

PILZ AUTOMATION SAFETY, L.P.
General Terms and Conditions for
PAS Software Products
Effective October 1, 2014

1. SUBJECT MATTER OF THE AGREEMENT

1.1. Pilz Automation Safety, L.P. (hereinafter referred to as PILZ) makes the full version of the PAS standard software available as a download from its website. PILZ initially permits the customer to use the full version of the PAS software free of charge for a **test phase** (cf. Item 4 of these General Terms and Conditions), during which the customer may test and check individual or several software functions to establish whether they meet its requirements in respect of a project being pursued for a specific purpose. In this phase, from the full version of the PAS software the customer selects one or more software functions in object code that are needed to achieve the project purpose, constituting the **project software**, and trials these (**test phase**).

Project is a software or automation project during which the project software is created with the aid of the PAS software. To do this, the customer first creates a "project" within the PAS software. The project software produced in this project is in each case used for a specific purpose (**project purpose**), such as:

- in order to automate a specific production process at the customer or at its clients,
- in order to manage a product or series products of the customer which manufactures these and distributes them to clients together with the project software (cf. Item 9.5 of these General Terms and Conditions on series production),
- in order to automate other technical processes. The test phase is followed by a **productive phase**, i.e. the phase in which the customer uses the project software in live operation to achieve the project purpose (cf. Item 5 of these General Terms and Conditions). In this productive phase, use of the project software is chargeable. The license fee for the productive phase is to be paid in PASunits pursuant to Items 6 and 7 of these General Terms and Conditions.

1.2. Within the framework of the software license agreement concluded with the customer, PILZ shall permit the customer to use the project software on a permanent basis – but exclusively for the project purpose pursued by the customer in the specific project – and grant the customer the rights of use to the project software described in Items 4.3 and 9 to 10 of these General Terms and Conditions.

1.3. The General Terms and Conditions for the sale of software products apply to other software products of PILZ and can be called up at

<https://www.pilz.com/en-US/termsandconditions>. If one (or more) software function(s) of PILZ are sold together with software of other manufacturers (third-party software) and thus become the subject matter of the project software, the General Terms and Conditions (license terms) of the other manufacturer shall apply to the granting of rights of use to the third-party software, in addition to these General Terms and Conditions. PILZ shall refer to

these license terms of the other manufacturer, if necessary expressly, in the respective product description.

2. GENERAL/SCOPE

2.1. The General Terms and Conditions shall apply to all current and, by way of a blanket agreement, also to all future business relationships between PILZ and the customer, without PILZ needing to refer the customer back to the General Terms and Conditions in each specific case.

2.2. The quotations and declarations of acceptance, as well as all services and goods, are provided exclusively on the basis of the General Terms and Conditions stated below, in each case in their latest version. These General Terms and Conditions are freely accessible at any time on the Internet at <http://www.pilz.com/en-INT/termsandconditions>, and may be saved and printed out by the customer in a reproducible form.

2.3. Terms of purchasing requested by the client are hereby expressly rejected and shall not become part of this agreement, regardless of PILZ's knowledge of such conditions, unless expressly agreed in writing by PILZ. This confirmation requirement shall still apply if PILZ supplies goods to the customer without reservation, in full knowledge of the customer's General Terms and Conditions, which conflict with or differ from the present terms. Any written consent by PILZ shall in each case apply only to the individual instance regulated therein.

3. SCOPE OF PERFORMANCE AND OBLIGATIONS OF THE CUSTOMER

3.1. The hardware and software environment within which the project software selected by the customer is to be used is defined by the PILZ product description.

3.2. A warranty shall only be granted if it has been expressly designated as such and has been declared in writing by PILZ. The properties of the individual software functions and of any third-party software to be delivered shall be as indicated in the PILZ product description at the time of acceptance of the respective contract. Other information such as technical data, descriptions, illustrations and drawings, specified measurements and weights are subject to constant change, even where these refer to standards. PILZ shall only be bound by such information where it has been confirmed in advance by PILZ as binding.

