

General Conditions

for the Supply of Products and Services of the Electrical and Electronics Industry (»Grüne Lieferbedingungen« - GL)* for commercial transactions between businesses

recommended by the Zentralverband Elektrotechnik und Elektronikindustrie (ZVEI) e.V. June 2011

I. GENERAL PROVISIONS

1. Legal relations between Supplier and purchaser in connection with supplies and/or services of the Supplier shall be solely governed by the present GL. The purchaser's general terms and conditions shall apply only if expressly accepted by the Supplier in writing. The scope of delivery shall be determined by the congruent mutual written declarations.
2. The Supplier herewith reserves any industrial property rights and / or copyrights pertaining to its cost estimates, drawings and other documents (herein after referred to as „Documents“). The Documents shall not be made accessible to third parties without the Supplier's prior consent and shall, upon request, be returned without undue delay to the Supplier if the contract is not awarded to the Supplier. Sentences 1 and 2 shall apply mutatis mutandis to the Purchaser's Documents; these may, however, be made accessible to third parties to whom the Supplier has rightfully subcontracted Supplies.
3. The Purchaser has the non-exclusive right to use standard software and firmware, provided that it remains unchanged, is used within the agreed performance parameters, and on the agreed equipment. The Purchaser may make one back-up copy without express agreement.
4. Partial Supplies are allowed, unless they are unreasonable to accept for the Purchaser.
5. The term »claim for damages« used in the present GL also includes claims for indemnification of useless expenditure.

II. PRICES, TERMS OF PAYMENT and Set-off

1. Prices are ex works and excluding packaging; value added tax shall be added at the then applicable rate.
2. If the Supplier is also responsible for the assembly or erection and unless otherwise agreed, the Purchaser shall pay the agreed remuneration and any incidental costs required, e.g. for traveling and transport as well as allowances.
3. Payments shall be made free Supplier's paying office.
4. The purchaser may set off only those claims which are undisputed or non-appealable.

III. RETENTION OF TITLE

1. Items pertaining to the Supplies („Retained Goods“) shall remain the Supplier's property until each and every claim the Supplier has against the Purchaser on account of the business connection has been fulfilled. If the combined value of the Supplier's security interest exceeds the value of all secured claims by more than 20 %, the Supplier shall release a corresponding part of the security interest if so requested by the Purchaser; the Supplier shall be entitled to choose which security interest it wishes to release.
2. For the duration of the retention of title, the Purchaser may not pledge the Retained Goods or use them as security; and resale shall be possible only for re-sellers in the ordinary course of their business and only on condition that the re-seller receives payment from its customer or makes the transfer of property to the customer dependent upon the customer fulfilling its obligation to effect payment.
3. Should Purchaser resell Retained Goods, it assigns to the Supplier, already today, all claims it will have against its customers out of the resale, including any collateral rights and all balances claims, as security, without any subsequent declarations to this effect being necessary. If the Retained Goods are sold on together with other items and no individual price has been agreed with respect to the Retained Goods, Purchaser shall assign to the supplier such fraction of the total price claim as is attributable to the price of the Retained Goods invoiced by Supplier.
4. a) Purchaser may process, amalgamate or combine Retained Goods with other items. Processing is made for Supplier. Purchaser shall store the new item thus created for Supplier, exercising the due care of a diligent business person. The new items are considered as Retained Goods.
b) Already today, Supplier and Purchaser agree that if Retained Goods are combined or amalgamated with other items that are not the property of Supplier, Supplier shall acquire co-ownership in the new item in proportion of the value of the Retained Goods combined or amalgamated to the other items at the time of combination or amalgamation. In this respect, the new items are considered as Retained Goods.
c) The provisions on the assignment of claims according to No. 3 above, shall also apply to the new item. The assignment, however, shall only apply to the amount of corresponding to the value invoiced by Supplier for the Retained Goods that have been processed, combined or amalgamated.
d) Where Purchaser combines Retained Goods with real estate or moveable goods, it shall, without any further declaration being necessary to this effect, also assign to Supplier as security its claim to consideration for the combination, including all collateral rights for the prorata amount of the value the combined Retained Goods have on the other combined items at the time of the combination.
5. Until further notice, Purchaser may collect assigned claims relating to the resale. Supplier is entitled to withdraw Purchaser's permission to collect funds for goods reason, including, but not limited to delayed payment, suspension of

payments, start of insolvency proceedings, protest or justified indications for over-indebtedness or pending insolvency of Purchaser. In addition, Supplier may, upon expiry of an adequate period of notice disclose the assignment, realize the claims assigned and demand that Purchaser informs its customer of the assignment.

