

ITW Morlock GmbH General Terms and Conditions

1. General

For the business relationship with our customers, applicable in the following sequence are: a. The individual contents of the written contract that is formed from the mere unilateral determination of the individual content of our order confirmation. b. these General Terms and Conditions (AGB) and c. the applicable statutory provisions. Unless the customer is not a company, by placing the initial order the customer declares itself in agreement in advance that these General Terms and Conditions apply to this and all other offers, orders and contracts, without requiring that they be agreed to again in each case. Only that which ITW Morlock GmbH ("Morlock") accepts in the order confirmation is a part of the contract, regardless of whether the customer delivers its own purchase confirmation and / or order confirmation in advance or subsequently, and independent of whether or not Morlock objects to it. The "General Equal Opportunity Act" applies at our company.

2. Offer

Our offers are always non-binding. A contract is formed only by means of our written order confirmation, which requires no signature when created by machine. We reserve the right of ownership and copyright in cost estimates, diagrams and other offer documents, as well as the right of reclamation. Such documents may not be made accessible to third parties.

3. Obligation of the customer to cooperate

A prerequisite for the proper fulfillment of an order regarding pad printing systems and accessories is a comprehensive, unsolicited disclosure by the customer regarding the actual or intended conditions of use (functional specification). Included here in particular is information regarding the production sequence, operating speed, quality, size (not final) and all other characteristics and circumstances that are significant for pad printing. Customer must prepare its site for installation. Morlock must further be provided with all governing regulations and statutes of customer's local jurisdiction.

4. Deliveries, shipping, transfer of risk

Morlock anticipates use of common carriers for delivery of Products. The carrier, and not Morlock, will bill for freight rates and other delivery charges. Payments for such charges shall be paid by customer directly to the carrier. Any loss occasioned by damage or shrinkage in transit will be for customer's account, and claims for such loss must be made solely against the carrier. All Products will be delivered [FCA Morlock's facility in D-72280 Dornstetten; (Incoterms 2010)].

The time of delivery commences with the dispatch of the order confirmation, but not before the documents, authorizations and releases to be obtained by the customer are provided, assuming timely adherence to the payment agreement, such as receipt of a stipulated payment in advance, for example. The time of delivery is adhered to if the shipment is ready for shipping within the scheduled period, and if notice of this fact was provided to the customer. Partial deliveries are permitted during the times of delivery that we specify, to the extent that disadvantages for use do not arise as a result. If the specification is modified by the customer after order confirmation has taken place, Morlock is no longer obligated to adhere to any promised times of delivery. The type of packaging will be determined by Morlock. However, claims for compensation for damages due to defective packaging or failure to follow a packaging instruction are precluded unless intent or gross negligence is imputed to Morlock.

5. Terms and conditions of payment – price

All prices are net prices, and are understood as requiring the addition of the statutory sales tax applicable in each case. All prices are considered ex works, and therefore exclusive of packaging, transportation and insurance. A payment is considered made only when we have unconditional access to the amount, and in the case of checks, only if the check was honored without reservation. Under no circumstances will customer have the right of set-off.



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Morlock is entitled to dispatch outstanding deliveries or services only against payment in advance or security, if it learns after conclusion of the contract that circumstances exist that substantially impair customer's credit rating and potentially compromise payment of claims under this contract (or other orders under the same framework agreement) to Morlock.

6. Acceptances

If the customer does not accept the goods, or accepts them in an untimely manner (breach of duty), Morlock is entitled to store them at the customer's expense and risk, and to demand payment of the purchase price. In lieu of that, Morlock can also provide the customer with a reasonable grace period for acceptance, and refuse further fulfillment of the contract after the grace period passes without success, and demand compensation for damages.

