

General Terms and Conditions of Business

*The General Terms and Conditions of KARRÉ Elektronik GmbH are based on the General Terms of Delivery for the Supply of products and services of the electronic industry ("Green Terms of Delivery") used for businesses with companies.**

1. General terms

1.1 Legal relations between KARRÉ Elektronik GmbH, Bayerwaldstr. 44, 81737 München (hereafter „KARRÉ“) and the buyer (hereafter „Buyer“) in connection with deliveries and/or services provided by KARRÉ (hereafter “Deliveries“) are solely bound to these General Terms and Conditions. The Buyer´s General Terms and Conditions only apply upon KARRÉ´s written agreement. The scope of deliveries is subject to the mutual written agreements.

1.2 KARRÉ reserves its unlimited proprietary and copyright-related exploitation rights for cost estimations, drawings and other documents (hereafter “Documents“). All Documents must only be distributed to third parties by prior agreement. If the order is not awarded to KARRÉ, all provided documents shall be returned upon request. Sentences 1 to 3 equally apply for Documents provided by the Buyer and shall, however, be distributed to those suppliers, who are permissibly assigned for Deliveries.

1.3 The Buyer does not have exclusive rights on standard software and firmware used with the agreed performance characteristics in unchanged condition and on agreed devices. The Buyer is allowed to create a backup copy without explicit agreement.

1.4 Partial shipments are permitted as long as they are bearable by the Buyer.

1.5 The term „claims of damages“ also includes the claims of compensation of avail expenses.

2. Quotations, prices, orders, terms of payment and compensations

2.1 Quotations provided by KARRÉ are non-binding. Unless otherwise agreed, KARRÉ abides by the quoted and agreed prices for 30 working days. KARRÉ reserves the right to adjust prices accordingly, if there are cost in- or decreases, especially in regards to changes in the material prices or freight, shipping and shipping-related costs. KARRÉ will substantiate the changes upon the Buyer´s request. By placing an order, the Buyer bindingly states his intention to purchase the goods. All orders are subject to approval. Contracts between the Buyer and KARRÉ come into effect by a written approval from KARRÉ or by delivering the goods to the Buyer. The Buyer is allowed to change or cancel orders or adjust delivery dates only upon KARRÉ´s approval. KARRÉ reserves the right to charge a minimum quantity surcharge for single orders having a lower value than 200.00 €

2.2 The conclusion of contracts is subject to the correct and punctual deliveries of our suppliers. This only applies in case of non-deliveries not evoked by KARRÉ, especially if a congruent hedge transaction has been made with our suppliers. The Buyer will be immediately informed of the non-availability of services. The services in return will be reimbursed immediately.

2.3 All prices excluding VAT refer to the products and services and shall be – unless otherwise agreed on – EXW (Incoterms 2010). Not included are packaging, taxes, shipping costs, freight costs, customs and other expenses and fees as, for instance, permissions, (test) certificates and special product labels.

2.4 If there are any changes on the product or in case the product is end of life, the Buyer will be charged the residual material which occurred due to minimum order quantities or packaging units.

2.5 Each partial shipment will be charged immediately and is due payment, apart from the termination of the total shipment.

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2.6 If KARRÉ carries out the installation and assembly and if there is nothing else agreed on, the Buyer has to bear all necessary additional costs, such as travel and transportation costs as well as travel allowances apart from the agreed remuneration.

2.7 Payments shall be made free of charge to KARRÉ's account. Discounts are to be agreed on separately. There is no discount possible without an agreement.

2.8 The Buyer can only offset undisputed or legally established claims of the same class. The right of retention can only be exercised by the Buyer if his counterclaim is based on the same contractual relationship.

3. Retention of title

3.1 KARRÉ reserves the title in the goods until full payment of all open accounts coming from a current business relationship.

3.2 The Buyer is obliged to treat the goods with due care. Should maintenance and inspection work be necessary, the Buyer must perform such work regularly and at his own expenses.

3.3 The Buyer is obliged to immediately inform KARRÉ about providing access of the goods to third parties, as in case of seizure, as well as any damages or destruction of the goods. The change of ownership of the goods as well as the change of the company's headquarters must be immediately communicated to KARRÉ.

