

General Conditions of Purchase

1. The present General Conditions of Purchase (hereinafter GC PURCHASE) shall apply, unless provided otherwise in the specific Purchase Order, to all Purchase Orders issued by PPC Card Systems GmbH (hereinafter "PPC") to any Supplier.
2. **Underlying Conditions**

The terms written with a first capital letter and used herein shall have the following meaning:
The "Purchase Order" shall mean the purchase order issued by PPC constituted by the following contractual documents: The specific conditions given in the Purchase Order (hereinafter referred to as the "Specific Conditions"), which shall in particular include prices, quantities, technical specifications, etc. and the present GC PURCHASE. In case of conflict between these two documents, the terms and conditions of Specific Conditions shall prevail on the GC PURCHASE.
The "Supplier" shall mean the supplier designated in the Specific Conditions.
The "Supply(ies)" shall mean the raw materials, product, equipment and/or material or any services, as well as related services, specified in the Specific Conditions.
PPC and the Supplier are referred to individually as a "Party" and collectively as the "Parties".
3. **Acceptance of orders**
 - 3.1 The Supplier shall acknowledge receipt of the Purchase Order issued by PPC within seven (7) calendar days. In any case, all beginning of performance of the Purchase Order by the Supplier shall automatically entail acknowledgement of receipt by the latter of the Purchase Order as issued by PPC, even in case the Supplier has not returned the acknowledgement of receipt.
 - 3.2 The preparation of an offer by the Supplier shall be without charge.
 - 3.3 Any commercial confirmation letter from the Supplier which deviates from the content of the previous offer made by PPC shall not be binding on PPC unless PPC agrees to the deviation.
 - 3.4 The Supplier shall notify PPC without delay in writing of any changes or modifications with respect to the composition of materials used or the underlying design if different from a similar or comparable Supply previously provided by the Supplier to PPC. Any such changes or modifications shall require PPC's prior consent.
 - 3.5 The present GC PURCHASE shall apply exclusively. Any diverging terms and conditions shall only apply if these are stated in PPC's order. In particular, the acceptance of a Supply as well as payments does not constitute PPC's agreement to the Supplier's terms and conditions.
 - 3.6 The present GC PURCHASE supersede and cancel any previous document or agreement whether written or oral concerning the Supply, which is the scope of the Purchase Order.
4. **Schedule and Delay**
 - 4.1 The schedule set forth in the Specific Conditions for the performance by the Supplier of its obligations is mandatory.
 - 4.2 A Supply not involving installation is considered timely when delivered DDP (Duty Delivered Paid as per Incoterms 2000 of the International Chamber of Commerce) PPC's premises or any other place stated by PPC, while a Supply requiring installation as well as services shall be deemed made or rendered timely when provided for acceptance. The Supplier shall only be entitled to effect partial delivery / partial services with PPC's prior consent.
 - 4.3 If the Supply is delayed, PPC shall be entitled, irrespective of its other rights, to claim liquidated damages calculated at rate of 1.0 % of the order value for each commenced week of delay up to a maximum of 5 % of the order value of the Supplies. This provision shall be without prejudice to any further claims including a higher amount of damages; in the event that a claim is made for higher damages any liquidated damages already paid shall be deducted therefrom. The Supplier can produce evidence that PPC sustained lower damages or no damages. In the event that PPC does not reserve its right to claim liquidated damages at the time of acceptance of the delivery of the Supplies or subsequent performance, PPC can still claim liquidated damages up until the time of final payment.
 - 4.4 Irrespective of its other rights PPC reserves the right to terminate all or part of the Purchase Order not performed within such schedules.
5. **Packing**

Packing is free of charge and PPC shall decide at its own volition whether such shall be consigned, disposed of or returned to Supplier. Packages shall be clearly identified by reference to the Purchase Order.
6. **Delivery**

The Supply shall be delivered DDP - Delivered Duty Paid (as per Incoterms 2000 of the International Chamber of Commerce) to the place(s) of destination and within the opening hours of the reception service. Any delivery may be refused if delivered without a delivery note with the Supplier's heading for each Purchase Order, stating the Purchase Order number and, if necessary, the detailed contents of each single packing and the net and gross weights. PPC shall not be held liable for any delay in payment in case a delivery note has not been provided, has been incompletely filled in or is illegible. Quantities shall be those defined in the Specific Conditions. Irrespective of its other rights, PPC reserves the right to return to the Supplier, at Supplier's risk and expense, all anticipated and surplus deliveries, and to claim for any missing quantity as per the Specific Conditions.

