

## Terms and Conditions

Unless the Purchase Order expressly provides otherwise, it is limited to these terms and conditions. Buyer hereby objects to any additional or different terms proposed by Seller in any quotation, acknowledgment or other document. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties. Any additional terms in any proposal, quotation, invoice, acknowledgement or other communication from Seller are hereby objected to and rejected and are not binding on Buyer.

### 1. ACCEPTANCE AND MODIFICATIONS

These terms and conditions are made part of the attached purchase order or release («Offer») issued by Buyer to the supplier identified in the Offer («Seller»), to purchase certain goods, tooling and/or services («Products»). The Offer is binding on the parties when Seller (1) returns written acceptance, (2) makes any shipment of products to Buyer, or (3) accepts the Offer in any other manner. Seller shall be deemed to accept the Offer unless it notifies Buyer otherwise within three (3) business days of receipt. Seller shall notify Buyer immediately if it is unable to fulfill any terms of the Offer. Quantities and dates in a blanket purchase order («BPO») are for forecasting purposes only and are not binding on the parties. From time to time, Buyer may issue releases under a BPO that commit the parties to specific quantities and delivery dates. The terms of the accepted Offer, as modified by any written supply agreement, shall constitute the entire agreement between the parties («Agreement»).

### 2. PACKING AND CARTAGE

No charge for packing or cartage will be allowed except as stated herein.

### 3. SHIPMENT

If the goods are not shipped in accordance with Buyer's direction and the instructions set out in this order, Seller shall pay to Buyer any excess cost occasioned it thereby.

### 4. DUTY DRAWBACK RIGHTS

This order includes all related customs duty and import drawback rights (including Rights developed by substitution and rights which may be acquired from Seller's suppliers) if any, which seller can transfer to buyer. Seller agrees to inform buyer of the existence of any such rights and upon request to supply such documents as may be required to obtain such drawback.

### 5. BILLING

Seller shall issue invoices, bills of lading, and packing lists in accordance with Buyer's requirement. Such documents shall include Seller's packing list number, Buyer's order number, part number, item number, invoice quantity, lot number, and unit of measure. Seller's invoices shall also include unit price and total invoice amount, with any tax and freight charge itemized. Time periods for payment and discounts shall begin upon receipt of both conforming Product and invoice. Pricing shall be firm fixed, however, if Seller sells Products to others in like quantities at a price less than that set forth in the Agreement, Seller shall make comparable prices available to Buyer.

### Taxes/Customs

Seller shall be solely liable for any taxes, duties, customs or assessments in connection with the sale, purchase, transport, use or possession of Products, exclusive of sales tax. If Seller improperly exports or imports Products, Seller shall be responsible for all penalties, fines, assessments or costs Buyer incurs.

### 6. EXCESS GOODS

Unless Arnold and Supplier have otherwise mutually defined in writing,

- Supplier shall be bound by the arrival dates and delivery quantities stated by in the Accepted Order/s, and
- No short delivery and excess delivery in the amount of +5% shall be deemed delivery of the due delivery quantity.

The arrival date shall be defined as the date on which the Parts arrive in Arnold's or (as the case may be) Customers' premises at the Place/s of Destination referred to in the Accepted Order or, in the absence of such reference and/or of an Accepted Order, as might be defined in the present GTC.

### 7. FABRICATION AND MATERIAL COMMITMENTS

Unless otherwise authorized in writing by Buyer, Seller shall not make commitments for materials nor fabricate in advance of time necessary to permit shipment on delivery dates.

### 8. CANCELLATION

Buyer may cancel any order at any time. If cancelled Products were stock merchandise, Buyer's sole liability shall be to pay for Products shipped pursuant to the Agreement prior to cancellation. If cancelled Products were manufactured to Buyer's specifications, then, upon notice, Seller shall cease all performance related to such Products, unless otherwise directed by Buyer, and, provided Seller is not in default, Buyer shall pay Seller its actual costs for work and materials applicable solely to the cancelled products that were reasonably expended, within the lead times of the Agreement, prior to Seller's receipt of notice of cancellation. Upon such payment, title to any work, materials and Products shall pass to Buyer.

### 9. DELIVERY

Buyer is not required to notify Seller of intent to purchase, confirm quoted pricing or any other quoted terms, or make any other notification to Seller prior to placing an order for goods and/or services. If Seller is unable to meet delivery schedule specified by Buyer, or if delivery schedule is met but product is unacceptable as a result of a quality non-conformance, and as a result. Buyer must purchase comparable product elsewhere and/or utilize expedited freight services to meet scheduled delivery, Seller shall reimburse Buyer for all incremental costs incurred by Buyer in excess of originally agreed upon pricing.

