

Terms and Conditions

The following Terms and Conditions shall apply to this proposal and to any resulting agreement between the parties arising from this proposal unless specifically modified and agreed to by both parties.

1. Purchase Price and Standard System Payment Terms

- a) The purchase price for this system, as outlined in this proposal, shall be payable in the current funds of the United States of America, exclusive of any applicable sales or use taxes, duties or imposts.
- b) Pricing outlined in this proposal is subject to acceptance within thirty (30) days of the date of this proposal.
- c) All shipments are Incoterms 2020 CIP, our factory or other shipping points, unless otherwise stated in the proposal.
- d) All orders are subject to a handling fee not to exceed one-half percent (½%) of the purchase price.
- e) Payment terms are as outlined in the proposal.
- f) All customers are subject to a credit approval and a signed Security Agreement or letter of credit may be required before the equipment is shipped.
- g) Gema reserves the right to temporary suspend or terminate the contract if its execution would violate any Trade Compliance sanctions or Anti-Boycott laws issued by the United States, by the EU, by Switzerland or by any other country. Gema will not be liable to pay any penalty or damages that derive from the suspension or termination of the contract. In case of termination of the contract Gema will return the advanced payments that have been received, after deducting the expenses that have already been sustained.

2. Credit Approval

- a) This proposal and any resulting agreement between the parties arising from this proposal, is not binding on either party until final credit approval by Gema USA Inc.

3. Delivery

- a) Current delivery time for this system is outlined in the proposal.
- b) Gema USA Inc. reserves the right to adjust the purchase price to reflect current prices if shipment of the equipment occurs, through no fault of Gema, more than six (6) months after date of receipt of this proposal.

4. Equipment Supplied by Gema

- a) Gema USA Inc. will furnish documentation for proper installation, operation, and maintenance. Where applicable, electrical and pneumatic schematics required for connection and/or general layouts will be supplied for proper connection and installation

- b) Gema equipment will be painted in accordance with Gema standards. Requirements for special painting is at Buyer's expense and may affect Gema's ability to meet quoted delivery

5. Material and Labor to be Furnished by Buyer

- a) Buyer shall furnish all equipment not listed in our proposal including, but not limited to, conveyors, lighting, fire protection, ventilating equipment, all wiring and pneumatic connections necessary for the installation and operation of the equipment.
- b) Buyer shall furnish all labor necessary for the installation of the equipment, unless otherwise stated in the proposal.
- c) Installation supervision, if not listed in our proposal, is available for additional cost at prevailing rates.

6. Changes and Delays, Cancellations, and Withdrawal of Proposal

- a) If Buyer causes changes to be made, delays or interrupts the progress of work, fails to provide necessary drawings or information, required labor, materials, facilities, or apparatus, or does not adequately prepare the job site, he will, at Gema USA Inc.'s request, reimburse Gema for all reasonable costs and expenses caused thereby. If any such acts or omissions of Buyer delay the delivery of equipment, Buyer will nevertheless make any payment due as outlined in agreement payment terms. "Costs and expense" shall include any necessary additional costs for travel and lodging, and any necessary overtime work on Saturdays, Sundays, holidays, or hours in excess of eight per day. These labor costs will be charged at Gema's standard and overtime rates.
- b) Buyer may cancel all or any part of his purchase hereunder by written notice to Gema USA Inc and is subject to a cancellation fee. Gema may cancel all or any part of its sale hereunder upon notice to Buyer, if Buyer becomes bankrupt or insolvent or makes an assignment for the benefit of creditors or if a receiver is appointed with authority to take possession of all or any part of the Buyer's assets. In the event of such cancellation by Buyer or Gema, all work on the canceled portion of this agreement will be stopped as promptly as reasonably possible. If a cancellation notice is provided one of the following applies:
 - Within 60 days of original purchase order date, Buyer will pay Gema's full costs incurred in the performance of this agreement (including engineering, labor, materials, overhead and restocking) plus a cancellation charge of 20% of the agreement purchase price.

- Beyond 60 days from original purchase order date and more than 60 days prior to scheduled shipment, Buyer will forfeit all payments made to Gema based upon contract payment terms up and full costs incurred in the performance of this agreement (including engineering, labor, materials, overhead and restocking) plus a cancellation charge of 20% of the agreement purchase price.
- Within 60 days of scheduled shipment, Buyer will pay Gema the full contract price.