3.4 In the event of the customer's behavior being contrary to the contract, especially in the default of payment or breaches of duty arising from 3.2 and 3.3 of this term, KARRÉ reserves the right to step back from the contract and to demand restitution of the goods.

3.5 The Buyer is entitled to reuse the goods in the ordinary course of business, however, he already now assigns all claims in the amount of the final invoice amount (including sales tax) to KARRÉ, which accrue by reselling or processing the goods against his customer or third parties regardless of whether or not the goods have been utilized after processing. KARRÉ hereby accepts the assignment. The Buyer is authorized to collect the claim even after the assignment. KARRÉ's authority to collect the claims itself remains unaffected. KARRÉ, however, is obliged to not assign any claims as long as the Buyer meets his payment obligations from the proceeds received, he is not in arrears and particularly no application for opening insolvency proceedings or settlement for out of court conciliation proceedings with the debt-holders in regards to the settlement of debts have been made and there is no litigation over check and draft or suspension of payment. If this is the case, KARRÉ shall demand the Buyer to notify KARRÉ of all assigned claims and its debtor, provide all necessary information, hand over the corresponding documents and states the assignment to the debtor (third party). The direct debit authorization refers to the entire balance claim.

3.6 Processing or restructuring of the goods carried out by the Buyer will always be on behalf of KARRÉ. If the goods are being processed with articles not owned by KARRÉ, KARRÉ receives co-ownership of the new item in ratio of the value of the goods to the other processed articles at the time of processing. Incidentally, the same applies to the goods resulting from processing as to the goods delivered under reservation.

3.7 If the goods are being inseparably mixed with other articles not owned by KARRÉ, KARRÉ receives co-ownership of the new item in ratio of the value of the goods to the other mixed articles at the time of mixing. Are the goods being mixed in such a way that the Buyer's item is considered as main item it shall be deemed to be agreed that the Buyer partly assigns the co-ownership to KARRÉ. The Buyer keeps the sole or co-ownership for KARRÉ safe free of charge.

3.8 Upon expiry of the direct debit authorization in accordance with section 3.5 of this term, the Buyer is not authorized to install, inseparably mix or process the reserved goods.

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3.9 The Buyer also assigns the claims against third parties to KARRÉ, which accrue to a third party due to the connection of the goods with a property. This also includes the right of granting a debt-securing mortgage prior to the remainder. KARRÉ accepts the assignment.

3.10 Are reserved goods being installed into the own property as considerable part by the Buyer, he already now assigns the claims arising from the commercial sale of the property or of property rights to the value of the reserved goods including all accessory rights and prior to the remainder. KARRÉ accepts the assignment.

KARRÉ is obliged to replevin its attributable securities on demand of the buyer as long as the realizable value of the securities exceeds more than 20 % of the claims to be secured. The purchase price of the Buyer, the manufacturing costs of the secured goods arising during installation of the reserved goods or the co-ownership share are to be considered as realizable value provided that the Buyer cannot establish a lower realizable value. The choice of the replevin securities is KARRÉ's responsibility.

4. Delivery Time - Delay

4.1 If the Buyer provides all documents, permissions and releases, especially plans, in time as well as meets the agreed payment term and other obligations, the agreed delivery time shall be kept. If these preconditions are not met, the delivery time will be extended accordingly; this shall not apply if KARRÉ is to be held responsible for the delay.

4.2 If the non-compliance of deadlines is attributed to force majeure, for instance mobilization, war, terrorism, tumult or similar events (i. e. strike, lockout, accidents on the transport route, unpredictable technical defects etc.), virus or other attacks on the IT-system of KARRÉ from third parties, which occur despite keeping the usual care regarding safety measures, obstacles based on German, US-American as well as other applicable national EU- or international instructions of the foreign trade and payments legislation or due to other circumstances KARRÉ cannot be held responsible for or if KARRÉ's suppliers do not deliver in-time or properly, delays of deliveries occurred due to hired carriers or due to delays in acceptance or in bookings on the BUYER's side, deadlines shall be extended accordingly.