7. Warranty / compensation for damages

Notice of the ascertainment of defects subject to warranty coverage is to be provided to us in writing without delay. The customer is obligated to inspect the delivered goods without delay. Notice of obvious defects ascertained as a result, which are due to incorrect or incomplete delivery, is to be provided to us in writing without delay, which means within a period of 3 days after delivery, otherwise the subject matter of the delivery is considered approved, unless bad faith is attributable to us. For hidden defects, this 3-day-period applies from the time the customer is aware of the defect. § 377 of the HGB [German Commercial Code] is applicable.

Customer may not return any Product without Morlock's prior written authorization. Any return authorized by Morlock must be made in accordance with Morlock's return policies. § 379 of the HGB is applicable. We provide a warranty for any defects that affect our products for a period of 24 months, unless used products were involved, for which we provide no warranty. No separate warranty is provided for replacement parts; instead, the provisions for the product as a whole are applicable. We determine the type of subsequent delivery, cost free elimination, within a reasonable time, of the defects reported in a timely manner, or replacement delivery without defects. We are entitled to refuse subsequent performance if it is associated with disproportionate expenses for us. A price reduction can then be requested instead of the subsequent performance. A warranty claim does not exist: a. for defects that do not reduce the value and the suitability for the use assumed according to the contract, and for delivered parts that, through their material characteristics or according to the type of use, are subject to premature wear and tear; in particular, delivered parts that are listed as consumable parts in the product description; insignificant quantity deviations are considered immaterial; b. for defects that are to be attributed to incorrect assembly or initial operation by the customer or third parties; c. for those defects that are to be attributed to an inappropriate or improper use, in particular, failure to comply with the maintenance requirements, incorrect operation, natural wear, unsuitable operational equipment, etc.

8. Cancellation

Morlock reserves the right to cancel orders or offers even after acceptance or to withdraw from or terminate a continuing obligation to provide services in the event of a lack of self-delivery.

Once Morlock has either expressly accepted an order or has begun performance upon such an order, such order cannot be fully or partially canceled, terminated or changed by the Purchaser, except with the written consent of Morlock. In this case, the Purchaser shall be liable for all costs incurred in connection with the cancellation or modification.

9. Payments

If nothing is stipulated otherwise, invoices are due for payment within 30 days after the invoice date without any deduction. We are entitled apply payments to older legal obligations first, despite terms and conditions of the customer that provide otherwise



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10. Retention of title, domestic and overseas

The delivered goods remain the property of Morlock until they are paid for completely. In the context of the ordinary course of business, the customer may use or process the goods in which the supplier has reserved ownership, unless he is in default in payment or has discontinued payment. In the case of processing, it is hereby stipulated that the supplier is entitled to a coownership share of the new goods created as a result of the agreement, which corresponds to the value of the goods in which an ownership interest is retained in comparison to the value of the other processed objects. The customer will safeguard the new objects created as a result of the processing for the supplier. The same applies if the customer mixed, blends or joins the goods in which the supplier has retained ownership. The customer may not hypothecate the goods to third parties, or transfer them as collateral, and this applies with respect to a garnishment lien as well. If certain measures are required for deliveries overseas in the country of import for the validity of the specified retention of title or Morlock's other rights identified there, then the customer is required to point them out to the supplier, and to initiate and carry out such measures at its own expense. If the law of the country of import does not authorize a retention of title, and if the option exists to reserve suitable security interests in the subject matter of the delivery, then the origination of such rights is hereby considered stipulated. To the extent that collateral of value equivalent to the claims of the Morlock company against the customer is not obtained by doing so, or cannot be obtained by doing so, the customer is obligated to procure collateral of value equivalent to the delivered goods or other security. In such a case, Morlock is also entitled to demand payment in advance of the entire purchase price prior to the start of production.