7. Installation Supervision

- a) Gema USA Inc. installation supervision and start-up assistance is available to ensure the proper placement of equipment, assembly of components and connection of fluid, air and electric lines. Please refer to our proposal detail to determine if installation supervision is included in the base price.
- b) Any installation supervision days included in the proposal are based on straight time rates (maximum eight (8) hour work days, Monday through Friday).
- c) Unless otherwise specified, installation days utilizing Saturday, Sunday or Holidays will be according to the prevailing overtime rates, (i.e.: 1.5 days for Saturday, 2 days for Sundays and 3 days for all National and Gema recognized holidays). A Purchase Order or Addendum may be required to cover additional installation supervision.
- d) Depending on Buyer's particular requirements, additional supervision and/or overtime, weekend and holiday supervision is available at additional costs. Prevailing rates can be ascertained by calling the Gema Service Department at 1-(800)-628-0648.

8. Fire Detection / Explosion Suppression

Any approved system is to be determined by "The Authority Having Jurisdiction", and must be provided by the Buyer. Gema USA Inc. equipment is designed in accordance with the national standard, NFPA-33, current edition. This may include the recommendation to purchase an approved flame detection system in conjunction with any "fixed" or automatic application equipment.

Explosion suppression equipment suitable to the installation location, the intended use of the equipment, or any requirements that might be imposed by the local authority having jurisdiction, is the responsibility of the buyer. Any service agreement required by explosion suppression equipment OEM manufacturer is the responsibility of the buyer. Warranty claims for the explosion suppression equipment will require proof of certification and/or active service agreement with OEM supplier of explosion suppression equipment.

Some approved form of automatic fire protection, suitable for use in the installation, **MUST** be provided. This may be water sprinklers, CO2, chemical, or any approved spark detection apparatus, depending on the nature of the installation and the type of materials being handled by the spraying system and in the area around the spraying system. The local fire code, plant equipment standards, and insurance carrier's recommendations may influence the type of equipment selected by an individual user. The Buyer is strongly urged to see N.F.P.A. Bulletin No. 33 and OSHA Guidelines.

If automatic fire protection is not available, the spray system should not be operated. If an Automatic Fire Protection System is not functioning properly, the Buyer assumes all responsibility for all injury and/or damage resulting from operation of the Gema USA Inc. spray system. Gema will not be liable for any such injury and/or damage.

9. System Interlocks

N.F.P.A. Bulletin No. 33 and OSHA Guidelines require all fixed electrostatic apparatus to be interlocked by automatic means to rapidly de-energize the high voltage elements under any of the following conditions:

- a) Stoppage of ventilating fans or failure of ventilating equipment from any cause.
- b) Stoppage of the conveyor carrying goods through the high voltage field, unless stoppage is required by the spray process.
- c) Occurrence of excessive current leakage at any point on the high voltage system.
- d) De-energizing the primary voltage input to the power supply.

The local fire code, local plant equipment standards and insurance carrier recommendations may influence how these rules are implemented. The Buyer is strongly urged to read N.F.P.A Bulletin No. 33 and OSHA Guidelines.

Gema USA Inc. equipment is furnished with safety interlocks. Electrical connections should be made as per instructions contained in the assembly procedure.

IF INTERLOCKS ARE BYPASSED FOR ANY REASON, BUYER ASSUMES ALL RESPONSIBILITY FOR ALL INJURY AND/OR DAMAGE RESULTING FROM OPERATION OF THE GEMA SPRAY SYSTEM.

10. Warranty

- a) The warranty terms are defined in the proposal and begin the date the equipment is shipped. During the warranty term, Gema USA Inc. will repair or replace any equipment which is defective in material or workmanship. This warranty applies provided that the equipment has been used and maintained in accordance with Gema's written safety and operating instructions and has been used under normal operating conditions.
- b) Excluded from this Warranty is normal wear and tear or damage caused by misuse, abrasion, corrosion, negligence, accident, faulty installation by the Buyer, or tampering which impairs normal operation. Labor is excluded from this Warranty.
- c) Items such as seals, seats, O-rings, diaphragms, deflectors, electrode holders, filters, gun cables, etc., are considered normal wear items. The warranties above only apply if these components fail due to defects in material or workmanship.
- d) Parts returned for warranty repair or replacement will be examined upon return. If examination indicates that the damage is outside of the Warranty expressed above, repairs or replacement will be made at a reasonable charge.
- e) Other than the obligation of Gema USA Inc. expressly set forth herein, Gema disclaims all warranties, expressed or implied, including but not limited to, any implied warranties of merchantability or fitness for a particular purpose.
- f) The foregoing constitutes Gema USA Inc.'s sole obligation with respect to damages, whether direct, incidental or consequential, resulting from the use or performance of the equipment.
- g) The use of other than Gema approved parts voids all warranties.
- h) Gema USA Inc. assumes no responsibility for the quality of performance of coatings or other materials used with Gema equipment; and assumes no liability for injury, damage to property or for consequential damage for loss of goodwill, production, or income, which result from use or misuse of the equipment by purchaser or others.
- i) Gema USA Inc. recommends a suitable application environment free of air born contaminants, dirt, air flow drafts be provided. Gema USA Inc. assumes no responsibility for finish performance due to external circumstances.