3.3. Subject to different arrangements agreed in the contract by the parties, the following work shall not come under the subject matter of the agreement:

- Installation and configuration work
- Training
- Support provided by PILZ for the analysis and rectification of faults that have arisen as a result of improper operation or other circumstances not attributable to the respective software function. All this work shall be invoiced separately by PILZ on the basis of the current list prices for such work.

3.4. The customer shall be responsible for selecting one or more software functions for the project software and for their applications at the customer and the tests to establish the suitability of these software functions for the project purpose, as well as for data backup. Only specialized, trained personnel should use the software functions and select and apply the data. PILZ PAS software functions serve as an aid and do not make decisions on behalf of the customer as the user during creation of the project software. If in doubt, expert advice from PILZ should additionally be sought.

3.5. The customer shall make appropriate provisions for a scenario in which the project software does not work correctly, whether in full or in part.

4. TEST PHASE

4.1. The individual software functions from the PAS product range are made available by PILZ at no charge for a test phase, as a downloadable full version. The telecommunications costs incurred for the download shall be borne by the customer, including for any repeat downloads of software functions already downloaded.

4.2. For the download, the customer initially registers on the PILZ homepage at www.pilz.com/eshop/pilz/register.do. After registration, the customer may download the full version of the PAS software. For the use of the full version during the test phase, PILZ shall grant the customer the test phase license envisaged in Item 4.3 of these General Terms and Conditions.

4.3. After downloading of the full version of the PAS software, PILZ shall initially enable its temporally unlimited use within the scope set forth below in Items 9 to 10 of these General Terms and Conditions, but for testing purposes only in the test phase, and not for use in a productive phase (test phase license).

4.4. The duration of the test phase license is indefinite. The test phase license ends at the moment when the customer begins the productive phase.

4.5. During the test phase, the customer may already calculate the number of PASunits that it needs to acquire the license to use the project software in the productive phase. To do this, the customer must select the menu item "Licensing" and then the sub-item "License Calculation".

4.6. If the customer or a third party has not yet acquired a license to use the project software in the productive phase and uses the project software only in a test phase, all warranty claims – with the exception of compensation claims – are excluded. The following shall apply to compensation claims, including outside the guarantee period: During the test phase, in which the software functions from PAS are made available to the customer free of charge for test purposes only, PILZ shall then be liable merely for losses that have been caused by PILZ through gross negligence or willfully. The same shall apply to the extent that PILZ has used senior employees or subcontractors or vicarious agents. The exclusion of liability shall not apply for injury to life, limb or health caused culpably by PILZ.

4.7. PILZ duly informs that during the test phase, the software functions used by the customer will contain "warnings", which will explain to the customer that it is using a software function in a test phase and that it is not yet licensed for use in the productive phase. Upon acquisition of the license to use the project software in the productive phase (cf. Item 5 of these General Terms and Conditions) the warnings cease.

5. FORMATION OF CONTRACT BEFORE THE PRODUCTIVE PHASE BEGINS

5.1. If the customer decides to use the project software in the productive phase, it shall log in via the PILZ homepage and acquire chargeable PASunits online, for the subsequent licensing of the project software. The customer shall pay for the project software using the PASunits pursuant to Items 6 and 7 of these General Terms and Conditions. The productive phase shall begin when the customer uses the project software in live operation to manage production processes, manage products of the customer or manage other technical processes. In the event that PILZ's customer has agreed with its own client to carry out acceptance of the product supplied by the customer to the client, acceptance shall be deemed to have taken place at the latest when the client of PILZ's customer commences live operation. Live operation is also considered to have commenced if the product made by the customer containing the project software is accepted by a technical inspection authority, and also along with the project software being copied onto the series product.

5.2. A contract between PILZ and the customer shall only be formed upon payment of the license fee in PASunits for the use of the project software in the productive phase. Thereafter the customer shall be entitled to use the project software in the productive phase pursuant to Items 9 to 10 of these General Terms and Conditions. The customer shall receive license certificates from PILZ after payment. The customer shall print out the license certificates by way of proof of the entitlement and, as appropriate, present them to PILZ by way of proof of the entitlement to use the project software in the productive phase.