11. Liability

Liability is excluded for losses that are not the result of the subject matter of delivery itself, regardless of the legal rationale. However, the exclusion of liability does not apply for intent or gross negligence, for culpable injury to life, limb or health, for defects that have been fraudulently concealed, for the provision of a guarantee or acceptance a procurement risk, for the breach of material contractual obligations, or for defects in the subject matter of delivery, to the extent that liability exists according to the Products Liability Law for personal injury or property damage to privately used objects. For culpable breach of material contractual obligations, the claim for compensation for damages for simple negligence is limited to the reasonably foreseeable losses that are typical for the contract. For the breach of associated contractual obligations, such as obligations to provide information and advice, for example, the numbers specified above apply analogously. To the extent that the customer is entitled to claims, they are time-barred within 12 months.

12. Tooling/Molds/Dies

All material, equipment, facilities and special tooling (including tools, jigs, dies, fixtures, molds, patterns, special taps, special gauges, special test equipment and manufacturing aids and replacements thereof) used in the manufacture of the Products will remain the property of Morlock. Any material, tooling or equipment furnished to Morlock by customer will remain the property of customer with title to and right of possession remaining in customer.

13. Intellectual Property

All drawings, know-how, designs, specifications, inventions, devices, developments, processes, copyrights and other information or intellectual property disclosed or otherwise provided to customer by Morlock and all rights therein (collectively, "Intellectual Property") will remain the property of Morlock and will be kept confidential by customer in accordance with these Terms. Customer has no claim to, nor ownership interest in, any Intellectual Property, and such information, in whatever form and any copies thereof, shall be promptly returned to Morlock upon request from Morlock. Customer acknowledges that no license or rights of any sort are granted to customer hereunder in respect of any Intellectual Property, other than the limited right to use Morlock's Products or receive the Services purchased from Morlock.

14. Confidential Information

All information furnished or made available by Morlock to customer in connection with the subject matter hereof shall be held in confidence by customer. Customer agrees not to use, or disclose to others, such information without Morlock's prior written

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consent. The obligations in this section will not apply to any information that: (a) at the time of disclosure was or thereafter becomes generally available to the public by publication or otherwise through no breach by customer of any obligation herein; (b) customer can show was in customer's possession prior to disclosure by Morlock; or (c) is legally made available to customer by or through a third party having no direct or indirect confidentiality obligation to Morlock with respect to such information.

15. Compliance

Customer agrees to comply with German and foreign rules, regulations, ordinances and laws applicable to customer's obligations hereunder and customer's use of the Products and Services, including import/export laws, labor laws and anti-corruption laws.

16. Prohibition of Assignment

No assignment of any rights or interest or delegation of any obligation of customer or customer's purchase order may be made without the prior written consent of Morlock.

17. Force Majeure

Morlock will not be responsible for failure to perform in a timely manner under the Agreement when its failure results from events beyond its reasonable control (an event of "Force Majeure"), including acts of God, epidemics, acts of war whether declared or undeclared, blockades, labor disputes (whether of Supplier's employees or the employees of others), raw material shortages and material increases in costs of raw materials. In the event of Force Majeure, the time for performance will extend for such time as reasonably necessary to enable ITW to perform.

18. Final provisions, court of jurisdiction, choice of law

Deviations from these general terms and conditions for performance, delivery and payment must be in written form; oral side agreements are only valid if they are confirmed in writing by Morlock. This also applies to modification of this written form clause. Apart from that, the legal relationships between Morlock and the customer are subject to the law of the Federal Republic of Germany under exclusion of the United Nations Convention on Contracts for the International Sale of Goods. The language of the contract is German, and German law is applicable exclusively. The place of performance for the services of both parties to the contract is Dornstetten, and Dornstetten is the court of jurisdiction for all disputes from the contractual relationship.

19. Severability clause

If a clause in these terms and conditions is or becomes invalid, or if contractual gaps appear, the validity of the remaining clauses remains unaffected. In this case, the parties are obligated to replace the invalid clause with a valid clause that comes as close as possible in a legally permitted manner to that which was previously intended; in the case of a contractual gap, the parties are obligated to fill the contractual gap in a legally permitted manner in the manner that they would have had they considered the gap at the time the contract was entered into.



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