7. Inspection

- 7.1 Upon receipt of the Supply, PPC shall inspect such Supply to check whether externally recognisable damages during transit or other externally recognisable defects are present. Defects which PPC discovers at the time of the receiving inspection or later shall be notified to the Supplier.
- 7.2 Complaints can be made within one month either from receipt of the Supplies or to the extent that the defects were first noticed upon handling or processing or being put into use, at the time when such defects were determined.
- 7.3 PPC is not obliged to conduct further inspections and provide further notifications other than those aforementioned.
- 7.4 PPC is entitled to reject any Supply which does not comply with the Purchase Order; PPC reserves the right to return the rejected Supply to the Supplier, at risks and expenses of the latter, and to request for the replacement or reimbursement of any so rejected Supply.

8. Transfer of title and transfer of risks

Transfer of risks and transfer of title to the Supply shall occur upon delivery of the Supply as per No. 6 hereabove, without prejudice to the right of PPC to reject a Supply as per No. 7 hereabove.

9. Prices, Invoices and Payment Terms

- 9.1 Prices: The prices indicated in the Purchase Order are fixed, firm and final, and can neither be updated nor revised and include delivery of the Supply as per No.6 hereabove.
- 9.2 Invoices: Invoices shall be sent to PPC in two copies and shall without fail indicate the Purchase Order's number, the relevant item, the designation and the quantities of Supply(ies), the dates and references of the delivery note and the detailed price. A separate invoice shall be issued for each Purchase Order.
- 9.3 Payment Terms: Payments shall be made within ninety (90) calendar days from the date of receipt of the acceptable invoice . The payment of an invoice shall not in any case whatsoever entail by itself the acceptance of the Supply(ies) delivered.
- 9.4 The time limit for payment shall begin to run upon receipt of an invoice in the proper form (9.2) and
 - a) for a Supply involving installation or erection upon acceptance
 - b) for a Supply without installation or erection upon final completion of the Supply
 - c) in no circumstances prior to the agreed date for delivery of the Supply.A prerequisite for complete Supply is the receipt of required or necessary inspection records, quality documents or other documents.
- 9.5 PPC shall only be in default of payment if PPC does not pay after receipt of a reminder from the Supplier after the due date for payment has expired.

10. Spare parts

- 10.1 The Supplier shall supply spare parts for a period equivalent to the anticipated life of the Supply on reasonable conditions which shall not be less than ten years.
- 10.2 Irrespective of 10.1, in the event that Supplier intends to discontinue the production of the Supplies, specifically of spare parts, semi-manufactured products or base material for the production of PPC, Supplier shall inform PPC twelve months prior to such discontinuation.

11. Subcontracting

The Supplier may not sub-contract the work to be performed under the Purchase Order and/or these GC PURCHASE without PPC's prior consent. Failure to obtain such consent shall permit PPC to rescind the Purchase Order in whole or in part and to claim damages.

12. Liability for Defects of Material:

- 12.1 Supplier shall be liable for defects of material of the Supply ("Defects") for a duration of two years from the date of transfer of risk as per No. 8 hereinabove, unless the law prescribes longer time periods.
- 12.2 Possible technical specifications of the Supplier shall not constitute a conclusive agreement as to composition e. g. within the context of § 434 para. 1 sentence 1 BGB (German Civil Code) or § 633 para. 2 sentence 2 BGB (German Civil Code).
- 12.3 Defects which are determined prior to or at time of transfer of risk or occur during the limitation period shall, at PPC's option, be either removed or replaced with a non defective delivery by the Supplier at Supplier's costs. This shall also apply to a delivery in respect of which the inspection has been limited to random sampling. PPC shall exercise its option at its reasonable discretion.
- 12.4 To the extent that a Defect is removed by rectification of the Defect or re-delivery, the limitation period according to 12.1 shall begin to rerun from passing of risk.
- 12.5 In the event that the removal of the Defect or replacement delivery fails or Supplier is in default of removing the defect or providing a replacement Delivery, PPC is entitled to
 - a) withdraw from the Purchase Order in whole or in part without compensation or
 - b) demand a reduction of the price or
 - c) rectify or re-deliver the Supplies by itself or arrange for rectification or re-delivery at the Supplier's cost and
 - d) claim damages instead of performance or replacement of fruitless expenditure.§ 281 para. 2 and § 323 para. 2 BGB (German Civil Code) shall remain unaffected. The same shall apply if the Supplier states that it is unable to carry out the removal of the Defect or a new replacement within a reasonable period of time.
- 12.6 In the event that PPC claims damages instead of performance, PPC reserves its right to the delivery until the Supplier has provided damages in the full amount.