5.3. Any use of the project software in the productive phase without prior payment for the project software in PASunits shall be equivalent to a breach of copyright, with the consequence that PILZ may demand – at least to the extent that the project software is used in the productive phase – that the customer cease its use, delete the project software as well as any copies of it made, and pay compensation.

5.4. There are no verbal ancillary agreements at the time of conclusion of the contract. Individual agreements (including ancillary agreements, supplements and amendments to these General Terms and Conditions) expressly reached between the customer and PILZ on an ad hoc basis shall always take precedence over these General Terms and Conditions, to the extent that they have been reached after the conclusion of the contract. A written contract or – in its absence – written confirmation to the customer by PILZ shall be decisive with regard to the content of such individual agreements.

5.5. We reserve the right to make changes to the software functions within the scope of what is reasonable for the customer.

6. ACQUISITION OF PASunits

6.1. The customer may acquire the PASunits needed to purchase a license for the use of the project software in the productive phase online from PILZ at <https://www.pilz.com/eshop/pilz/publicinit.do?categorie=00013000317037>.

6.2. The PASunits are available in various package sizes. The quotations made by PILZ in the E-Shop constitute a non-binding invitation to the customer to order PASunits from PILZ.

6.3. By placing an order in the PILZ E-Shop, i.e. clicking on the "Order" button, the customer submits a binding offer to conclude a purchase contract for PASunits. PILZ shall confirm receipt of this order without delay. However this shall not yet constitute the formation of a contract. PILZ may accept this binding offer by the customer, unless otherwise agreed with the customer, up to 7 days after its receipt by PILZ by means of transmitting an order confirmation. The customer shall in addition receive an invoice and a software product certificate with a ticket ID from PILZ. The text of the contract is not saved by PILZ.

6.4. As soon as PILZ has definitively received the invoiced amount (receipt of payment), the customer may use the PASunits to license the project software for the productive phase. After receipt of payment, PILZ shall to that end send a software product certificate with ticket ID to the fax or e-mail address given by the customer. The customer may use this ticket ID to collect the PASunits acquired and paid for from the depot. The customer may choose between saving the PASunits under a USB key or on its hard drive.

7. LICENSE FEE FOR THE PRODUCTIVE PHASE

7.1. The license fee for the productive phase shall be paid in PASunits and shall refer only to the project software created for the specific project purpose. The PASunits may be acquired from PILZ online at <https://www.pilz.com/eshop/pilz/publicinit.do?categorie=00013000317037> (cf. Item 6 of these General Terms and Conditions).

7.2. During the test phase, the customer may already calculate the number of PASunits that it will need to spend in order to use the project software in the productive phase. To do this, the customer must select the menu item "Licensing" and then the sub-item "License Calculation".

7.3. If additional costs such as duties, taxes, levies or fees charged by third parties should be incurred through acquisition of the project software, these shall be met by the customer.

7.4. The customer shall not be entitled to use the project software it has created until the customer has paid the license fee in PASunits for the use of the project software in order to achieve the project purpose in the productive

phase. To do this, the customer selects the menu item "Licensing" in the PAS software and then the sub-item "License Calculation". There, the PASunits previously acquired by the customer pursuant to Item 6 of these General Terms and Conditions can be booked into the project created by the customer in the PAS software, under the menu item "Increase Project Credit". The booking process is then initiated by clicking the "Licensing" button and a license certificate is issued for the customer to view, save and print out.

7.5. An exception to the payment obligation – duplication of software functions – is laid down in Item 9.5 of these General Terms and Conditions. If the customer wishes to use the project software outside the scope of this exception for a purpose other than the original project purpose, a new project is to be created in the PAS software and a license acquired to this other purpose in the productive phase, from the start of use of the project software.

7.6. It shall not be possible to return PASunits that have not been used in full. The customer may not reallocate PASunits that have been booked to a project and not yet used to another project.

7.7. The customer shall be entitled to transfer PASunit credits to third parties. This is subject to the third party acquiring a product which is managed by project software from the PAS product range. Project points are also preserved in the machine code; if this is transferred to a PC with PAS software, changes may be made to the project software and existing PASunits still used e.g. in order to acquire additional software functions pursuant to Item 7.8 of these General Terms and Conditions.