TIME IS OF THE ESSENCE as to Seller's supply of Products and Seller shall be responsible for any related damages, including but not limited to any costs of non-delivery, delay, cover, shortage, overage or line stoppage. All Products shall be delivered in the quantities, to the location(s) and on the date(s) set forth in the Agreement within the specified lead times. Products received in advance may be held or returned at Seller's risk and expense. If Product is held, Buyer's obligations shall run from scheduled delivery dates. Seller shall immediately notify Buyer of any anticipated failure to timely deliver Products and Buyer may cancel or reschedule such order(s).

### 10. INSPECTION AND ACCEPTANCE

Inspection and test of the articles by the Buyer may, at Buyer's exception, be made at Seller's plant and/or the point of destination. At the Buyer's option the Buyer may make a surveillance of the Seller's inspection, quality and reliability procedures as well as the data supporting same. Acceptance of the goods by Buyer shall not relieve Seller from any of its obligations and warranties hereunder. In no event, shall payment or transfer of title constitute acceptance.

### 11. QUALITY AND WARRANTY

Seller expressly warrants that all the goods, articles, material and work covered by this Order will conform to the specifications, drawings, samples or other description furnished or expressly adopted by the Buyer or Buyer's customer, and will be of good material and workmanship and free from defects, including defect in design (if Seller's design) and, if custom designed by Seller for the application Buyer specified, be comparable in quality to similar custom goods sold for similar applications and if the articles are not ordered to Buyer's specifications, Seller further warrants that they will be merchantable and fit and sufficient for the purpose intended. Seller also expressly warrants that all susceptible products (as documented in ISO 4042) shall be free from hydrogen embrittlement. Seller further warrants that all the goods, articles and work covered by this Order, including but not limited to components and material furnished from or incorporation into finished goods or for distribution as services parts will be free of asbestos or other hazardous substances.

## Quality

Seller, at its expense, shall supply Products in accordance with good manufacturing practice and in compliance with Buyer's specifications and quality assurance requirements. Products are subject to inspection and acceptance at Buyer's location notwithstanding any prior payment. Non-conforming Products will be held or returned at Seller's risk and expense. No sorting and retrofitting of Products shall be performed on Buyer's premises without prior approval. Seller specifically agrees to pay Buyer all costs related to rejection of Products and an administrative fee equal to the greater of U.S. \$100 or 5% of the total value of the rejected Product lot (not to exceed U.S. \$1,000 per shipment). Seller shall not repair or replace non-conforming Products unless Buyer so directs. Buyer may, from time to time, inspect and audit the operations of Seller, its subcontractors or vendors. Upon notice to Seller, Buyer may maintain personnel at any Product production site to monitor quality, which Seller agrees to facilitate.

### 12. DEFECTIVE GOODS

If any of the goods fail to meet the warranties contained in Paragraph 11, Seller, upon notice thereof from Buyer, shall promptly correct or replace the same at Seller's expense. If Seller shall fail so to do, Buyer may cancel this Order as to all such goods, and in addition, may cancel the then remaining balance of this order. After notice to seller, all such goods will be held and at Seller's direction shall return such goods to Seller at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller. Any payment for such goods shall be refunded by Seller unless Seller promptly corrects or replaces the same at its expense. If any field problem occurs in Buyer's customers' products as a result of a nonconformity in the goods provided under this Order and is sufficiently serious and widespread to threaten the marketing of Buyer's customers' end products or the reputation of Buyer or Buyer's customers or poses a previously unforeseen safety hazard or causes any governmental agency, including without limitation the Consumer Products Safety Commission, to require a change in the end product; such that a recall or product repair or rework project (in-house or in the field) is a reasonable corrective action, Buyer shall be entitled to recover from Seller all costs and expenses reasonably incurred by Buyer and Buyer's customers in taking such corrective action. Seller shall immediately notify Buyer of any actual or suspected defect in a Product, or other matter that may affect the safe or proper operation of a Product or use in a Buyer's Product. Seller shall promptly provide all relevant information to Buyer and cooperate fully with the investigation and any rework, field retrofit or recall. Seller shall be responsible for all costs incurred by Buyer due to any Product defect, recall, retrofit or other related action.

