

General Conditions of Supply and Delivery – Export

AS AUDIO-SERVICE GmbH valid as of September 15th, 2017

1. Scope of Supplies

1.1 The scope of supplies shall be governed by mutual declarations in writing. Where an agreement has been entered into without such mutual declarations either our written order confirmation shall govern, or where such order confirmation has not been issued, the written order of the Purchaser.

1.2 Protective devices shall be supplied to the extent required by law in the Federal Republic of Germany or as expressly agreed with the Purchaser.

1.3 All supplies shall be governed by the rules of the Verband Deutscher Elektrotechniker (Association of German Electrical Engineers) insofar as safety of supplies is concerned. Deviations are permissible if the same safety standard will be achieved by different means.

1.4 Without any qualification we reserve all titles, property rights and rights originating from copyright in respect of cost estimates, drawings and other documents; they may be disclosed to third parties only with our prior consent. All drawings and other documents pertaining to questions shall immediately be returned on request if the order is not placed with us. Foregoing sentences 1 and 2 shall apply accordingly to documents of the Purchaser; such documents may however be made available to third parties having been ordered by us to perform supplies.

1.5 The Purchaser is not granted any right to return products, unless this is explicitly regulated in these "General Conditions of Supply and Delivery – Exports".

2. Prices

The prices valid on the day of delivery shall be charged. Where not otherwise agreed, the prices are expressed in EUR.

Unless otherwise agreed shipment is "ex Works" (EXW) in accordance with Incoterms in the version valid at the time of quotation, yet subject to the limitations of Section 4. The Purchaser shall bear any costs for shipment. We will invoice these costs to the Purchaser.

Costs of transport insurance are not included in the prices.

3. Time of Delivery

3.1 The time of delivery shall be governed by the mutual written declarations. Section 1.1, sentence 2 shall apply accordingly. Timely supply is conditional upon timely receipt of all documents to be furnished by the Purchaser, necessary licenses, releases, timely clarification and approval of plans, observance of the terms of payment and other obligations agreed upon.

If these conditions are not fulfilled on time, the time of delivery shall be appropriately extended.

3.2 The time of delivery shall be deemed to have been met if the goods, ready for operation, have been delivered to the carrier within the agreed period. If delivery is delayed for reasons for which the Purchaser is responsible, the time of delivery shall be deemed to have been met if notice that goods are ready for shipment has been given within the agreed period.

3.3 If the time of delivery can be proven not to have been met because of mobilization, war, riot, strike, lockout, accidents, substantial breakdowns, official export restrictions, or in the event of unforeseeable circumstances, such period shall be adequately extended.

If the time of delivery is extended for reasons other than those stated in Section 3.3, paragraph 1, the Purchaser - insofar as he can establish credibly that he has suffered damage owing to the delay - may claim liquidated damages of 0.5 % for every complete week of delay up to an overall total of 5 % of the value of that portion of supplies that was not delivered on time.

Damage claims of the Purchaser which exceed the limit of 5 % stated in Section 3.3, paragraph 2, shall be excluded in all cases of undue delay in delivery, even after expiry of an extended period of delivery possibly granted to us. This shall not be applicable in so far as compulsory liability exists in cases of intent or gross negligence; in these cases, any compensation for damage resulting from undue delay shall be offset against the amount of the said damage claims.

The right of the Purchaser to revoke the contract after an additional period of time granted to us has ineffectively expired shall remain unaffected.

3.4 If shipment is delayed at the Purchaser's request or for reasons for which he is responsible, storage costs amounting to 0.5% of the invoiced amount may be charged for every month commenced, beginning one month after notice has been given that goods are ready for shipment; storage costs shall be limited to an overall total of 5 % of the value of the consignment that is ready for shipment unless costs incurred can be proved to be higher.

3.5 Part shipments are permissible.

4. Transfer of Risk, Transport insurance

4.1 Risk in respect of supply shall pass to the Purchaser as soon as the consignment has been handed to the first carrier.

4.2 At the request of the Purchaser, we shall insure the consignment for account of the Purchaser against loss and damage suffered during transport from premises to

premises and during subsequent storage for up to 90 days. The Purchaser shall inform us in good time of any necessary prolongations of the storage insurance. We shall then have the insurance cover extended at the expense of the Purchaser. The Purchaser shall submit claims for damages without delay to the competent average adjuster; the necessary claim documentation shall be sent to us. The Purchaser shall, furthermore, take all action necessary in settlement of the claim.