- j) Operation of Gema USA Inc. supplied equipment in environmental conditions exceeding values outlined in technical drawings and/or manuals, provided with purchase, will cause premature failure and void the warranty.

11. Remedies for Non-Payment

- a) Accounts that are more than thirty (30) days overdue shall incur interest charges at the rate of 1.5% per month, (or the highest legal rate if less) on the unpaid balance. Equipment sold hereunder shall remain the property of Gema USA Inc. until fully paid for and will not become fixtures by attachment to the premises where installed. If Buyer fails to make payments required hereunder, Gema may, at its option, without demand or notice, repossess the equipment, wherever located, such repossession to be without prejudice to Gema's right to payment of the purchase price or to its other remedies for breach. In the event Gema repossesses any equipment, Buyer will pay Gema's full cost incurred in the performance of this agreement (including engineering, labor, materials, overhead and restocking) plus a cancellation charge of 20% of such full costs.

12. Security Agreement

- a) Buyer agrees that Gema USA Inc. shall obtain a security interest in the equipment to secure payments of sums due hereunder.
- b) Buyer authorizes Gema USA Inc. to file financing statements covering the equipment, signed only by Gema.
- c) If a financing statement is filed, then a termination statement shall be immediately filed by Gema USA Inc., upon receipt of the final payment.

13. Force Majeure

- a) Gema USA Inc. shall not be liable for failure to furnish equipment and/or installation supervision because of labor disturbances, casualties, war or other causes beyond the control of Gema.

14. Applicable Law

- a) Should applicable law confer any rights or impose any duties inconsistent with, or in addition to, any of the provisions of this Agreement, the affected provisions of this Agreement shall be considering amended to conform to such law, but all other provisions hereof shall remain in full force and effect without modification. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Indiana.

Responsibilities of the Buyer

RESPONSIBILITIES OF THE BUYER – Unless otherwise specified, Purchaser shall:

- Assume all charges for any changes made after approval drawings are returned to Gema.
- Unload equipment from carrier, uncrate (if necessary) and move to indoor storage and/or installation site. (Note: Outdoor storage may void warranty.) All equipment to be moved through an opening of at least 12' X 12'. Any shipping damage to the Gema supplied equipment must be noted on the freight bill at the time of delivery. Resolution of all claims and the replacement of equipment will be the responsibility of the buyer.
- Installation, including:
 - a) All labor, materials, tools and rigging for the entire and complete mechanical and electrical installation of the equipment.
 - b) Site preparation including all foundation work and any leveling of the floor.
 - c) All building alterations associated with installation of the equipment.
 - d) All required licenses, permits, and inspection required by any governmental agency, and assure conformance in arrangement and location to all regulation authority requirements by Gema.
 - e) Provide utilities required for installation of equipment, including, but not limited to, wiring, piping, and sewer lines.
 - f) Provide excavation, drainage, foundations, masonry, concrete work, fire and safety devices, including all materials required in connection therewith.
 - g) Assume responsibility for building alterations, such as holes in floors, walls and roof, required for proper installation.
 - h) Provide clear access at installation site, free of obstruction and hazards.
 - i) Provide installation facilities and utilities, including, but not limited to, compressed air, electrical power, lighting, water and fuel to accommodate proper installation.
 - j) Assume risk of loss due to fire, theft, or damage from negligent handling following delivery.
 - k) Assume all liability for sales use, process other taxes presently or hereafter payable.
 - l) Building electrical changes to bring electrical supply to the powder coating area per specifications.
 - m) Items which may not be included in final specification that is unknown at this time.
 - n) Provide qualified personnel to install the Gema supplied Equipment.
 - o) Should it be necessary for Gema representative to be at the installation site, the buyer agrees to pay for the Gema representative(s) at the prevailing daily rate (based on 8-hour day) plus expenses (excludes weekend and Gema holidays), unless otherwise outlined in the purchase agreement.
- Provide and install any and all sprinkler heads and systems, lighting fixtures, conveyors, support steel structures, all wire ways (cable trays), etc. needed for booth wiring as well as pneumatic tube runs, and any other equipment not included in the Bill of Material.
- Compliance with local, state and national codes including NFPA Bulletin 33 and 68 and 69 (for cyclone systems) as well as requirements of Buyer's insurance carrier.
- Any additional explosion relief venting to comply with local codes or regulatory agencies.
- Maintain any applicable quarterly service inspection of explosion suppression equipment as required by authority having jurisdiction, National Fire Protection Agency (NFPA) guidelines, or explosion suppression OEM equipment supplier.
- Allocate and provide time and personnel for training in the operation and maintenance of the equipment.
- Assume all charges for additional on-site visits caused by Buyer delays. Additional on-site visits are billed at Gema prevailing rates.
- The Gema equipment has been designed to operate within the air requirements as specified in our proposal under normal operations. Additional use of air blow off guns and/or the operating of additional equipment could require the use of additional air. The air requirement for color change is based on sequential cleaning operations required only during the color change process.
- Field electrical wiring (including labor and materials) to connect main power drop to the Gema supplied equipment. Purchaser is also responsible for the electrical interlock (including labor and materials) between the Gema equipment and the conveyor controller. Purchaser is also responsible for field electrical wiring (including labor and materials) between the equipment and any applicable master control panel, encoder, part identification station, explosion suppression system, fire detection system and/or the safety monitor panel.
- Pneumatic drops (including labor and materials) to all necessary Gema equipment.
- When Explosion Suppression System is purchased, one (1) 80-pound tank of dry nitrogen is required prior to on-site commissioning.

