal of defects expenses, especially transport; parts-, labor-, and material costs insofar as these are not increased by the fact that the goods were brought to another place than the place of performance.
- The Supplier can refuse the chosen type of supplementary performance if the costs are disproportionately high. Hereby, one must consider particularly the value of the item in a fault-free condition and the effort for the repair. The refusal of the supplementary performance can be achieved without substantial disadvantages for the Customer. The claim of the Customer in this case is limited to the other kind of supplementary performance; the right of the Supplier to refuse this under the conditions stated in the first sentence, stay unaffected.
- The Supplier can also refuse the chosen type of supplementary performance as far as this means an effort which, regarding the content of the obligation and the precept of acting in good faith, is considerably at variance with the interests of the customers in terms of payment. When determining the expected efforts of the Supplier, one must consider if the Supplier can represent the impediment to performance.
- The Supplier can also refuse the chosen type of supplementary performance when the effort must be produced personally and whilst carefully weighing up performance and opposed hindrances is considerably at variance with the interests of the customer and cannot be expected.
- Should the Supplier deliver a defect-free replacement item as a supplementary performance, he can demand the return of the defect item according to §§ 346 to 348 German Code Civil (BGB).
- The Supplier shall be held liable in accordance with the prevailing legal provisions, provided the order is not defective, the damage is limited to predictable, typically occurring damage of the seller or based on the willfulness or gross negligence of agents or vicarious agents of the seller. If the seller cannot be charged with a willful violation of the contract, the liability will be limited to a predictable, typically occurring damage.
- The Supplier shall be held liable in accordance with prevailing legal provisions provided he culpably violates the fundamental contractual obligations (fundamental contractual obligations are those whose fulfillment forms the contract and on which compliance the customer trusts in and may rely); in case of liability for damages caused by the Supplier, the liability is limited to predictable, typically occurring damage.
- Insofar as the customer is entitled to claim for compensation for damages instead of contract performance because of a negligent violation of duty, the purchaser's liability shall be limited to predictable damages which typically occur.
- If subsequent performance is not successful the Customer has the right to rescind the contract or require a reduction in payment.
- Liability on the grounds of culpable harm to life, body or health is unaffected as is liability, according to the German law on product liability.
- Unless otherwise specified above, further liability is excluded.
- The rights in case of defects are limited to 12 months. The period shall begin with the date of delivery, but at the latest, if the delivery object was left to the Customer, so that he is able to inspect the delivery object. In case of shipment the good is delivered, if the good is made available to the Customer at the destination.
- In case of a debt collectible by the debtor the good is delivered, if the delivery object is handed over to the customer at the supplier's place. In case of a debt to be delivered "Bringschuld" to the customer the good is delivered to the customer by the supplier with effective transfer and acceptance of the good.
- The statute of limitation -subsection 15 - shall not apply in the event of injury to the Supplier's life, body or health. In this case, the statutory limitation period shall apply.
- The statute of limitation established in subsection (15) shall neither apply in the event of delivery recourse due to the delivery of a good in a supply chain to a Customer according to the §§ 478, 479 German Code Civil (BGB), in this case the statutory limitation period shall apply.
- Unless otherwise specified, the Customer shall undertake to carry out necessary maintenance work according to the maintenance plan.

9. Industrial property rights

- The Supplier shall be liable to the Customer for the infringement of third-party industrial property rights, in accordance with the provisions set out below.
- The fulfillment of this obligation requires that:
 - the customer instructs the supplier in writing without delay about third parties claiming infringement of industrial property rights or copyrights,
 - the Customer gives reasonable assistance to the Supplier in the defense against such claims and respectively enables the supplier to carry out the modification measures to prevent the infringements.
- All defensive/protective measures including out-of-court settlements remain reserved to the Supplier
- the infringement of law is not due to/based on an instruction of the Customer and
- the infringement is not based on a change to the supplied good or having changed it in a manner not compliant with the contract
- the infringement of third party property rights is not based on drawings, developments or other indications made by the Customer. In this case, the Customer is has to indemnify the supplier from all third party claims.
- In the event the use of the supplied good has been prohibited wholly or partially to the Customer by final judgment of a court of law (infringement of third party industrial property rights when the liability is not excluded according to subsection (2)), the Supplier shall, at its own expense and, as it may choose either to:
 - acquire for the Customer the right to continue the use of the supplied good,
 - design the supplied good so that it is free of any protective rights or
 - replace the supplied good with another good/article of equivalent efficiency which does not infringe protective rights, or
 - take back the supplied good against reimbursement of the labour costs or the purchase price of the supplied good.
- The Customer shall not be entitled to any further or other claims concerning the infringement of third-party industrial property rights. In particular, the supplier shall not compensate for consequential damages, such as loss of production, use and profits. This does not apply to the extent that liability is mandatory under statutory regulations in case of intent, gross negligence or simple negligence of damages arising out of the breach of essential contractual obligations, which are foreseeable and typical of the type of contract. This shall not affect the Customer's right to withdrawal from the contract.
- The Customer does not acquire any claims for the use of any of the Supplier's industrial property rights that concern the interaction of the supplied good with other goods.