7.8. Licenses for the use of additional software functions not yet licensed may be acquired for a project of the customer at any time. The PASunits for the individual software functions added shall be paid to that end. The customer shall then receive a new license certificate for the new project software by way of proof.

7.9. The scope of use of a software function that is already licensed for the productive phase of a project may be increased at any time. The license fee for the increased scope of use in the productive phase shall be paid by the customer in PASunits. The customer shall then receive a new license certificate for the new, extended project software by way of proof. If changes are made to the project, the customer must issue a new license certificate, which it may then save and print out.

8. LICENSE and PROTECTIVE RIGHTS

8.1. With regard to the features of the licensing of the rights to the software function during the test phase, we refer initially to Item 4.3 of these General Terms and Conditions. In the productive phase, following payment for the project software in PASunits the customer shall be permitted to use the project software in the specific project as determined in Items 9 to 10 of these General Terms and Conditions.

8.2. To the extent that rights are not expressly granted to the customer in these General Terms and Conditions, all

rights to the software functions of the full version of the PAS software and of all copies made by the customer – in particular copyright, the rights to inventions, data, samples, models, drafts and expertise as well as other technical protective rights – shall remain exclusively with PILZ or a manufacturer of third-party software. The same applies to any editing of the software functions by the customer.

9. REPRODUCTION RIGHTS

9.1. The customer may reproduce the project software to the extent that its reproduction in a specific instance is necessary in order to use the software functions of the project software. Necessary reproduction includes installation of the project software through download on the mass storage device of the hardware used, and loading of the project software in the working memory. If the project software is used to manage series products manufactured by the customer, it may be reproduced without modification in order to install the management software on the series products.

9.2. In addition, the customer may make a reproduction for backup purposes, however only one backup copy may be made and saved. This backup copy shall be identified as the licensed project software proper.

9.3. If the routine backing-up of the entire data set, including the project software, is required for reasons of data security or for assuring swift reactivation of the computer system following total failure or for internal or external auditing, the customer may make the number of backup copies that is absolutely necessary. The appropriate data carriers shall be identified appropriately. The backup copies may only be used purely for archive purposes.

9.4. The customer may only make other reproductions of the project software, including output of the program code on a printer and photocopying of the documentation, if PILZ has given the customer prior written authorization to do so.

9.5. A customer who has created project software for the project purpose of incorporating this into a series product shall be entitled to reproduce (duplicate) the project software unaltered for products that are identical to the product that is the subject matter of the project software.

10. DECOMPILE AND MODIFICATION OF THE SOFTWARE FUNCTION BY THE CUSTOMER

10.1. The customer shall not be entitled to decompile the software functions of the PAS product range or the project software into the source code or transfer it into other forms or into other programming languages, edit or rework the software functions of the PAS product range or the project software as well as reproduce them above and beyond the scope stated in Item 9 of these General Terms and Conditions.

10.2. If PILZ does not meet its warranty obligations in the productive phase within an appropriate extension period, the customer shall exceptionally be entitled to rectify defects on a one-off basis.

10.3. A further exception is that the customer may analyse the software functions of the PAS product range or the project software and modify them only to the extent that is absolutely essential for establishing interoperability with an independently created computer program, satisfying all the following conditions:

- All analytical or processing actions shall be carried out only by the customer, its employees or a third party expressly authorized by the customer.
- The information required for establishing interoperability is not accessible without decompilation to the customer or to a third party appointed by it, nor has it been made available to the customer even though the customer has requested PILZ to supply it, and it has set PILZ an appropriate extension for its supply.
- The analytical and processing actions of the customer shall be limited to those parts of the software functions of the PAS product range or of the project software that are necessary for establishing interoperability.

10.4. The customer may not use the information obtained through the actions pursuant to Item 10.3 of these General Terms and Conditions for purposes other than for establishing the interoperability of the independently created program, and above all not for the development, creation or marketing of a program with essentially similar features, nor for other actions that breach copyright. It may in particular not disclose such information to third parties except to the extent that the disclosure of the information is necessary for establishing the interoperability of the independently created program.