4.3 Is KARRÉ responsible for the delay, the Buyer shall – provided he credibly establishes he suffered actual damage – claim a compensation of 0.5% for each full week of the delay, however, no more than 5% in total, of the prices for those parts of the delivery that could not be used appropriately.

4.4 Both claims for damages of the Buyer due to delivery delay and claims for damages instead of service, which exceed limitation stated in section 4.3, shall be excluded in all cases of delayed delivery, even after the expiry of a delivery deadline KARRÉ may have set. This does not apply in cases of liability for intentional, gross negligence or violation of life, body or health. The Buyer can solely withdraw the contract within the statutory provisions as long as KARRÉ is to be held responsible for the delay. A change of burden of proof to a Buyer's disadvantage is not connected with the aforementioned provisions.

4.5 The Buyer is obliged to inform KARRÉ on demand and within a reasonable period of time, whether he wants to withdraw from the contract in regards to the delivery delay or insists on delivery.

4.6 Are dispatch and delivery being postponed for more than one month on the Buyer's request after notification of the readiness of dispatch, he can be invoiced for storage charges in the amount of 0.5% of the price of the shipment including raw material for each month that has started, however, no more than 5% in total. The right to prove higher or lower storage charges remains unaffected for both parties.

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5. Transfer of risk

5.1 The risk for carriage paid delivery is also transferred to the Buyer as follows:

- a. deliveries excluding setup and installation, as soon as it has been handed over or picked up for shipment. KARRÉ shall insure the delivery against all usual risks of transportation upon the Buyer's demand.
- b. deliveries including setup and installation on the day of acceptance in his own facility or, as far as agreed, after a successful trial run.

5.2 If shipment, delivery, start, performance of setup or installation, the acceptance in the own facility or the trial run are delayed due to the Buyer's responsibility or the Buyer is in default of acceptance, the risk transfers to the Buyer.

6. Setup and assembly

The following regulations apply for setup and assembly, unless agreed otherwise in writing:

6.1 The Buyer must provide and bear the costs of the following:

- a. all excavation, construction and other additional unrelated work including the necessary qualified employees and help, building material and tools,
- b. all necessary materials for assembly and commissioning such as scaffolds, hoists and other devices, fuels and lubricants,
- c. power and water including connections, radiators and lightning at the place of assembly,
- d. storage for the machinery, apparatus, materials, tools etc., sufficient large, suitable, dry and lockable rooms and reasonable workspace and lounges including proper sanitation for the assembly staff; apart from that the Buyer must take the same safety measures for KARRÉ's property and the assembly staff as he would for his own,
- e. protective clothing and safety devices necessary due to unusual circumstances at the assembly site. The Buyer shall unsolicited provide all necessary information about the location of concealed power, gas and water pipes or similar installations as well as the necessary static information prior to the assembly work.

6.2 Before starting with the setup or assembly, all necessary provisions and equipment needed for the assignment must be located at the setup or assembly site. Furthermore, all preparation work must insofar be advanced prior to assembling, that the setup or assembly can be started and terminated without interruption as agreed. Access routes and the setup and assembly site must be paved and cleared.

6.3 Are the setup, assembly or commissioning being delayed due to circumstances that are not KARRÉ's responsibility, the Buyer shall bear the costs for the delay and additional necessary journeys of KARRÉ or the assembly staff at a reasonable scope.

6.4 The Buyer shall immediately certify KARRÉ about the period of working hours of the assembly staff as well as the termination of the setup, assembly or commissioning on a weekly basis.

6.5 If KARRÉ demands the acceptance of delivery after completion, the Buyer shall carry out the acceptance within two weeks. Whether the Buyer lets the two-week deadline pass or he starts using the delivery, if necessary after termination of an agreed trial run, is negligible for the acceptance.

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7. Acceptance

The Buyer is not allowed to refuse acceptance of delivery due to insignificant flaws.

8. Material deficiencies - Warranty

8.1 All parts and services shall either be, depending on KARRÉ's choice, improved, replaced or newly provided free of charge, if a material deficiency occurred within the period of limitation and provided that its cause was already present at the time of the transfer of risk.