10. Joint Liability

- Unless otherwise specified above, further liability, regardless of the legal nature of the asserted claims, is excluded. This particularly applies to claims for damages arising out of culpability at the time of conclusion of the contract, from other violation of duty or to claims in tort for indemnification of material damages in accordance with § 823 of the German Civil Code (BGB). The limitation according to subsection 1 shall also be applicable if the Customer asserts a claim for compensation of useless expenses instead of damage.
- Insofar as liability of the supplier for damages is excluded or limited, this also applies in regard to the personal liability of the staff, employees, fellow workers, representatives or other vicarious agents.
- The limitations of liability mentioned shall not be applicable if liability is mandatory in the event of damage to privately used goods, in accordance with the (German) Product liability law.
- The provisions subsections (1) to (3) shall not apply in the event of injury to life, body or health, arising out of a negligent breach of duty by the user or an intentional or negligent breach of duty by a legal representative or a vicarious agent of the Customer to the extent that liability is mandatory.
- The limitation of liability according to the preceding subsections (1) until (3) does not apply, insofar as liability is mandatory in cases of intent, gross negligence or foreseeable damage arising out of a breach of essential contractual obligations, typical to that type of contract.
- Fundamental contractual obligations are those obligations whose performance characterize the contract and adherence to which the contractual partner can and does regularly rely on.

11. Software- and engineering licenses and the beneficial use agreements

The software and engineering supplied must only be used for the proposed project in accordance with its intended purpose. All further use of this software and engineering- service/ parts thereof (also modified parts), may not be conducted without an explicit written authorization. Copyrights and inventor's rights, for example patents or utility models, embodied in this software and engineering service, are owned by the Supplier and will not be transferred to the customer. The Supplier reserves all rights. In particular, the software and engineering service may neither be copied nor made available to third parties without prior authorization by the supplier nor be misused in any other way by the user/partly beyond the scope of the contract. Any infringements shall entitle the supplier to claim damages. The warranty, as specified in the contract, will be rendered invalid, if the supplied goods are altered without the Supplier's explicit written authorization.

12. Customer request

As per the Customer's request, the Supplier will send qualified experts. The costs thereof are billed according to the valid hourly service rates and are payable net immediately upon receipt of the invoice, as well as the transportation and travel expenses calculated as prime costs.

13. Acceptance and passing of risk

- Acceptance tests, agreed upon in the contract, shall be carried out during normal working hours at the place of manufacture, unless otherwise agreed. The Customer bears the costs for the material required/needed for run-in, moreover, we reserve the right to charge the costs to the Customer for providing our experts during the run-in of the machine. Acceptance is considered to have taken place, if the Customer has not raised any legitimate objections by the end of the inspection.
- If the Customer waives any acceptance test agreed upon, or if he fails to be present during the acceptance test in spite of timely notification, then the inspection by the Supplier is deemed/ considered as an acceptance.
- If in the event of attachments or other interventions by third parties, the Customer shall bear the potential additional costs.
- Unless otherwise agreed upon, the delivery shall be deemed as „ex works“. This also applies, if the Supplier has undertaken other services, such as covering the shipping costs, the delivery and installation, or if the supplied good has been put at the Supplier's disposal in its plant.