10.5. To the extent that the customer is unable to or does not wish to perform the aforementioned exceptional activities itself or have them performed by its own employees, before commissioning third parties it shall give PILZ the opportunity to carry out the desired work to establish interoperability within an appropriate period of time and for an appropriate fee.

11. EXPORT AND IMPORT PROCEDURES

The customer is responsible for conducting all processes in respect of export and import of the software functions and shall bear all costs incurred for these processes. PILZ shall assist the customer with these processes. The software functions may be subject to (re-)export restrictions, e.g. of the United States of America or the European Union. The customer shall observe such stipulations if the items are resold or otherwise exported.

12. NOTICE OF DEFECT

12.1. The customer shall inspect the project software, including the documentation, within 10 working days of acquisition of the license, in particular in respect of the functionality of fundamental software functions. Notice of defects of title or material defects, the absence of a property possibly guaranteed by PILZ in the software functions or documentation as well as delivery of excess amounts, short amounts or wrong deliveries (defects) shall – to the extent that they are obvious – be given by the customer without delay in writing, but no later than a

further 5 working days of the end of the inspection period stated in sentence 1.

12.2. Notice of defects not identifiable in the test phase or in a customary receiving inspection pursuant to Item 12.1 of these General Terms and Conditions shall equally be given without delay by the customer, but no later than 14 days after detection.

12.3. Notice of defect by the customer must contain a detailed description of the specific defect with the specifics of the individual case. As far as possible, working results generated through use of the project software shall be documented to enable PILZ to achieve an understanding of the defect.

12.4. If notice of defects is not given within the periods set forth above in Items 12.1 and 12.2 of these General Terms and Conditions, all warranty claims against PILZ shall be excluded.

13. GUARANTEE AGAINST MATERIAL DEFECTS

13.1. PILZ shall support the customer with information on known program errors, troubleshooting measures, restrictions and fault prevention measures. Customers will find this support at <http://software.pilz.com>.

13.2. The presence of a defect shall be precluded if

- the project software is not used on suitable hardware of the customer or third parties that meets the hardware requirements stated by PILZ, or the error stems not from the PILZ project software as such, but is caused solely by third-party software not supplied by PILZ and PILZ is not responsible for the compatibility of the software functions with such third-party software, or
- it is attributable to other activities by the customer or to other reasons that fall within the sphere of risk of the customer.

13.3. In the event of a defect – except for defects of title, which are covered by Item 14 – Defects of Title – of these General Terms and Conditions – the guarantee provided by PILZ for defects notified within the proper periods pursuant to Item 12 of these General Terms and Conditions shall be limited initially to remedial action through elimination of the defect (rectification) or replacement, at the discretion of PILZ, provided the customer proves that the defect was already present upon the passage of risk.

13.4. The customer shall, in consultation with PILZ, grant it the necessary time and opportunity to rectify or replace the project software. Bearing in mind the complexity of the project software, PILZ shall be granted up to three attempts at rectification.

13.5. PILZ may also rectify defects in the project software through a suitable form of delivery of a data carrier or enabling a download with the latest product version – update or upgrade – of the project software, at its own choosing. A new product version – update or upgrade – of the software functions shall also be transferred by the customer to the project software if the adaptation work it will need to perform is within reason.

If a more recent update or upgrade of a software function from the project software is not available when the improvement is needed, PILZ shall be entitled to supply the customer with an interim solution to bypass the defect until a new product version can be delivered, if this solution is necessary to ensure that the customer can process urgent tasks despite the defect. Remedial action may also entail PILZ indicating reasonable measures for avoiding the consequences of the defect.

13.6. Fault diagnostics and the remedy of defects under guarantee shall take place at the customer's premises or at PILZ, at the discretion of PILZ. If a service (repair) agreement is in place between the customer and PILZ, after consultation with the customer, fault diagnostics and remedy of defects may also take place at the site of the unit on which the project software is used in accordance with these General Terms and Conditions. PILZ shall be supplied with the documents and information in the possession of the customer and required in order to rectify the defect. Where PILZ is to rectify the error on the customer's premises, the customer shall provide without charge the necessary hardware and software function, as well as any other operating conditions which may be required, together with appropriate operating personnel.