### 13. MANUFACTURING CHANGES, SUBCONTRACTORS, & TRACEABILITY

The Seller shall give the Buyer advance notice in writing of all specification design part number and other identification changes, as well as major changes in process procedure or changes in the location of the manufacturing plant or place of performance, made by the Seller applying to goods covered by this Order. No element of the manufacturing process may be subcontracted to another party without the written consent and approval of Buyer. If subcontracting is approved by Buyer, it is duly noted that any terms and conditions of the subcontract are solely between the Seller and Seller's subcontractor; Buyer holds Seller accountable to the terms and conditions contained herein. Furthermore, if Buyer gives permission to Seller for subcontracting, no change in subcontractor or subcontractor's process, procedure, or change in location of subcontractor's manufacturing plant or place of performance can be made without written consent of Buyer. Traceability of all manufacturing lots must be identified and its integrity maintained throughout all manufacturing processes, contracted operations, and packaging. Lot definition, purity, identity, and traceability shall conform to the requirements specified in ASME B18.18 (latest edition).

### 14. SAFETY

Seller will comply with all provisions of the Consumer Product Safety Act or any successor federal or comparable state law (hereinafter the «Act») with respect to the goods. If Seller, Buyer, or Buyer's Customer determines in its reasonable discretion that reporting to the Consumer Product Safety Commission (hereinafter the «Commission») is warranted under the Act, Seller will prepare and submit such report.

Seller agrees to provide copies to Buyer and Buyer's Customer of all correspondence to and from the Commission with respect to the Goods. In the event the Commission requires a corrective action plan with respect to the Goods, or if Seller, Buyer, or Buyer's Customer determines in its reasonable discretion that a corrective action plan under the Act is required, without regard to any proceeding or determination by the Commission, Seller will conduct such corrective action plan at its own expense in such reasonable manner as is determined by the Seller (but subject to the approval of Buyer, which approval will not be unreasonably withheld) and as will satisfy the requirements of the Act. Nothing contained in this paragraph will prevent Buyer or Buyer's Customer from taking any actions that may be required of it under the Act or from communication directly with the Commission with respect to the Goods.

### 15. INDEMNITY

Seller shall protect, defend, hold harmless and indemnify buyer and its officers, directors, employees, agents, successors, and buyers customers, («indemnified persons»), from and against any and all claims, suits, allegations, judgments, actions, liabilities, losses, damages, costs and expenses and attorney's fees (the «LOSS»), which an indemnified person may incur in anyway related to the product including but not limited to injury, loss or damage of any kind claimed by a third party and caused by or arising from or alleged to have been caused by or arise from, 1) infringement of any patent or copyright, or 2) wrongful use of third-party trade secret or proprietary information or 3) Seller's negligence, or material breach of this Order (including without limitation a Nonconformity in a Good provided under this Order) for or on account of the manufacture, sale, offer for sale, or use of any Goods furnished hereunder. Buyer shall cooperate in, but not be responsible for paying for the investigation and defense thereof. Seller shall reimburse Buyer and Buyer's customers for any expenses that Buyer or Buyer's customer incurs in connection with the investigation and defense of the Loss. Buyer and the party against whom suit is brought may be represented by their own counsel in any such suit at Sellers expense. Seller shall defend at its expense, any suit brought against Buyer for the infringement or alleged infringement of any patent or copyright for or on account of the manufacture or sale of any goods furnished hereunder and shall pay all damages and cost awarded therein against Buyer or Buyer's customer. Except as maybe otherwise expressly agreed to in writing between Buyer and Seller in no case shall Buyer indemnify or hold harmless Seller against any claim for personal injury, property, incidental, consequential, or special damages (or attorney's fees with respect thereto) arising out of or resulting from improper or defective design, material or workmanship in goods purchased from Seller hereunder. Seller having insurance as required in this Order shall in no way be interpreted as relieving Seller of any responsibility under this Section. This Section shall survive termination, cancellation, or expiration of this Order.

### 16. INSURANCE REQUIREMENTS

Seller will maintain and provide proof of insurance coverage as established by Buyer.

### 17. BAILMENT

Machinery, equipment, tools, jigs, patterns, drawing, specifications and samples furnished to Seller by Buyer on other than a charge basis shall be held by Seller as upon bailment and upon the completion of this Order shall be returned to Buyer or otherwise satisfactorily accounted for. Seller, at its expense, shall insure all such items for the reasonable value thereof against loss or damage of any kind.

### 18. CERTIFICATION

Seller, hereby certifies that it will fully comply with Executive Order 11246 as amended by Executive order 11375, Section 503 of the Rehabilitation Act of 1973, as amended the Vietnam Era Veteran's Readjustment Assistance Act of 1974, as amended and Executive Order 11625 as amended and the rules and regulation issued thereunder which are incorporated by reference as appropriate. Seller commits itself to such compliance by acceptance of this order.