- 12.7 Rectification of a Defect can be performed without setting a time limit at the Supplier's costs if delivered after default has occurred. This shall apply if due to need to avoid a default by PPC or other urgency PPC has an interest in immediate rectification of a Defect and PPC has informed the Supplier of the Defect to the extent that the urgency justifies immediate rectification of a Defect.
- 12.8 In the event that the defective Delivery from the Supplier is not taken back in spite of PPC's request that it do so, such delivery can be disposed of at the Supplier's cost or returned "freight collect" on the Supplier's account. The Supplier shall bear the risk of returning the defective Delivery to it.
- 12.9 Further claims by PPC, in particular claims relating to recourse to a company and replacement of future handling or processing costs incurred shall remain unaffected.
- 13. Recourse by PPC against Supplier**
- 13.1 If a product newly manufactured by PPC using the Supplier's Supply and sold to an end-user contains a defect caused by a fault in the Supplies, PPC can demand reimbursement of the expenses which PPC has to bear in proportion to the end-user pursuant to § 439 Para. 2 BGB (German Civil Code).
- 13.2 In the event that - due to a defect as described in No. 13.1 - PPC has to take back the product or if the end-user has reduced the price, PPC is entitled to:
- terminate the contract concluded with the Supplier in whole or in part without compensation for the Supplier, or
 - demand a reduction in price from the Supplier, and
 - claim damages instead of performance or replacement of fruitless expenditure from the Supplier.
- 13.3 The claims arising under No. 13.1 and 13.2 shall expire two (2) years from the transfer of risk pursuant to No. 8 unless the law provides for longer time limits. The limitation period expire at the very earliest two months after PPC has fulfilled the enduser's claims. The suspension of expiration of the limitation period shall terminate at the latest five years after the transfer of risk pursuant to No. 8.
- 13.4 The provisions in No: 13.1 to 13.3 shall apply accordingly if within the context of a supply chain (§ 478 BGB, German Civil Code) a customer makes a claim against PPC due to a defect in a product which has been newly manufactured by PPC using the Supplies, to the extent that the defect has been caused by a fault in the Supplies.
- 13.5 § 478 and 479 BGB (German Civil Code) shall remain unaffected.
- 14. Product Liability**
- In the event that a third party makes a claim against PPC due to faults in the Supplies, the Supplier shall immediately hold PPC harmless from such claims.
- 15. Third Parties' Proprietary Rights**
- 15.1 The Supplier shall ensure that the Supplies do not violate any proprietary rights or applications for proprietary rights of third parties ("Proprietary Rights"). The Supplier shall hold PPC and/or PPC's customers harmless from any action taken against it in or out of court due to a violation of Proprietary Rights. Where legal action is taken, the Supplier shall, upon request, provide legal counsel. The Supplier shall further be liable for any damage suffered by PPC and /or PPC's customers on account of their having trusted in the unrestricted usability of the Supplies. With respect to damage suffered by PPC's customers, the Supplier shall only be liable where PPC's customers assert any claim against PPC.
- 15.2 The Supplier shall not be held liable where it has manufactured the Supplies solely in accordance with PPC's drawings and models and the Supplier did not, and could not reasonably be expected, to be aware that it was infringing any Proprietary Rights thereby.
- 15.3 Upon request, the Supplier shall specify any Proprietary Rights applied for and used in connection with the Supplies. Where the Supplier becomes aware of any infringement of Proprietary Rights, the Supplier shall immediately notify PPC thereof of its own account.
- 16. Items provides by PPC**
- 16.1 Materials or products of any kind whatsoever provided by PPC to the Supplier shall remain PPC's property and shall be exclusively used in or for the performance of the Supplies ordered hereunder. The Supplier shall store any material etc. provided by PPC separately and shall identify PPC's property rights on the materials themselves and the business records. In the event of depreciation in value of PPC's property or loss, the Supplier shall bear the cost of replacement of PPC's property. This clause shall also apply to non-gratuitous materials which are provided to the Supplier.
- 16.2 To the extent that any of the items provided by PPC are processed, converted or transformed by the Supplier to form a new movable product, PPC shall be deemed manufacturer of such product. If such is not possible for legal reasons, PPC shall acquire joint title and ownership in said objects in the ratio of the value of the items provided by PPC to the new movable product. The Supplier shall be responsible for the gratuitous safekeeping of the new movable product for PPC with the care and diligence of a prudent business man.
- 17. Intellectual Property**
- 17.1 The Supplier undertakes not to reproduce, communicate to any person whatsoever, or exploit, for its own benefit or the benefit of a third party, or otherwise make use of, for itself or for a third party, without PPC's prior written consent, any file, document, program or tooling which has been communicated by PPC to the Supplier or has been created by the Supplier for PPC.
- 17.2 If this Purchase Order involves in whole or in part designs works and/or development of software, all the results of said works will be PPC's exclusive property as and when the work is performed by the Supplier. In this respect, if the results involve copyrights, the Supplier assigns to PPC, on a non-exclusive basis all