5. Payments

5.1 Unless otherwise agreed in writing, any payments shall be made in advance by Purchaser. Any payments to be made by Purchaser shall become due upon receipt of the respective invoice or pro forma invoice by the Purchaser, whichever is received earlier.

5.2 In case of default of any payment we shall be entitled to charge Purchaser default interest in the amount of 14%. Any of our further claims and remedies shall not be affected thereby.

5.3 The Purchaser may set off only such claims as are undisputed or have become res judicata.

6. Warranty

6.1 Unless otherwise stated herein, we shall provide a warranty for a period of twelve months as of transfer of risk in respect of all factory-new products supplied by us and affected at the time of transfer of risk by a defect in material or manufacturing or lacking a warranted characteristic, by repairing, at our discretion, such products free of charge or by replacing defective parts of such products with either new or recycled fully quality-assured parts, or by replacing such products with other similar products which may contain recycled fully quality-assured parts.

The costs for dismantling of defective products/parts and of the reinstallation of flawless products/parts shall be borne by the Purchaser.

The Purchaser shall bear the costs for sending defective products to us. Such products shall be sent DAP to Löhne, Germany in accordance with Incoterms in the version valid at the time of sending to us.

For spare parts and in respect of parts subject to wear and tear or deterioration (e.g. objects made of rubber, cables) the warranty period shall be six months as of transfer of risk.

Any defects discovered must be notified to us in writing without delay. We shall deliver improved or replacement parts at our discretion, CPT place of destination in accordance with Incoterms in the version valid at the time of delivery; Section 4 shall apply accordingly. The

Purchaser shall bear any costs for shipment. These costs will be invoiced to the Purchaser.

We shall not provide any warranty in respect of used products. For the avoidance of doubt this shall not apply to new products which may contain recycled fully quality-assured parts returned into the materials cycle as such parts are equivalent to factory-new parts.

6.2 The Purchaser has to comply with his contractual obligations, in particular with the agreed conditions of payment. If a notice of defect is made, the Purchaser may withhold payments to an extent which is fair and reasonable in relation to the defects having occurred.

However, if the contract is entered into in pursuance of the Purchaser's line of business, payments may only be withheld under the condition that in case of a notice of defect such notified defect is justified beyond any reasonable doubt.

6.3 The Purchaser shall allow us an appropriate time for remedying any defects.

6.4 If repair or replacement delivery has failed, or if we allow an adequate extension of time set by Purchaser to expire, without remedying the defect, Purchaser shall have the right to revoke the contract or claim a reduction of price.

6.5 The right of The Purchaser to lodge a claim because of a defect shall at all times be barred after a period of twelve months, beginning from the date of the notice of defect.

6.6 The warranty shall not cover natural wear and tear nor damage arising after transfer of risk owing to faulty or negligent handling, excessive strain, unsuitable materials for operation, improper or excessively long storage (particularly to batteries, accumulator cells, standard ear pieces, ear olives, receiver cords for pocket aids and miniature receivers), deficient civil engineering work and such influences as were not assumed to exist at the time of the contract.

6.7 We shall not be liable for consequences of any inexpert alterations or repairs carried out by the Purchaser or a third party, for works such as in-the-ear shell manufacture or the assembly of custom hearing aid carried out by a third party, or for faceplates, if alterations have been made by third parties or in the case of any damage to the faceplates caused by external influence.

6.8 Further warranty claims of the Purchaser against us or our performing agents, particularly claims for any damages not affecting the goods supplied themselves, are excluded. This shall not apply where liability is enforced by law in cases of intent, gross negligence or absence of assured characteristics.

7. Repairs or replacements beyond warranty

The performance of repairs or replacements beyond our warranty obligations is subject to a respective order by Purchaser and such order's acceptance by us.

If we agree with Purchaser on the repair or replacement of products beyond our warranty obligations, the following conditions shall apply to such repair or replacement:

- 7.1 Purchaser agrees to pay us our normal charges for service and parts for any inspection, repair or replacement of a Product.
- 7.2 Repairs or replacements shall not interrupt, extend or prolong the term of the warranty.
- 7.3 If no cost estimate is requested by the Purchaser, repair or replacement shall take place against calculation of the cost rate which is valid on the day on which the order is placed. If the order for repair or replacement is not concluded due to a cost estimate requested, the processing costs which have arisen for us shall be invoiced to Purchaser. The costs for packaging, dispatch and the return of repaired or replaced devices shall be borne by the Purchaser.
- 7.4 Repair or replacement defects shall be notified to us in writing and are only permitted within 8 days after the repaired or replaced goods have reached their place of destination.
- 7.5 If necessary, we can also offer tested used parts as spare parts or other solutions which maintain function.
- 7.6 We reserve the right to return an instrument to the Purchaser unrepaired, if any circumstances arise which preclude us from performing a proper and effective repair, e.g. the non- or no-longer-availability of spares, legal restrictions or others, without any obligation to compensate the Purchaser due to the non-performance of the repair. In this event, Purchaser shall not be obliged to pay us any remuneration.
- 7.7 If Purchaser does not explicitly advise that a product shall solely be repaired, we are also entitled to replace the relevant product with comparable products in proper condition, including products which had been rebuilt or refurbished.