SHIPMENT

- If shipment occurs more than six (6) months from date of acceptance of Buyer's order, due to delays caused by Buyer, Gema shall have the right to adjust the sales price.
- Any proposed changes in equipment shipment schedule must be submitted to Gema in writing forty-five (45) days prior to the agreed upon ship date. Buyer shall assume all shipping and/or storage charges resulting from such delay should this notification not occur.
- If a truck is reserved by Gema and cancelled by Buyer and/or its agent, a per day charge of \$500.00 per truck will apply and be billed to Buyer. If a driver and truck arrive at the Buyers plant and has to wait to be unloaded beyond the normal two (2) hours free time, the Buyer will be billed at a rate of \$75.00 per hour until the truck is unloaded.

Recommended Operator Parameters and System Requirements

The following items are to be provided by Buyer unless otherwise stipulated in the contract. These statements are guidelines provided by Gema USA Inc. to assist in the evaluation of the existing facilities and services to assure a successful installation of the equipment being purchased. The values indicated are approximate and will vary somewhat depending on the type of equipment purchased.

1. Compressed Air

- a) Final air volume requirements will be determined based on equipment configuration. Estimates may be furnished upon request.
- b) Pressure requirements (at drops):
 - Maximum pressure - 125 psi
 - Minimum pressure - 95 psi
- c) Each air drop should be equipped with a manual shut-off valve and air regulator. Each drop should be capable of a minimum air volume requirement shown on the pneumatic installation drawing to be provided within 90 days of receipt of order.
- d) The pressure dew point of the compressed air being provided must be 38oF or lower at 100 PSIG (this can be achieved by refrigerant or heatless regenerative type dryers).
- e) The quality of the compressed air being provided should meet or exceed the requirements of ISO 8573.1:2001 Class 1.4.2 for the maximum amount of solid particulate, water, and oil allowable.

NOTE: Gema USA Inc. booth systems contain a 5-micron particulate and a 10 grade, 0.85 ppm, 0.7 micron coalescing filter placed in front of the main air manifold on the booth. These filters (with a filter status indicator) are provided as safety should the primary filtration units (supplied by the customer) fail.

2. Electrical Service Requirements

- a) The Buyer must provide an electrical service drop at each spray station with power dictated by the equipment in use. The amount of current draw is dependent upon the type of equipment being operated at the particular station.
- b) The Buyer should refer to the drawings and operating manuals to assure that the proper size services are provided.
- c) The Buyer will supply adequate earth grounding for all equipment that is provided. Please refer to the operating manuals and drawings for the specific requirements for grounding of the equipment.
- d) Power services required are noted in the equipment manuals or system drawings as appropriate to the equipment purchased. Stable incoming power service is important to the performance and life of the equipment. As some of the equipment supplied may be sensitive to fluctuations in service, it is the responsibility of the Buyer to ensure stable performance + 1% on frequency (Ref. ANSI C84.1, current revision). If the Buyer is not comfortable with the incoming plant power, then other

suitable protection must be provided by the Buyer to ensure safe operation of the equipment. This may include surge protection or constant voltage transformers to protect or isolate the equipment.

