

CCS - Customer Care & Solutions Holding AG
General Terms and Conditions of Purchase of Components and Materials
("General Conditions") 10/2011

1. DEFINITIONS

- 1.1. "Components" shall mean any and all components and/or materials ordered, purchased or received by CCS GROUP from SELLER; "Date of Delivery" shall mean the date stated in the respective purchase order, unless otherwise specified in a logistics agreement; "Epidemic Defect" shall mean any defect which appears within five (5) years from the Date of Delivery in more than zero point five (0.5%) per cent of Components delivered or manufactured in the same delivery lot, or any actual or anticipated threat of personal injury or damage to property resulting or arising from a defect in a Component. "Party", "Parties" shall mean individually and jointly CCS GROUP and SELLER; "Price", "Prices" shall mean the prices agreed between the Parties for Components and its packing; "SELLER" shall mean provider or manufacturer of Components used or intended to be used by CCS GROUP when providing contract manufacturing, product development services and/or sale of products to its customers.

2. SCOPE

- 2.1. The General Conditions shall apply whenever CCS Customer Care & Solution Holding AG and/or its affiliate(s) ("CCS Group") purchase Components from SELLER. Components, including their specifications, may be listed and defined in a separate list of Components.
- 2.2. The General Conditions constitute an entire understanding between the Parties with respect to the subject matter. The General Conditions shall override any general terms and conditions issued with or referred to in any pricelist(s), purchase order(s), order confirmation(s) or any other communication(s).

3. COMPONENTS

- 3.1. Components must strictly conform to all specifications, product data and quality requirements of CCS GROUP
- 3.2. Any changes in design or manufacturing process of Components, which may have effect on the quality, reliability, interchangeability, availability, fit, form and function of the Components, are subject to CCS GROUP's prior written approval. Without such approval any change shall be considered null and void.

4. PRICES

- 4.1. Prices and grounds for discount shall be specified in the purchase order(s) or a list of Components, if applied.
- 4.2. Any changes in Prices must be approved by CCS GROUP in writing. Any changes in Prices shall take immediate effect, unless otherwise agreed between CCS GROUP and SELLER.
- 4.3. Unless otherwise stated in the respective purchase order, all Prices are inclusive of all sales, excise duties, VAT or other similar taxes.

5. ORDERING

- 5.1. CCS GROUP shall place orders by e-mail, telefax, EDI or any other mutually agreed method. SELLER shall send to CCS GROUP a written confirmation of the order. If confirmation of an order is not received within two (2) working days, the order shall be deemed accepted by SELLER.
- 5.2. Unless otherwise agreed in the respective logistics agreement, CCS GROUP may at any time cancel order(s) subject to the following terms: (i) standard Components may be cancelled at no cost to CCS GROUP. (ii) CCS GROUP specific Components may be cancelled at no cost to CCS GROUP prior to the commencement of the agreed lead time of the respective Component. In the event CCS GROUP cancels an order of CCS GROUP specific Components after the commencement of the respective lead time of the Component, CCS GROUP shall compensate SELLER against proper documentation the direct costs and expenses SELLER has incurred prior to the date of cancellation, provided that such direct costs and expenses are based on CCS GROUP's order and cannot be mitigated. SELLER undertakes to use its best efforts to mitigate the costs and expenses resulting from a cancellation, including reselling and using the Components and its raw materials to other production.
- 5.3. CCS GROUP may reschedule purchase orders of Components not already picked or shipped without any restrictions.
- 5.4. Unless otherwise agreed in the respective logistics agreement, CCS GROUP may provide SELLER with CCS GROUP's estimates of the future need of Components in the form of forecasts. SELLER acknowledges that any such forecasts issued by CCS GROUP shall under no circumstances be regarded as binding orders.

6. PAYMENT

- 6.1. CCS GROUP shall pay Components within ninety (90) days from the date of SELLER's invoice, provided always that CCS GROUP has received the respective Components in the agreed amounts and in acceptable condition.
- 6.2. Payment shall not constitute acceptance of Components. Components shall only be deemed accepted when they have actually been counted, inspected and tested by CCS GROUP and found to be in conformance with the respective purchase order. However, CCS GROUP's failure to inspect or test shall not relieve SELLER from any liability hereunder.