If PILZ is to take remedial action at a site other than the place of delivery and no repair/service agreement is in place, the customer shall reimburse PILZ the transport, travel and accommodation costs that result from travelling to the actual place of use of the software functions, plus any other costs arising from remedial action, unless transfer to another place reflects the intended use of the project software.

13.7. Should the customer receive insufficient documentation, PILZ's only obligation shall be to supply sufficient documentation, and this only if the inadequacy of the documentation can lead to improper use of the project software.

13.8. PILZ shall moreover not be obliged to rectify or replace delivery items if this is only possible at undue cost. Such costs are undue if they exceed 25 % of the price of the PASunits for the project software.

13.9. Any parts replaced under guarantee shall become the property of PILZ.

13.10. In the event that remedial action fails – i.e. if PILZ allows an appropriate deadline issued to PILZ for remedial action to pass, has attempted rectification twice or made one replacement delivery and the notified defect is nevertheless not remedied, if PILZ unjustifiably refuses or unduly delays necessary remedial action or replacement delivery or if rectification is deemed unreasonable for the customer for other reasons, or PILZ justifiably refuses remedial action as undue – the customer may invoke the statutory legal redress of withdrawal and price reduction in lieu of rectification or replacement delivery, as well as compensation or the entitlement to reimbursement of expenses, the latter within the framework of Item 16 of these General Terms and Conditions.

13.11. Where the breach of contract is slight, particularly in the case of minor defects, the customer shall have no right of withdrawal.

13.12. In the event of merely a minor defect, any damages shall be calculated based on the difference between the purchase price and the value of the defective software function.

13.13. For third-party software, the guarantee provided by PILZ shall be limited to the assignment of the entitlements which PILZ has in respect of the manufacturer of the third-party software. In the event that the customer is unable to assert its guarantee rights against the manufacturer of the third-party software, PILZ shall furnish the guarantee within the framework of these terms and conditions. Any warranties furnished by manufacturers of third-party software shall not be affected.

13.14. If notice of defect was issued unjustifiably, PILZ shall be entitled to demand reimbursement of expenses incurred by PILZ from the customer if the customer has culpably misjudged circumstances lying within the scope of responsibility of the customer as having caused the supposed defect.

14. GUARANTEE AGAINST DEFECTS OF TITLE

14.1. PILZ guarantees that the contractually agreed use of the project software by the customer in the country of the place of delivery does not conflict with third-party rights. In the event of defects of title, i.e. if third parties make justified claims against the customer on the grounds of a breach of protective rights by project software delivered by PILZ and used in the contractually agreed manner, if notice of defect is given pursuant to Item 12 of these General Terms and Conditions PILZ provides a guarantee that PILZ shall, at its own discretion, obtain a lawful way to use the project software for the customer or modify or exchange the project software in such a way that the protective right is not breached. PILZ may exchange the relevant software function within the project software for an equivalent software function that meets the contractual provisions, provided this is reasonable for the customer. If PILZ is unable to do so on appropriate terms, the customer shall have the statutory rights of withdrawal or reduction, as well as entitlements to compensation or reimbursement of expenses. The obligation of PILZ to pay compensation or reimburse expenses shall be in accordance with Item 16 – Compensation – of these General Terms and Conditions.

14.2. The customer shall notify PILZ without delay in writing if third parties assert protective rights (e.g. copyrights or patent rights) over a software function that is part of the project software. The customer shall authorize PILZ to conduct the dispute with the third party on its own. PILZ shall contest or satisfy the claims at its discretion and in consultation with the customer. Provided PILZ exercises this authorization, the customer may not of its own accord recognize the claims of the third party without the consent of PILZ; PILZ shall contest the claims of the third party at its own expense and release the customer from all costs associated with contesting these claims, provided these do not arise as a result of behavior of the customer in breach of its duty (e.g. contractually

noncompliant use of the software function). If the customer should cease to use the software function of the project software in order to mitigate the damage or for other good reasons, it is obliged to inform the third party that no acknowledgement of a breach of protective rights is associated with the cessation of use.