A return of goods must not take place without a prior written authorization by KARRÉ. KARRÉ's instructions regarding the return shipment, particularly the labelling of the return and the delivery address, are to be followed unconditionally. If the goods are returned in connection with a warranty claim, a detailed and written description of deficiency shall be enclosed to the package. It is at KARRÉ's discretion to return all goods to the Buyer at the Buyer's expense and to invoice all expenditures in connection with the transportation, storage and the analysis of the defects to the Buyer, if the return was not justified (for instance due to operator and handling errors).

8.2 Claims for material deficiencies, demands on subsequent performance, withdrawal and reduction lapses within 12 months. This time period does not apply as far as the law stipulates longer deadlines according to §§ 438 section 1 no. 2 (building and objects for buildings), 479 section 1 (claim to recourse) and 634a section 1 no. 2 (construction defects) of the German civil code, in case of violation of life, body or health, an intentional or reckless breach of duty or in case of fraudulent concealment on the part of KARRÉ. Legal provisions in regards to suspension of the running of a period, suspension and the fresh start of a period remain unaffected.

8.3 The Buyer must immediately inform KARRÉ about any notices of defects.

8.4 The Buyer can retain payment for notices of defect as long as they are at a reasonable ratio in regards to the occurred material deficiency. The Buyer can solely retain payment if the material deficiency's validity is justified beyond doubt. The Buyer is not entitled to the right of retention if his claims arising from a defect are statute-barred. Is a notice of defect wrongly placed, KARRÉ is entitled to demand its incurred expenses to be replaced by the Buyer.

8.5 KARRÉ shall be granted an opportunity for subsequent performance within a reasonable time.

8.6 Irrespective of any claims for damage according to no. 12, the Buyer can withdraw from the contract or reduce payment if the subsequent performance fails.

8.7 Claims for damages do not apply in case of minor deviation in regards to the agreed quality, minor impairment of usability, natural wear and tear or damages owing to poor or careless handling, excessive strain, unsuitable utilities, insufficient construction work, inappropriate soil, which occurred after the transfer of risk or as a result of particular external influence, which are not laid down in the contract as well as not reproducible software errors. If the Buyer or a third party makes improper changes or repairs, there shall not be any claims for damages for these and the resulting consequences thereof.

8.8 The Buyer's claims of necessary expenses in regards to the purpose of subsequent performance, particularly transportation, travel, labor and material costs, are excluded as long as the expenses increase due to the fact that the object of delivery was later delivered to a location other than the Buyer's headquarters unless the delivery complies with the intended use.

8.9 Right of Recourses of the Buyer against KARRÉ only exist according to § 478 of the German civil code (recourse of the company), if the Buyer does not have any agreements with his customer exceeding the legal claims for damages. No. 8 is also relevant for the scope of right of recourse of the Buyer against KARRÉ according to § 478 section 2 of the German civil code.

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8.10 Section 12 (other claims for compensations) applies for claims for compensation. More extensive or claims other than those mentioned in section 8 of this term of the Buyer against KARRÉ and its vicarious agents in regards to the material deficiency are excluded. The Buyer does not receive guarantees in the legal sense by KARRÉ.

9. Industrial property rights and copyright – deficiency in title

9.1 Unless otherwise agreed, KARRÉ is obliged to only provide delivery free of industrial property rights and third party's copyrights (hereinafter referred to as "property rights") in the country of delivery. If a third party levies justified claims against the Buyer due to violation of property rights of the delivery provided by KARRÉ and used as per contract, KARRÉ is liable towards the Buyer within the stipulated deadline mentioned in section 8.2 as follows:

a. It is KARRÉ's choice to either obtain a right of use, change the delivery in such a way that the property right will not be violated or replaces the affected delivery at its expense. If these options are not accomplishable under reasonable conditions by KARRÉ, the Buyer is lawfully entitled to the right of withdrawal or reduction.

b. KARRÉ's obligation regarding the compensation of damages depends on section 12.

c. KARRÉ's aforementioned obligations only exist, if the Buyer immediately informs KARRÉ about the claims made by third parties, a violation is not accepted and all defense reactions and settlement negotiations are left to KARRÉ. If the Buyer stops using the delivery due to minimizing a loss or other important reasons, he is obliged to point out to the third party that there is no acknowledgement of a violation of property rights in accordance with the discontinuation of use.