transferable patrimonial copyrights related to the said results. These rights include, reproduction, representation, modification, adaptation, translation, and commercialisation rights under any forms and on any media existing or to come, for the legal duration of the copyrights and on a world-wide basis. Any fees for these rights license are included in the price of the Purchase Order.

18. Tooling

Tooling manufactured by the Supplier, for and at PPC's costs shall be used solely for the purpose of performing Purchase Orders. The Supplier shall be responsible at its own cost and risk for the care and the maintenance of such tooling. The Supplier shall subscribe and maintain all necessary insurance coverage and provide proof thereof upon PPC's request. Such tooling shall at all times remain the property of PPC and the Supplier shall mark said tooling, if not already marked, with a permanent marking indicating such property. Such tooling shall be returned by the Supplier in good condition upon PPC's request.

19. Insurances

The Supplier shall take out an adequate liability insurance to cover damages caused by it for the performance of the Supplies at its own cost. To cover product liability risks, the Supplier shall maintain a business liability insurance which shall include financial loss caused by damage to products (extended liability insurance covering persons and property damage, damages abroad and the costs of product recall). Proof of the amount of the insurance covered shall be disclosed to PPC at PPC's request. The scope of legal liability shall not be restricted by the conclusion of a liability insurance policy.

20. Certificates of origin and export regulations

- 20.1 The Supplier shall submit all necessary proof (e. g. certificates of origin) which are necessary for obtaining of customs or other benefits and customs clearance as well as associated procedures, operations etc. which are necessary.
- 20.2 The Supplier shall inform PPC in writing which components, categories of components, appliances, equipment etc. are subject to export or re-export restrictions according to the Foreign Trade and Payments Regulations of the Federal Republic of Germany or, if applicable, the "US Export Regulations".
- 20.3 If an obligation outlined in No. 20.1 and/or 20.2 is violated for whatever reason, the Supplier shall bear all damages and consequences resulting therefrom for PPC and/or its customers.

21. Confidentiality

The Supplier undertakes not to disclose the documents, specifications, drawings or any other information related to PPC's Purchase Order to any other persons than those who have a strict need to know the same for the proper performance of the Purchase Order. Supplier undertakes to take all necessary measures in order to prevent any communication or disclosure of such information by itself or its agents or representatives to any third party whatsoever and to return such information immediately upon PPC's request.

22. Applicable law

All Purchase Orders shall be governed by and construed in accordance with German substantive Law. The United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 shall be excluded.

23. Jurisdiction

The exclusive place of jurisdiction shall be Paderborn, Germany.

24. Severability Clause

The legal invalidity of one or more provisions of these GC PURCHASE shall in no way affect the validity of the remaining provisions. This shall not apply if it would be unreasonable for one of the Parties to continue the Purchase Order.