14.3. Claims of the customer are excluded if and insofar as it is responsible for the breach of protective rights. They are furthermore excluded insofar as the breach of protective rights is caused by special stipulations of the customer, by use in a manner not foreseeable by PILZ or caused, for example, by the software functions being modified by the customer or used in conjunction with products not supplied by PILZ.

14.4. All further claims based on a defect of title are excluded.

15. TIME-BARRING OF CLAIMS DUE TO MATERIAL DEFECTS AND DEFECTS OF TITLE

The limitation period for all claims for defects shall be 12 months from acquisition of the licenses for the use of the software function in the productive phase. For claims for injury to life, limb or health caused by a defect for which PILZ is responsible, as well as if the defect arises from intentional or grossly negligent dereliction of duty by PILZ, for fraudulent concealment of a defect or defects of title, the statutory limitation periods shall apply. The same shall apply to claims under product liability law.

16. COMPENSATION

16.1. Unless otherwise agreed in these provisions, all compensation claims of the customer for losses of any kind, including for reimbursement of expenses and indirect losses, such as loss of profit, are excluded. This applies in particular to claims for all breaches of obligations resulting from the contractual relationship and from tort. The exclusion of liability shall also apply if PILZ has used subcontractors or vicarious agents.

16.2. In a departure from Item 16.1 of these General Terms and Conditions, PILZ shall be liable, whatever the legal basis, only – including if PILZ has used senior employees or subcontractors and vicarious agents – if:

- a) there is gross negligence or intent on the part of PILZ,
- b) PILZ has fraudulently concealed a defect or has assumed a warranty for the property of the project software,
- c) injury to life, limb or health has been culpably caused by PILZ, and
- d) PILZ is in breach of material contractual obligations, i.e.
 - (aa) in the event of material dereliction of duty that jeopardizes the achievement of the purpose of the contract, or
 - (bb) in the event of breaches of obligations, the fulfilment of which makes the proper fulfilment of the contract possible in the first place, and on the compliance with which the customer regularly relies or is entitled to rely ("material contractual obligations").

16.3. In the event of Item 16.2 (d) of these General Terms and Conditions – Breach of Material Contractual Obligations – in the case of merely simple negligence the liability of PILZ shall however be limited in its amount to reimbursement of the foreseeable, typically incurred loss.

16.4. The exclusion of liability shall not be applicable in respect of claims under product liability law. The aforementioned provisions do not entail a change in the burden of proof to the disadvantage of the customer.

16.5. The liability of PILZ in the test phase is subject to Item 4.6 of these General Terms and Conditions.

17. RIGHT OF RETENTION / OFFSETTING

17.1. The right to retain payments on the grounds of any claims of the customer against PILZ is excluded, unless the right of retention rests on undisputed or final and absolute claims of the customer.

17.2. Offsetting of the customer's own receivables against receivables of PILZ shall not be permitted, unless the right of retention rests on claims of the customer from the same contractual relationship with PILZ.

18. CONFIDENTIALITY

18.1. The customer shall protect confidential information, i.e. all data and information of which it receives knowledge in connection with the contractual relationship with PILZ (hereinafter: "Confidential Information"). The customer undertakes to use Confidential Information only for the purposes of the contract concluded with PILZ and not to circulate it among or otherwise disclose it to third parties without the prior express written consent of PILZ.

18.2. The customer is obliged to protect Confidential Information against access by third parties. Backup copies of the project software shall be kept in a secure location away from unauthorized access by third parties. The customer shall exercise the same care in this respect that it would take in handling its own confidential information, but at least due care. The customer is obliged to secure from its employees the same obligations to protect Confidential Information. The customer shall notify PILZ without delay in writing if it acquires knowledge of an impending or existing breach of the confidentiality agreement or has suspicions to that effect.