6. The Purchaser shall inform the Supplier forthwith of any seizure or other act of intervention by third parties. If a reasonable interest can be proven, Purchaser shall, without undue delay, provide Supplier with the information and / or Documents necessary to assert the claims it has against its customers.
7. Where the Purchaser fails to fulfill its duties, fails to make payment due, or otherwise violates its obligations the Supplier shall be entitled to rescind the contract and take back the Retained Goods in the case of continued failure following expiry of a reasonable remedy period set by the Supplier; the statutory provisions providing that a remedy period is not needed shall be unaffected. The Purchaser shall be obliged to return the Retained Goods. The fact that the Supplier takes back Retained Goods and / or exercises the retention of title, or has the Retained Goods seized, shall not be construed to constitute a rescission of the contract, unless the Supplier so expressly declares.

IV. TIME FOR SUPPLIES; DELAY

1. Times set for Supplies shall only be binding if all Documents to be furnished by the Purchaser, necessary permits and approvals, especially concerning plans, are received in time and if agreed terms of payment and other obligations of the Purchaser are fulfilled. If these conditions are not fulfilled in time, times set shall be extended reasonably; this shall not apply if the Supplier is responsible for the delay.
2. If non-observance of the times set is due to:
 - a) force majeure, such as mobilization, war, terror, attacks, rebellion or similar events (e.g. strike or lockout).
 - b) virus attacks or other attacks on the Supplier's IT systems occurring despite protective measures were in place that complied with the principles of proper care;
 - c) hindrances attributable to German, US or otherwise applicable national, EU or international rules of foreign trade law or to other circumstances for which Supplier is not responsible.
 - d) the fact that Supplier does not receive its own supplies in due time or in due form
such times shall be extended accordingly.
3. If the Supplier is responsible for the delay (hereinafter referred to as „Delay“) and the Purchaser has demonstrably suffered a loss therefrom, the Purchaser may claim a compensation as liquidated damages of 0,5% for every completed week of Delay, but in no case more than a total of 5% of the price of that part of the Supplies which due to the Delay could not be put to the intended use.
4. Purchaser's claims for damages due to delayed Supplies as well as claims for damages in lieu of performance exceeding the limits specified in No. 3 above are excluded in all cases of delayed Supplies, even upon expiry of a time set to the Supplier to effect the Supplies. This shall not apply in cases of liability based on intent, gross negligence, or due to loss of life, bodily injury or damage to health. Recession of the contract by the Purchaser based on statute is limited to cases where the Supplier is responsible for the delay. The above provisions do not imply a change in the burden of proof to the detriment of the Purchaser
5. At the Supplier's request, the Purchaser shall declare within a reasonable period of time whether it, due to the delayed Supplies, rescinds the contract or insists on the delivery of the Supplies.
6. If dispatch or delivery, due to Purchaser's request, is delayed by more than one month after notification of the readiness for dispatch was given, the Purchaser may be charged, for every additional month commenced, storage costs of 0,5% of the price of the items of the Supplies, but in no case more than a total of 5%. The parties to the contract may prove that higher or, as the case may be, lower storage costs have been incurred.

V. PASSING OF RISKS

1. Even where delivery has been agreed freight free, the risk shall pass to the Purchaser as follows:
 - a) if the delivery does not include assembly or erection, at the time when it is shipped or picked up by the carrier. Upon the Purchaser's request, the Supplier shall insure the delivery against the usual risks of transport at the expense of the Purchaser;
 - b) if the delivery include assembly or erection, at the day of taking over in the Purchaser's own works or, if so agreed, after a successful trial run.
2. The risk shall pass to the Purchaser if dispatch, delivery, the start or performance of assembly or erection, the taking over in the Purchaser's own works, or the trial run is delayed for reasons for which the Purchaser is responsible or if the Purchaser has otherwise failed to accept the Supplies.

VI. ASSEMBLY AND ERECTION

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* The original German text shall be the governing version.

VII. RECEIVING OF SUPPLIES

The Purchaser shall not refuse to receive Supplies due to minor defects.