7. DELIVERY

- 7.1. The terms of delivery of Components shall be defined in the respective purchase order and interpreted in accordance with INCOTERMS 2010.
- 7.2. SELLER undertakes to pack the Components properly for transportation and shall follow any instruction of CCS GROUP. Prices of the Components shall include cost of packaging. SELLER agrees to indemnify CCS GROUP against any damage to Components resulting from improper packing.
- 7.3. SELLER undertakes to deliver all ordered Components at the Date of Delivery. CCS GROUP shall not be obliged to take any Components into its possession before the agreed Date of Delivery. Partial deliveries are not allowed and CCS GROUP shall not be obliged to take such deliveries into its possession, unless such partial delivery has been accepted by CCS GROUP in writing prior to the delivery.

8. DELIVERY TIMES

- 8.1. SELLER acknowledges and agrees that on time deliveries of Components are of the essence to CCS GROUP.
- 8.2. All changes to delivery times are subject to CCS GROUP's prior written approval. The Components must conform to any specifications and/or product data at the time of delivery in order to be considered as delivered.
- 8.3. Should SELLER be unable or otherwise fail to deliver the Components in accordance with the delivery times stated in the respective orders, The CCS GROUP is entitled to cancel the order with immediate effect without incurring any liability towards SELLER.
- 8.4. If the event the CCS GROUP elects not to terminate the delayed order, CCS GROUP is entitled to claim liquidated damages accordingly; Liquidated damages shall be calculated on the basis of the price of the delayed Components at the rate of four per cent (4%) per each week of delay or part thereof up to a maximum of twenty per cent (20%) of the price of the delayed Components. The liquidated damages shall not exclude CCS GROUP's right to compensation for damage in excess of the aggregate liquidated damage payments made by SELLER nor does it limit CCS GROUP's right to terminate an order.
- 8.5. If the delivery is delayed due to force majeure, the Date of Delivery shall be postponed as considered reasonable taking into consideration all pertinent circumstances.
- 8.6. In the event a delivery is delayed due to SELLER's gross negligence or willful misconduct, SELLER shall compensate CCS GROUP for any damages or losses suffered as a result of delay in delivery of Components.

9. PRODUCT LIABILITY

- 9.1. SELLER shall be solely responsible for compensating all damage to property and/or injury to persons caused by a defect in Component(s).
- 9.2. In action or suit is brought against CCS GROUP and/or CCS GROUP's customer as a result or in connection with personal injury and/or damage to property caused by a defect in CCS GROUP's or CCS GROUP's customer's end-product(s) to which Components have been incorporated or inserted, where the personal injury or damage to property is caused by or attributable to a defect in Components incorporated or inserted into the end-products, SELLER shall indemnify CCS GROUP, or its customer against any damages, compensations and reasonable costs (including legal costs), which CCS GROUP or its customer has been ordered to pay to the injured party by a competent court or by settlement out of court.
- 9.3. SELLER agrees to maintain adequate product liability insurance with a reputable insurance company to cover its liability under this section and shall produce CCS GROUP evidence of such insurance at CCS GROUP's request.

10. WARRANTY

- 10.1. SELLER warrants that the Components shall at the Date of Delivery be new and unused and in good working order, and during the warranty period;
- a) are free from all defects arising from inferior materials and/or from faulty or inferior manufacturing or workmanship; and
 - b) are in working condition and fit for the purpose for which they were intended; and
 - c) strictly conform to the requirements stated in these Terms and to any specifications or product data specified by CCS GROUP or otherwise agreed between CCS GROUP and SELLER.
- 10.2. The warranty period shall be thirty (30) months and shall commence at the Date of Delivery of the respective Components ("Warranty Period"), unless the Component is rejected or the Date of Delivery is postponed or rescheduled in which case the Warranty Period shall commence at a actual date of such rescheduled delivery.
- 10.3. SELLER agrees to repair or replace Components without any cost to CCS GROUP. In addition, if CCS GROUP has incurred any additional labour or material costs as a result of defective Component(s), SELLER shall compensate CCS GROUP the following:
- d) Any direct material costs, including but not limited to cost of replacement of materials or components, which have been damaged or cannot be reused as a result of replacement of the defective Component; and
 - e) Additional labor costs incurred from the breach of warranty hereunder; and
 - f) Any additional compensation, including but not limited to compensation claimed by CCS GROUP's customer, shall result from the breach of warranty hereunder.
- 10.4. In the event of Epidemic Defect occurs or threatens to occur, in order to mitigate the loss or anticipated loss, CCS GROUP shall have the right to, in addition to the remedies set forth above, to demand SELLER to modify or replace not only the defective Components, but also any other Components with the same article code, or Components which have been delivered or manufactured in the same manufacturing lot as the defective Components. SELLER shall compensate any other direct costs arising from or relating to an Epidemic Defect, including but not limited to cost of repair, replacement, recall and retrofit incurred by CCS GROUP or CCS GROUP's customer.
- 10.5. CCS GROUP has the right to deduct the value equal to the number of rejected Components from any invoice of SELLER for which purpose SELLER shall provide CCS GROUP with a credit note accordingly.
- 10.6. Return or scrapping of the defective Components shall be made at SELLER's risk and expense.
- 10.7. SELLER shall keep the testing, design and other relevant records and documents available in order demonstrate Component conformance to the specification and facilitate Component traceability for a period of at least ten (10) years from Date of Delivery.