8. Impossibility of Performance, Adjustment of Contract

- 8.1 If we are unable to perform our supplies, general legal principles shall apply, subject to the following conditions: If we may be held responsible for impossibility of performance, the Purchaser is entitled to claim damages. However, our liability shall be limited to 5 % of the value of that portion of supplies, which, owing to the impossibility of performance, cannot be put into useful operation. Damage claims of the Purchaser exceeding the set margin of 5 % shall be excluded. This does not apply where liability is

enforced by law in cases of intent or gross negligence. The right of the Purchaser to revoke the contract shall remain unaffected.

- 8.2 Insofar as unforeseen events as described under Section 3.3, paragraph 1 materially effect the economic consequences or substance of the supplies or have a major effect on our business, the contract shall be adjusted appropriately. If this is not justifiable from an economic point of view, we shall be entitled to revoke the contract.

9. Further Claims for Damages

Claims for damages on the part of the Purchaser other than those expressly mentioned in these General Conditions of Supply and Delivery, regardless of their legal grounds, and in particular any claims for damages not expressly mentioned, reduction of or withdrawal from this agreement, shall be excluded. Claims on the part of the Purchaser for damages, reduction of or withdrawal from agreement not ensuing from the delivery item such as breakdown, loss of use, loss of order, loss of profit as well as any other direct or indirect losses shall not remain valid in any case. This disclaimer of liability shall not apply in cases involving intent or gross negligence, or where binding law rules to the contrary.

10. Export Control

- 10.1 If Purchaser transfers goods (hardware and/ or software and/ or technology as well as corresponding documentation, regardless of the mode of provision) delivered by AS AUDIO-SERVICE GmbH or works and services (including all kinds of technical support) performed by AS AUDIO-SERVICE GmbH to a third party, Purchaser shall comply with all applicable national and international (re-) export control regulations.
- 10.2 Prior to any transfer of goods, works and services provided by AS AUDIO-SERVICE GmbH to a third party, Purchaser shall in particular guarantee that
 - There will be no infringement of an embargo imposed by the European Union, by the United States of America and/ or by the United Nations, also considering the limitations of domestic business and prohibitions of by-passing;
 - Such goods, works and services are not intended for use in connection with armaments, nuclear technology or weapons, if and to the extent such use is subject to prohibition or authorization, unless required authorization is provided;
 - The regulations of all applicable Sanctioned Party Lists of the European Union and the United States of America concerning the trading with entities, persons and organizations listed therein are considered.

10.3 If required to conduct export control checks, Purchaser, upon request by AS AUDIO-SERVICE GmbH, shall promptly provide AS AUDIO-SERVICE GmbH with all information pertaining to particular end customer, destination and intended use of goods, works and services provided by AS AUDIO-SERVICE GmbH, as well as any export control restrictions existing.

10.4 Purchaser shall indemnify and hold harmless AS AUDIO-SERVICE GmbH from and against any claim, proceeding, action, fine, loss, cost, and damages arising out of or relating to any noncompliance with export control regulations by Purchaser, and Purchaser shall compensate AS AUDIO-SERVICE GmbH for all losses and expenses resulting thereof, unless such noncompliance was not caused by fault of the Purchaser.

11. Software

11.1 If we provide software products with our products, the Purchaser and any user authorized by the Purchaser shall be granted the unlimited in time non-exclusive and nontransferable right to use these software products on the products with which they were supplied, in unchanged form and only for the purposes stated in the product description.

11.2 Software products and associated documentation must not be passed to third parties, with the exception of users authorized by the Purchaser. The Purchaser shall not be entitled to copy, redevelop or recompile any programs, nor to extract parts of any program.

11.3 Where not otherwise agreed, the consideration for use of the software provided with our products is included in the purchase price. Any enhancement by means of software of the performance of products supplied to the Purchaser shall be billed separately.

