

CPI CARD GROUP®

Standard Terms & Conditions of Sale

Definitions and interpretation

1.1 In these terms, unless the contrary intention appears:

Purchaser means the person or entity that orders the Product(s) from any North American CPI Card Group entity, such entity being referred to herein as “CPI.” CPI Card Group shall mean CPI Card Group, Inc., and its direct and indirect subsidiaries. Only the specific CPI Card Group entity manufacturing or providing the Products will be liable under this Agreement.

Product means the financial or other card including a Smartcard and/or any services or device ordered by the Purchaser from CPI.

Specification means the written description, technical and/or functional details, if any, for the Product, provided by CPI or to CPI by the Purchaser, existing at the time of the order.

This or the Agreement means the agreement referred to in **paragraph 2.1**.

Warranty means the warranty for the Product in **paragraph 5.2**.

Warranty Period means the period of 12 months after the date on which the Product is delivered to the Purchaser.

1.2 In these terms (a) mentioning anything after **include, includes** or **including** does not limit what else might be included, (b) words denoting the singular include the plural and vice versa, (c) words denoting a gender include all genders, and (d) headings are inserted for convenience and do not affect the interpretation of these terms.

2. Orders

2.1 The Purchaser’s order of the Product constitutes its irrevocable offer to acquire the Product from CPI subject to these terms. A binding legal agreement for the supply of the Product subject to these terms will come into existence when CPI sends the Purchaser its written acceptance or starts to perform its obligations under the order, whichever occurs first. Except as otherwise agreed in a writing between the parties, the **Agreement** between the parties will consist of CPI’s quotation (if any), Purchaser’s purchase order, CPI’s acknowledgment of the order, and the terms and conditions set forth herein.

2.2 These terms prevail to the total exclusion of any terms and conditions referred to, offered or relied on by the Purchaser (including the terms of or attached to any purchase order) even if such terms and conditions are submitted to CPI after these terms are sent to the Purchaser. Provided, however, if the parties have entered into a separate written agreement (“Definitive Agreement”) for the purchase and sale of Products, the provisions of the Definitive Agreement shall prevail as to those Products, in the event of a conflict between this Agreement and the Definitive Agreement. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the sale of the Products.

3. Delivery, risk and title

3.1 Due to the manufacturing process, the quantity of Products manufactured may vary (more or less) from the quantity ordered by the Purchaser. CPI will deliver, and invoice the Purchaser for the quantity actually manufactured plus or minus 10 per cent of the quantity ordered.

3.2 Products will be supplied to the Purchaser EXW (Incoterms 2010) CPI’s facility where the Products are manufactured or provided by CPI. Risk of loss of or damage to the Product will pass to Purchaser at the time CPI delivers the Products to the carrier at CPI’s facility. CPI may ship any order in one or more instalment(s), unless the Purchaser makes a specific prior written request that CPI not make partial shipments.

3.3 Subject to **paragraphs 3.2 and 5.1**, if the delivered Product does not conform to the Purchaser’s order, the Purchaser must notify CPI in writing within 7 days of the date of delivery. If the Purchaser does not do so, it will be deemed to have accepted the delivery.

3.4 Title in the Product will pass to the Purchaser only on payment in full to CPI of the purchase price for the Product.

4. Price and payment

4.1 CPI will render an invoice for the Product when the Product is delivered to the carrier.

4.2 If the Purchaser fails to pay any amount due under this Agreement by the due date, it shall also pay CPI interest on the unpaid amount from the due date until the date on which it is paid in full, calculated on a daily basis at the annual rate

CPI CARD GROUP®
Standard Terms & Conditions of Sale

of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. The right to charge interest is in addition to any other right CPI may have in the circumstances.

- 4.3 CPI's prices do not include taxes of any kind. The Purchaser is responsible for any and all federal, state, city, provincial and similar taxes including value added, sales and/or use taxes.