11. INTELLECTUAL PROPERTY INDEMNIFICATION

- 11.1. SELLER indemnifies and holds CCS GROUP harmless against any claims arising from or in connection with the breach or alleged breach of third party patents, copyrights, trademarks or any other intellectual property rights by Components.
- 11.2. SELLER agrees to indemnify CCS GROUP against any claims, compensations, rewards, costs and expenses incurred by CCS GROUP (including, without limitation to, reasonable legal costs) arising from a claim by third parties of an alleged infringement of any intellectual property right, which may be attributable to the incorporation by CCS GROUP of any Components in articles sold by CCS GROUP or CCS GROUP's customers or which may be attributable to use or sale of Components by CCS GROUP or by any of CCS GROUP's customers.

12. DISCONTINUATION OF PRODUCTION

- 12.1. If SELLER considers to discontinue manufacturing a Component, SELLER must notify CCS GROUP at least twelve (12) months prior to the intended date of discontinuation in order to give CCS GROUP a chance to place an end-of-life order before the discontinuation.
- 12.2. The ordered end-of-life Components shall be delivered in one or more partial deliveries in accordance with CCS GROUP's instructions.

13. FORCE MAJEURE

- 13.1. Neither party shall be liable to the other for delay or non-performance of its obligations in the event and to the extent that such delay or non-performance is due to an unforeseeable event, which is beyond reasonable control of a party to the extent such event prevents or delays the party from fulfilling its obligations, including war, civil unrest, general labour disputes, disruptions in banking services, act of government, natural disasters and fire ("Force Majeure").
- 13.2. The affected party shall take reasonable steps to minimise the effects of Force Majeure. CCS GROUP will have immediately a right to cancel any orders delayed as a result of Force Majeure without any liability towards SELLER.

14. CONFIDENTIAL INFORMATION

- 14.1. SELLER shall keep confidential any information relating to CCS GROUP's and/or its customer's present or future products, designs, business plans, business opportunities, know-how, technology, customers, employees, sources of products, contracts, research and development, production process and plans, pricing, marketing and financial data and other confidential information disclosed by CCS GROUP.

15. APPLICABLE LAW AND FORUM

- 15.1. The General Terms and any purchase orders made hereunder shall be governed by and construed in accordance with the law of Switzerland, excluding any provisions of the United Nations Convention on the International Sale of Goods (The 1980 Vienna Sales Convention) and without regard to principles of conflicts of laws. The contracts between CCS GROUP and SELLER are exclusively concluded under Swiss law.
- 15.2. Any disputes between CCS GROUP and SELLER shall be submitted exclusively to the competent courts of the Canton of Berne, Switzerland.
- 15.3. This section shall not, however, stop the parties from seeking injunctive relief from a court of competent jurisdiction.

16. QUALITY, ENVIRONMENTAL AND ETHICAL CONDUCT

- 16.1. SELLER shall establish and maintain quality systems conforming to the requirements set out in ISO 9001 and, where applicable, QS9000 or equivalent standard or a plan of implementation.
- 16.2. SELLER shall further have an Environmental Management System in accordance with ISO 14001 or equivalent or a plan of implementation. SELLER assures that the Components do not contain any restricted substances defined by CCS GROUP and/or its customers. SELLER shall record the raw material contents and information on End-of-Life treatment of the Components supplied to CCS GROUP. Such records shall be available to CCS GROUP upon request.
- 16.3. SELLER shall act in accordance with internationally recognized social and ethical standards, including SA 8000.

17. EXPORT CONTROL

SELLER shall notify CCS GROUP of any export control restrictions, which may apply to the Components. SELLER further agrees to provide CCS GROUP upon request with all information necessary to accurately classify the Components under any applicable export regulations.

18. LIABILITY

CCS GROUP shall not be liable in contract, tort or otherwise for any special, indirect, consequential or incidental damage arising under or in connection with purchases from SELLER.

19. SEVERABILITY

The invalidity or non-enforceability of any of provision of the General Terms shall not affect the validity of other provisions hereof.

CCS Customer Care & Solutions Holding AG
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