VIII. DEFECTS AS TO QUALITY

The Supplier shall be liable for the defects as to quality („Sachmängel“, hereinafter referred to as “Defects”), as follows:

1. Defective parts or defective services shall be, at the Suppliers discretion, repaired, replaced, or provided again free of charge, provided that the reason for the Defect had already existed at the time when the risk passed.
2. Claims for to repair or replacement are subject to a statute of limitations of 12 month calculated from the start of the statutory statute of limitations; the same shall apply mutatis mutandis in the case of rescission and reduction. This shall not apply where longer periods are prescribed by law according to Sec. 438 § 1 No. 2 (buildings and things used for a building), Sec. 479 § 1 (right of recourse) and Sec. 634a § 1 No. 2 (defects of a building) German Civil code (» BGB«), in the case of intent, fraudulent, concealment of the Defect or non-compliance with guaranteed characteristics (« Beschaffheitsgarantie«). The legal provisions regarding suspension of the statute of limitations (» Ablaufhemmung«) and recommencement of limitation periods shall be unaffected.
3. Notifications of Defect by the Purchaser shall be given in written form without undue delay.
4. In the case of notification of a Defect, the Purchaser may withhold payments to an amount that is in a reasonable proportion to the Defect. The Purchaser, however, may withhold payments only if the subject-matter of the notification of the Defect involved is justified and incontestable. The Purchaser has no right to withhold payments to the extent that its claim of a Defect is time-barred. Unjustified notifications of Defect shall entitle the Supplier to demand reimbursement of its expenses by the Purchaser.
5. The Supplier shall be given the opportunity to repair or replace the defective good („Nacherfüllung“) within a reasonable period of time.
6. If repair or replacement is unsuccessful, the Purchaser is entitled to rescind the contract or reduce the remuneration, any claims for damages the Purchaser may have according to No. 10 shall be unaffected..
7. There shall be no claims based on Defect in cases of insignificant deviations from the agreed quality, of only minor impairment of usefulness, of natural wear and tear, or damage arising after the passing of risk from faulty or negligent handling, excessive strain, unsuitable equipment, defective civil works, inappropriate foundation soil or claims based on particular external influences not assumed under the contract, or from non-reproducible software errors. Claims based on defects attributable to improper modifications or repair work carried out by the Purchaser or third parties and the consequences thereof shall be likewise excluded.
8. The Purchaser shall have no claim with respect to expenses incurred in the course of supplementary performance, including costs of travel, transport, labor and material, to the extent that expenses are increased because the subject-matter of the Supplies was subsequently been brought to another location than the Purchaser’s branch office, unless doing so complies with the normal use of the Supplies.
9. The Purchaser’s right of recourse against the Suppliers pursuant to Sec. 478 BGB is limited to cases where the Purchaser has not concluded an agreement with its customer exceeding the scope of statutory provisions governing claims based on Defects. Moreover, No. 8 above shall apply mutatis mutandis to the scope of the right of recourse the Purchaser has against the Supplier pursuant to Sec. 478 § 2 BGB.
10. The Purchaser shall have no claim for damages based on Defects. This shall not apply to the extent that a Defect has been fraudulently concealed, the guaranteed characteristics are not complied with, in the case of loss of life, bodily injury or damage of health, and / or intentionally or grossly negligent breach of contract on the part of the Supplier. The above provisions do not imply a change in the burden of proof to the detriment of the Purchaser. Any other or additional claims of the Purchaser exceeding the claims provided for in this Article VIII, based on a Defect, are excluded.

IX. INDUSTRIAL PROPERTY RIGHTS AND COPYRIGHT; DEFECTS IN TITLE

1. Unless otherwise agreed, the Supplier shall provide the Supplies free from third parties industrial property rights and copyrights (hereinafter referred to as „IPR“) with respect to the country of the place of delivery only. If a third party asserts a justified claim against the Purchaser based on an infringement of an IPR by the Supplies made by the Supplier and used in conformity with the contract, the Supplier shall be liable to the Purchaser within the time period stipulated in Art. VIII No. 2 as follows:
 - a) The Supplier shall choose whether to acquire, at its own expense, the right to use the IPR with respect to the Supplies concerned or whether to modify the Supplies such that they no longer infringe the IPR or replace them. If this would be impossible for the Supplier under reasonable conditions, the Purchaser may rescind the contract or reduce the remuneration pursuant to the applicable statutory provisions;
 - b) The Supplier’s liability to pay damages shall be governed by Art. XII;
 - c) The above obligations of the Supplier shall apply only if the Purchaser (i) immediately notifies the Supplier of any such claim asserted by the third party in written form, does not concede the existence of an infringement and (iii)

leaves any protective measures and settlement negotiations to the Supplier’s discretion. If the Purchaser stops using the Supplies in order to reduce the damage or for other good reasons, it shall be obliged to point out to third party that no acknowledgement of the alleged infringement may be inferred from the fact that the use has been discontinued.