**19. APPLICABLE LAWS**

Seller, in the performance of this Order, shall comply with the provisions of the Fair Labor Standards Act of 1938, as amended and all other applicable federal, state and local laws, regulations, rules and ordinances and agrees, upon request, to furnish Buyer a certificate to such effect in such form as Buyer may from time to time require. The UN Convention of Contracts for the International Sale of Goods is hereby specifically excluded from this Order. This Purchase Order shall be governed by and construed in accordance with the internal laws of the State of Iowa (without regard to conflict of laws principles).

**20. PACKAGING AND LABELING LAWS**

Seller shall package and label the goods and their containers in accordance with all applicable local, state, and federal packaging and labeling laws and regulations in effect in the place to which the goods are shipped or as specified otherwise by Buyer, in absence of laws regulating the labeling of hazardous substances, Seller shall label such substances or their containers in accordance with Warning LABELS MANUAL L-1, published by the Manufacturing Chemists Association, Washington, D.C.

**21. SPECIAL TOOLS**

Unless otherwise stated, all special tools, dies, jigs, patterns, machinery and equipment needed by Seller for the performance of this Order shall be obtained by Seller at its expense and shall be the property of the Seller.

**22. ASSIGNMENT**

Seller shall not assign or subcontract any of its rights, duties or obligations hereunder without Buyer's written consent. Such consent shall not relieve Seller of its obligations under the Agreement. Buyer may assign this Order and its interest therein to any affiliated corporation or to any corporation succeeding to Buyer's business without the consent of Seller. Seller may not subcontract any portion of the manufacturing of the product to any other party without express written permission of Buyer.

**23. TAXES**

Unless otherwise stated, the prices do not include sales, use, excise, and similar taxes applicable to the goods furnished hereunder or the materials used in the manufacture thereof. All such taxes and charges, if applicable, shall be shown separately on Seller's invoices.

**24. REMEDIES**

All remedies herein are cumulative and in addition to all rights and remedies provided by law or equity. Without limiting the foregoing, buyer may require Seller to refund the purchase price for, repair or replace at Buyer's option and at Seller's expense, any Product (or re-perform any service) that fails to comply with the Agreement, regardless of such Product's location.

**25. CONFIDENTIALITY**

This document and any material transmitted herewith may contain information proprietary to Buyer, its customers, subsidiaries or affiliates and such information is not to be used by the recipient for any purpose other than the purpose for which it was transmitted. The information shall be maintained in confidence and not disclosed to third parties without the written consent of the sender. Seller will execute a Non-Disclosure Agreement as required by Buyer.

**26. CUSTOMER'S PROPERTY**

Buyer shall have sole ownership of all right, title and interest in any items, materials or works of authorship produced by Supplier as a result of the services performed by Seller for Buyer hereunder. Seller hereby irrevocable assigns all copyrights in such items, materials or works of authorship to Buyer.

**27. SAFETY**

Any person(s) performing work in buyer's plant must comply with «Factory Safety Regulations».

**28. RIGHT TO AUDIT CLAUSE**

The Seller shall upon reasonable request and during reasonable business hours, make available for examination and reproduction by Buyer and its duly authorized agents such books, records and invoices

of Seller as may be necessary to perform an audit of costs, quality records, process controls, and other items relevant to the terms of this Order. Such audits may be performed while this Order is in effect or within five years after its termination. Seller recognizes that Buyer sells goods to Buyers customers and that Buyers customers may wish to inspect the Sellers manufacturing and product facilities. Seller agrees to Buyers and Buyers customers' inspections of Sellers facilities as Buyer shall request.

**29. INDEPENDENT CONTRACTOR**

Seller is an independent contractor. All individuals that seller assigns to perform services are Seller's employees. Nothing in this Order and no conduct, communication, trade practice or course of dealing shall be interpreted or deemed to create any partnership, joint venture, agency or fiduciary relationship between parties or their subsidiaries or affiliates.

**30. RIGHT OF OFFSET**

Upon written notice, any sum payable to Seller by Buyer under this order may be set off by Buyer against any sum payable to Buyer by Seller under this order or other agreements between Buyer and Seller.

**31. CONFLICT MINERALS**

Supplier warrants that Goods supplied to Arnold do not contain any Conflict Minerals as described under US Dodd-Frank Act Section 1502.

**32. Other**

At times, Arnold Industries may require its suppliers to provide information pertaining to raw materials and raw material suppliers. Upon request, suppliers will be expected to supply this information as expeditiously as possible or as otherwise directed. This information includes, but is not limited to, the following:

- REACH
- ROHS
- WEEE

Document: **GTC Purchasing**  
Edition: **October 2017**  
Replaces: **February 2017**