14. Retention of Title

- The Supplier shall retain full title of the goods that have been delivered until the Customer has discharged all claims arising from the business relationship between the Supplier and the Customer, for behavior of the Customer that is contrary to the contract, in particular when payments are late, the Supplier shall be entitled to take back the supplied goods. If the supplier takes back the good a withdrawal from a contract exists. After taking back the good, the Supplier is entitled to exploit the good; the proceeds shall be deducted from the customer's payment obligation - minus reasonable exploitation costs.
- The Customer shall be obliged to take care of the supplied good; in particular it shall be obliged to insure the supplied good at his own expense against fire, water and theft damages up to the nominal value. The insurance policies shall be presented on request. All current and future claims resulting from the insurance of the goods against the insurance company are hereby transferred from the Customer to the Supplier. All claims for damages, which the Customer obtained against third parties due to loss and damage of the supplied good, are transferred with origination to the supplier. As far as maintenance and inspection works are required, the Customer shall carry out such works at his own expenses and in due time.
- In the event of attachments or other interventions by third parties, the customer has to notify the supplier immediately in writing so that the supplier can take legal action according to § 771 German Civil Procedure (ZPO), as far as the third party is not able to refund the supplier's court and out-of - court expenses concerning the complaint according to § 771 German Civil Procedure (ZPO), the customer shall be liable for the loss.
- The Customer is authorized to resell the supplied goods in the ordinary course of business; however, right now it transfers all claims to the Supplier, arising from the resale to it's customers or any third party whether or not the item was sold with or without processings to the Supplier, in the amount of the purchase price of the item. The Customer shall remain authorized to collect this claim even after the assignment. The Supplier's authority to collect the claims itself shall remain unaffected hereby. Nevertheless the Supplier agrees not to collect the claim as long as the customer complies with his payment obligations, does not default in payment and in particular no application is filed for the opening of insolvency proceedings or payments are suspended. Should be the case, the Supplier can demand that the Customer announce the ceded claims and their debtors to the Supplier, provides all information necessary for collection, hands over related documents and informs the Supplier (third parties) of the assignment.
- Processing or transformation of the supplied good shall be carried out by the customer for the supplier. If the delivery item is processed with other items that do not belong to the supplier, the supplier acquires co-title in the new item in a ratio of the value of the delivered item to the other processed items at the time of processing. All items created by processings shall be treated in the same way as the goods delivered under retention.
- If the supplied good is inseparably mixed with goods that are third party property, the supplier shall acquire co-title in the new item in a ratio of the value of the delivered item to the other mixed goods at the time of mixing. If mixing is carried out in such a way that the object of the customer can be regarded as the main object, it is agreed that the customer shall assign co-title to the supplier on a pro-rata basis. The Customer shall keep the solely owned or co-owned object in safe custody for the supplier.
- The Customer shall assign to the supplier for security purposes for the supplier's claims against him any claims resulting from combination of the purchased object with real estate property of a third party.
- The Supplier undertakes to release the collateral to which it is entitled as per the Customer's request to the extent that the recoverable value of the collateral exceeds the debts to be secured by more than 20% of the choice of the securities to be released shall be made by the Supplier.
- In the event of international deliveries shall apply: If the title retention described above is not valid according to the law of the country of destination, the customer has to collaborate with the Supplier, justifying a security law according to the regulation of the country.

15. General statutes of limitation

Unless otherwise agreed upon or if mandatory legal provisions require otherwise, the Customer's claims - regardless their legal grounds - become time-barred within a year after the date of delivery of the supplied good, but at the latest in the moment the supplied good has been left to the Customer, in a way that he is able to inspect it. For the delivery/handover of the supplied good, number 8 para. 15 applies.

16. Export Control

Arnold's systems, when exported, can be subject to German restrictions or to other countries' restrictions. In the case of export of goods delivered by Arnold to a country not mentioned in the list below (see Annex I), we request a declaration from the end customer of the final use of the Arnold product, when placing the order (if desired we will send you a draft declaration). We reserve the right to carry out an internal export control, to decide, if the contract, from our point of view, can be carried out. The delivered goods are high-tech products, containing assemblies that might be subject to export restrictions. An export must be approved in writing by Arnold. This shall also apply to components and spare parts. The Customer shall be responsible to secure compliance with and disclosure of these export- restrictions, when selling to third party.

Annex I - list of countries
Australia, Belgium, Denmark, Finland, Greece, Ireland, Island, Italy, Japan, Canada, Luxemburg, New Zealand, the Netherlands, Norway, Austria, Portugal, Sweden, Switzerland, Spain, United Kingdom, United States of America.

17. Place of Performance and Jurisdiction

- The laws of Germany shall apply. UN Sales convention shall not apply.
- If the Customer is a merchant, a corporate body under public law, constitutes special assets governed by public law, the exclusive court of jurisdiction for all disputes arising out of this contract shall be the Supplier's registered office. This shall also apply if the Customer is without domestic legal domicile or if the permanent or ordinary residence is unknown on the date the action was brought.

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