9.2 The Buyer's claims are excluded as far as he is responsible for the violation of property rights.

9.3 The Buyer's claims are also excluded as far as the violation of property rights is caused by special requirements of the Buyer, usage not foreseeable by KARRÉ or the delivery being changed by the Buyer or used with products not delivered by KARRÉ.

9.4 In case of a violation of property rights, the claims stipulated in no. 9.1a also correspond to the provisions mention in section 8 no. 8.4, 8.5 and 8.9.

9.5 Provisions of section 8 correspondingly apply in case of other deficiencies in title.

9.6 More extensive claims or other claims of the Buyer against KARRÉ and its vicarious agents other than those stipulated in section 9 of this term are excluded.

10. Export control – reservation of contract fulfillment

10.1 The fulfillment of contract is subject to the condition that there are no obstacles based on German, US American as well as other applicable national, EU or international regulations of the foreign trade and payments legislation and no embargos or other sanctions that stand in the way.

10.2 Certain products, technologies and documentation are subject to relevant laws regarding the export control in various countries. It is the Buyer's obligation to observe the relevant law in connection with the ordered products and its coherent technology and documentation and to provide all required information, permissions, approvals, releases and documents which are necessary for the transportation, delivery, sale, export, re-export or import in those countries. The Buyer is not allowed to export or re-import the goods to individuals, companies or countries in which the export is prohibited (embargoed countries, listed companies and individuals).

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11. Impossibility – adoption of a contract

11.1 If the delivery is impossible, the Buyer is entitled to demand claim for damage unless KARRÉ is not responsible for the impossibility. The claim for damage, however, is limited to 10 % of the value of these parts of delivery, which cannot be appropriately used due to the impossibility. These limitations do not apply in case of liability for intention, gross negligence or due to violation of life, body or health; a change of burden of proof to the Buyer's disadvantage is not connected with this. The Buyer's right to withdraw from the contract remains unaffected.

11.2 If unforeseeable events in terms of section 4 no. 4.2 considerably change the economic meaning or the content of the delivery or have considerable effect on KARRÉ's business, the contract will be reasonably adjusted in good faith. As far as this is not economically justified, KARRÉ is entitled to withdraw from the contract. The same applies to necessary export authorizations, which are not granted or cannot be used. If KARRÉ wants to make use of the right of withdrawal, KARRÉ must immediately inform the Buyer after realizing the consequences of the events, even then an extension of delivery was initially agreed on with the Buyer.

12. Other claims for compensation

12.1 Unless otherwise laid down as in these General Terms, the Buyer's claims for damages shall be excluded regardless of their legal basis, particularly for breach of duties resulting from contractual obligation and tortious act.

12.2 This does not apply in case of liability, such as product liability law, in cases of intention, gross negligence, culpable violation of life, body or health or culpable breach of insignificant contractual obligations.

The claim for damage regarding the violation of significant contractual obligations, however, is limited to the typical contractual foreseeable damage, as far as no other of the aforementioned cases exist.

12.3 A change of burden of proof to a Buyer's disadvantage is not connected with the aforementioned provisions.

13. Place of jurisdiction – applicable law

13.1 Sole jurisdiction for all direct or indirect disputes arising from the contractual relationship shall be the registered base of KARRÉ. KARRÉ, however, is also entitled to take legal actions at the customer's registered headquarters.

13.2 German law shall exclusively apply excluding the United Nations Convention on Contracts for the International Sale of Goods (CSIG).

14. Severability clause

If single provisions of this agreement are or become invalid, all other provisions remain effective. Both contractual partners endeavor to substitute the void provisions with an effective one, which is the closest equivalent to the void provision in its economic effect and is most compliant with the available General Terms and Conditions resulting in the purpose of the contract. The same applies in case of partial invalidity of provisions and loopholes of the contract.

**) Unverbindliche Konditionenempfehlung des ZVEI - Zentralverband Elektrotechnik- und Elektronikindustrie e. V. Stand: Juni 2011*