18.3. The obligation to protect Confidential Information shall cease to apply if the customer can prove that

- this Confidential Information was already known to it prior to the disclosure of this information by PILZ;
- he has legitimately received this Confidential Information from third parties without imposition of a confidentiality obligation and without it having any evidence that the third parties are in breach of confidentiality obligations imposed on these third parties;
- the Confidential Information is generally known or has become generally known without breaching this confidentiality obligation;
- this Confidential Information was or is developed by the customer independently of its disclosure by PILZ.

18.4. PILZ reserves all rights to the Confidential Information (including copyrights, the right to register industrial property rights and patents, utility models, topography rights, designs, brands) and rights of ownership to the items made available and containing the Confidential Information (papers, disks etc.). Notwithstanding the rights transferred in this software license agreement, in no case shall rights of ownership, license, reproduction, use or other rights be granted to the customer for Confidential Information of PILZ, regardless of whether such information is covered by protective rights or not.

18.5. At the request of PILZ, the customer shall without delay return all Confidential Information received from PILZ. An exception applies for copies that must be archived in fulfilment of binding statutory requirements. All Confidential Information present on computers shall be deleted upon request.

18.6. The confidentiality obligation shall apply for three years after the end of the contract.

19. CONCLUDING PROVISIONS

19.1. The customer is hereby informed that PILZ will collect, store and process its data to the extent that is necessary to complete the contract and pursuant to applicable data protection laws and regulations, and that this data will be passed to third parties where required in order to fulfil PILZ's obligations under this contract.

19.2. PILZ shall be entitled to amend the contents of these General Terms and Conditions with the customer's consent, provided the changes, while taking PILZ's interests into account, are reasonable for the customer. Agreement to the contractual change shall be deemed to be given if the customer has not objected to the change within four weeks of receipt of the change notice. PILZ shall be obliged to inform the customer via the change notice of the consequences of a failure to object.

19.3. PILZ may assign its rights under this contract to one or more third parties.

19.4. The law of the State of Michigan shall govern the interpretation of this contract and the application of the United Nations Convention on Contracts for the International Sale of Goods is expressly excluded.

19.5. The place of performance for the obligations under this contractual relationship is the domicile of PILZ in Canton, Michigan.

19.6. The parties agree that any dispute, controversy or claim arising out of this Agreement shall be settled by arbitration in the State of Michigan, by three arbitrators, one appointed by the customer, one appointed by PILZ, and the third by the other two arbitrators, pursuant to the rules of the American Arbitration Association. The decision of the arbitrators shall be final and binding upon the parties. Costs of the arbitration shall be shared equally by the parties, unless the arbitrators determine that such costs shall be otherwise assessed.

19.7 THE WARRANTIES SET FORTH HEREIN ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, STATUTORY OR IMPLIED, ALL OF WHICH ARE HEREBY DISCLAIMED AND EXCLUDED BY PILZ, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL OBLIGATIONS OR LIABILITIES ON THE PART OF PILZ FOR DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE USE, REPAIR, OR PERFORMANCE OF THE PRODUCT. THE SOLE AND EXCLUSIVE REMEDIES FOR BREACH OF ANY AND ALL WARRANTIES AND THE SOLE REMEDIES FOR PILZ'S LIABILITY OF ANY KIND (INCLUDING LIABILITY FOR NEGLIGENCE) WITH RESPECT TO ANY PRODUCT OR SERVICE COVERED BY THIS WARRANTY SHALL BE LIMITED TO, AT PILZ'S SOLE DISCRETION, REPAIR OR REPLACEMENT OF SUCH PRODUCT OR PILZ'S REFUND OF FEES COLLECTED FOR SUCH SERVICE. IN NO EVENT SHALL PILZ'S LIABILITY OF ANY KIND INCLUDE ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL LOSSES OR DAMAGES, EVEN IF PILZ SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE.

19.8 WARNING: SEVERE INJURY OR DEATH WILL RESULT IF PILZ'S PRODUCTS ARE MISAPPLIED, MISINSTALLED, OR MISUSED. READ ALL INSTALLATION MANUALS AND COMPLY WITH APPLICABLE REGULATIONS, CODES, AND STANDARDS REGARDING PROPER APPLICATION, INSTALLATION, AND USE OF PILZ'S PRODUCTS.