2. Claims of the Purchaser shall be excluded if it is responsible for the infringement of an IPR.
3. Claims of the Purchaser are also be excluded if the infringement of the IPR is caused by specifications made by the Purchaser, by a type of use not foreseeable by the Supplier or by the Supplies being modified by the Purchaser or being used together with products not provided by the Supplier.
4. In addition, with respect to claims by the Purchaser pursuant to No. 1 a) above, Art. VIII Nos. 4, 5, and 9 shall apply mutatis mutandis in the event of an infringement of an IPR.
5. Where other defects in title occur, Art. VIII shall apply mutatis mutandis.
6. Any other claims of the Purchaser against the Supplier or its agents or any such claims exceeding the claims provided for in this Art. IX, based on a defect in title, are excluded.

X. Conditional Performance

1. The performance of this contract is conditional upon that no hindrances attributable to German, US or otherwise applicable national, EU or international rules of foreign trade law or any embargos or other sanctions exist.
2. The Purchaser shall provide any information and Documents required for export, transport and import purposes.

XI. IMPOSSIBILITY OF PERFORMANCE; ADAPTATION OF CONTRACT

1. To the extent that delivery is impossible, the Purchaser is entitled to claim damages, unless the Supplier is not responsible for the impossibility. The Purchaser’s claim for damages is, however, limited to an amount of 10% of the value of the part of the Supplies which, owing to the impossibility, cannot be put to the intended use. This limitation shall not apply in the case of liability based on intent, gross negligence or loss of life, body injury or damage of health; this does not imply a change in the burden of proof to the detriment of the Purchaser. The Purchaser’s right to rescind the contract shall be unaffected.
2. Where events within the meaning of Art. IV No. 2 (a) to (c) substantially change the economic importance or the contents of the Supplies or considerably affect the Supplier’s business, the contract shall be adapted taking into account the principles of reasonableness and good faith. To the extent this is not justifiable for economic reasons, the Supplier shall have the right to rescind the contract. The same applies if required export permits are not granted or cannot be used. If the Supplier intends to exercise its right to rescind the contract, it shall notify the Purchaser thereof without undue delay after having realized the repercussions of the event; this shall also apply even where an extension of the delivery period has previously been agreed with the Purchaser.

XII. OTHER CLAIMS FOR DAMAGES

1. Unless otherwise provided for in the present GL, the Purchaser has no claim for damages based on whatever legal reason, including infringement of duties arising in connection with the contract or tort.
2. This does not apply if liability is based on:
 - a) German Product Liability Act (“Produkthaftungsgesetz“)
 - b) intent
 - c) gross negligence on the part of the owners, legal reps or executives
 - d) fraud
 - e) failure to comply with a guarantee granted
 - f) negligent injury to life, limb or health; or
 - g) negligent breach of a fundamental condition of contractHowever, claims for damages arising from a breach of a fundamental condition of contract shall be limited to the foreseeable damage which is intrinsic to the contract, provided that no other of the above case applies.
3. The above provision does not imply a change in the burden of proof to the detriment of the Purchaser.

XIII. VENUE AND APPLICABLE LAW

1. If the Purchaser is a businessman, sole venue for all disputes arising directly or indirectly out of the contract shall be the Supplier’s place of business. However, the Supplier may also bring an action at the Purchaser’s place of business.
2. The contract and its interpretation shall be governed by German law, to the exclusion of the United Nations Convention on contracts for the International Sale of Goods (CISG).

XIV. SEVERABILITY CLAUSE

The legal invalidity of one or more provisions of this Agreement in no way affects the validity of the remaining provisions. This shall not apply if it would be unreasonable onerous for one of the parties to be obligated to continue the contract.