3. Minimum Clearances

- a) The following is the minimum target distance for powder guns:
 - Standard Corona 4"
Actual target distances will vary depending on the operating voltage and part configuration. Please refer to operating and service manuals for details.
- b) The following are the recommended clearances to operate the system efficiently:
 - Top of part to conveyor hook point 24" to 27"
 - Part opening (on each side and top/bottom) 3" to 6"
Example: Part is 12" x 24"; recommended opening is 18" to 24" x 30" to 36".

4. Part Presentation

- a) The conveyor system is provided by Buyer and must operate smoothly, and free of erratic motion that would cause the part to swing more than 1" in any direction as the parts pass through an identification zone and/or coating zone.
- b) Should the conveyor stop or start during the painting operation, misidentification and/or improper coating may occur, resulting in a coating defect.
- c) Excessive swinging of the part during the coating operation may be a safety hazard and potentially cause paint defects or could damage the equipment.
- d) The parts must be hung on a stable hanger that engages properly to the conveyor to minimize swinging or twisting. The parts must be held on the hanger so that they pass through the identification and/or coating zones with the face of the parts within 5 degrees of parallel to the face of the powder guns. This requirement applies unless stated otherwise in this proposal and an alternate hanging method is confirmed in our lab.
- e) If multiple parts are hung on the same hanger, the face surface of each part to be coated must be in the same plane as the part above, below or to the side (a tolerance of 1" deflection is allowed). In the case of part recognition systems, a tolerance of .125" is recommended.
- f) The hangers must be of adequate rigid construction to prevent the air flow from the powder guns from deflecting the parts more than 1" in any direction. In the case of part recognition systems, a tolerance of .125" is recommended.
- g) Hangers for multiple parts should be fully loaded to prevent coating build up on unused hanging points.
- h) The hanging contact points from the conveyor and the part must be kept clean and free of coating buildup to assure adequate ground continuity. A regular maintenance schedule should

be established to clean, adjust and/or replace hangers on a regular basis. Inadequate ground causes reject parts due to poor electrostatic attraction. Also, poor grounding is a safety hazard due to insulating a charged object.

- i) Buyer is responsible for part temperature and condition as it enters the coating zone. Part temperature affects the ability to maintain a consistent film build. Poor surface condition (e.g. dirt, oil, water or excessive temperature) prior to coating will cause deficiencies in the finish quality, rejects, or excessive film build alterations, such as holes in floors, walls and roof, required for proper installation.

5. Location of Equipment

- a) The powder booth should be installed a minimum of 20' from an oven or washer. Installation closer than this could cause problems in maintaining finish quality, equipment performance, and material usage. Buyer is responsible for containing the heat and moisture from the oven and washer. Any overflow to the powder system will adversely affect the finish quality.
- b) It is suggested that the powder system be installed in a temperature and humidity controlled environment. Inconsistencies in environmental conditions can cause application problems.
- c) The powder coating area should be maintained free and clear of any turbulent airflows or drafts that could adversely affect the booth containment air.
- d) Locations where Gema equipment is located, the floor is to be level to +/- 1/4" over a 10' x 10' area.

6. Environmental Recommendations

- a) Environmental Room specifications
 - Temperature - 68F to 76F
 - Relative humidity - 40% to 60%
- b) HVAC Specification
 - HVAC diffusers should be located 6 ft. minimum from any booth opening.
 - 60 LFPM maximum room air velocity created by HVAC or other sources (i.e. Room or building doors and openings).
 - 100-200 LFPM maximum velocity at the face of the HVAC diffuser(s).
 - The HVAC system should be designed to positively pressurize the room. The velocity of the makeup air through the room openings (conveyor entrance and exits, etc.) should not exceed 60 LFPM.
 - HVAC air inlet should be filtered
 - Emergency shutoff should be located in the environmental room
- c) Non-environmental Room Specifications
 - Temperature - 60F to 80F, Note: temperatures exceeding 90F will compromise equipment performance, generate excessive wear, and may cause premature failure of filters and other components.
 - Relative humidity - 40% to 60%