11.4 If the Purchaser performs service work on the products or engages a third party to do so, our right to use in respect of the software shall necessitate the prior conclusion of a license agreement involving a consideration.

12. Industrial Property Rights

If, in conjunction with supplies, a third party enforces justified claims against the Purchaser arising out of industrial property rights, we shall, at our discretion and expense, secure a right to use, or modify the products supplied, or replace them with products free of industrial property rights, or, if this is impossible or unreasonable, take them back against reimbursement of the purchase price. All this shall be conditional on the claims which have been raised by the third party concerning the products supplied, on the Purchaser's notifying us without delay of the assertion of third party claims following their enforcement, and on the Purchaser's not admitting such claims.

Further liability shall be excluded, other than where liability is enforced in cases of intent or gross negligence.

13. Retention of Title

Title to all goods supplied shall only pass to Purchaser upon full payment of the purchase price to us. Any third party contesting of title shall be notified to us without delay.

Upon formation of the contract, the Purchaser shall empower us to enter the retention of title in the official registers in accordance with the authoritative national legal requirements and to comply with all relevant formalities. The Purchaser shall maintain the delivered goods at his own expense for the duration of the retention of title and shall insure such goods against theft, breakage, fire, water and other risks advantageously for us. Furthermore it shall also take all measures required to ensure that our right of ownership is neither infringed upon nor revoked. In the event of further disposal prior to payment in full of the purchase price owed to us, the Purchaser shall, by way of security, assign to us future receivables arising out of further disposal to his customers, including all securities. No subsequent specific statements shall be required in this respect.

14. Data Protection

Purchaser shall not provide AS AUDIO-SERVICE GmbH with any personally identifiable information relating to any end user of any product (including but not limited to the name, gender, age, passport number, identity card number and contact information), unless such information is specifically requested by AS AUDIO-SERVICE GmbH. Where AS AUDIO-SERVICE GmbH makes such a request, Purchaser shall obtain all necessary consents from the end user prior to providing any personally identifiable information to AS AUDIO-SERVICE GmbH, and Purchaser shall be responsible for complying with all applicable laws. Upon Purchaser's request, AS AUDIO-SERVICE GmbH will enter into a data processing agreement on AS AUDIO-SERVICE GmbH's standard terms setting out its obligations in relation to such personally identifiable information.

15. Arbitration

15.1 All disputes arising out of or in connection with the contract, including any question regarding its existence, validity, invalidity, breach or termination thereof, shall be finally settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules (Rules) by three arbitrators in accordance with the said Rules.

15.2 Each party shall nominate one arbitrator for confirmation by the competent authority under the applicable Rules (Appointing Authority). Both arbitrators shall agree on the third arbitrator within 30 days. Should the two arbitrators fail, within the above time limit, to reach agreement on the third arbitrator, he shall be appointed by the Appointing Authority. If there are two or more defendants, any nomination of an arbitrator by or on behalf of such defendants must be by joint agreement between them. If such defendants fail, within the time limit fixed by the Appointing Authority, to agree on such joint nomination the proceedings against each of them must be separated.

15.3 The seat of arbitration shall be Löhne, Germany. The procedural law of this place shall apply where the Rules are silent.

15.4 The language to be used in the arbitration proceeding shall be English.

15.5 However, notwithstanding the provisions in section 15.1 – 15.4, AS AUDIO-SERVICE GmbH is entitled in its discretion to assert its rights against the Purchaser before the public court at the place of its registered office or the place of the registered office of the Purchaser. AS AUDIO-SERVICE GmbH has this right of election as long as with respect to the particular subject matter no proceeding pursuant to section 15.1 – 15.4 is pending.

16. Substantive Law

All disputes shall be settled in accordance with the provisions of this Contract and all other agreements regarding its performance, otherwise in accordance with the substantive law in force in Switzerland without reference to other laws. The application of the United Nations Convention on Contracts for the International Sale of Goods of April 11, 1980 shall be excluded.

16.1 Side agreements shall be made in writing to be effective.

16.2 AS AUDIO-SERVICE GmbH's obligation to fulfill the agreement and/or individual agreements is subject to the proviso that the fulfillment is not prevented by any impediments arising out of national and international foreign trade and customs requirements or any embargos or other sanctions.

17. Miscellaneous

If any provision of these Conditions of Supply is wholly or partly void, the remaining part of the contract shall remain unaffected. The Contracting Parties shall replace said provision with a new agreement which approximates the original one as closely as possible with respect to its legal and economic success.

AS AUDIO-SERVICE GmbH