5. Warranty

- 5.1 Notwithstanding any other provision of these terms, the Purchaser accepts a failure rate of up to one percent of Products in any shipment and (without limiting the foregoing) agrees not to make a claim under the Warranty until more than that percentage of Products in any shipment fails to comply with the Warranty.
- 5.2 Subject to **paragraph 5.1**, CPI warrants to the Purchaser that the Product, when shipped and during the Warranty Period, will be free from defects in materials and workmanship and will conform substantially to the Specification (the "Warranty").
- 5.3 The Warranty applies only to defects of which CPI was notified in writing during the Warranty Period and then only if (a) within 30 days after the Purchaser discovers the alleged defect, the Purchaser notifies CPI in writing of the defect and the reference number for its order pursuant to which the defective Product was delivered and the Purchaser provides to CPI a detailed report of the circumstances and nature of the failure, including details of the Purchaser's testing of the Product, (b) the Purchaser promptly answers CPI's questions in relation to the defective Product and otherwise cooperates fully with CPI in its investigation of the defect and its assessment of the Warranty claim, and (c) if requested by CPI, the Purchaser at CPI expense returns the defective Product to CPI's designated address. If the Purchaser fails to comply with any of the above, CPI will be deemed released from its obligations under the Warranty.
- 5.4 Subject to **paragraph 5.3**, if a breach of the Warranty is proved, the Purchaser's sole remedy is that CPI will, at CPI's option and at CPI's expense, replace the defective Product or refund the Purchaser's money for the defective Product. Title in any replaced Product will vest in CPI.
- 5.5 The Warranty does not apply to any Product for which the Purchaser has not paid CPI the full purchase price. It also does not apply to any defect caused by (a) a negligent or wilful act or omission of the Purchaser or its contractors, agents or employees or of the end user, (b) the use or operation of the Product other than in accordance with the Specification or in a manner not reasonably contemplated by CPI, (c) modification or repair or attempted modification or repair of the Product without CPI's prior written approval, (d) the Product being subjected to unusual or non-recommended physical, environmental or electrical factors, or (e) any other cause external to the Product, including accident or act of God.
- 5.6 EXCEPT AS SET FORTH HEREIN, THERE ARE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED. THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED.

6. Limitation of liability

- 6.1 UNDER NO CIRCUMSTANCE WILL CPI BE LIABLE, WHETHER IN CONTRACT, TORT OR OTHERWISE, TO THE PURCHASER OR PERSONS CLAIMING THROUGH THE PURCHASER FOR (A) SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL LOSS OR DAMAGE OF ANY KIND (INCLUDING EXEMPLARY OR PUNITIVE DAMAGES), OR (B) LOSS OF BUSINESS, PROFITS OR INCOME, WHETHER ACTUAL OR ANTICIPATED, OR LOSS OF DATA OR THE COST OF RE-ENTERING IT. THIS PARAGRAPH APPLIES NOTWITHSTANDING THAT CPI OR ANY OF ITS EMPLOYEES, CONTRACTORS OR AGENTS MAY BE AWARE OF THE LIKELIHOOD OF SUCH LOSS OR DAMAGE.
- 6.2 Notwithstanding any other provision of these terms, CPI does not provide any warranty or representation in respect of any software installed on the Product that was developed by, or the intellectual property rights in which are owned by, a party other than CPI and, to the full extent permitted by law, ALL LIABILITY WHATSOEVER TO THE PURCHASER OR PERSONS CLAIMING THROUGH THE PURCHASER FOR ANY LOSS OR DAMAGE SUFFERED OR INCURRED AS A DIRECT OR INDIRECT RESULT OF A DEFECT, ERROR OR PROBLEM IN OR WITH SUCH SOFTWARE IS EXCLUDED.

CPI CARD GROUP®
Standard Terms & Conditions of Sale

6.3 TO THE FULL EXTENT PERMITTED BY LAW, CPI'S TOTAL LIABILITY TO THE PURCHASER AND PERSONS CLAIMING THROUGH THE PURCHASER, WHETHER ARISING UNDER CONTRACT, TORT OR OTHERWISE, SHALL NOT UNDER ANY CIRCUMSTANCES EXCEED TWO (2) TIMES THE AMOUNT THE PURCHASER PAID CPI FOR THE PRODUCTS GIVING RISE TO SUCH LIABILITY. THE FOREGOING LIMITATION APPLIES IRRESPECTIVE OF THE NUMBER OF CLAIMS OR EVENTS GIVING RISE TO SUCH LIABILITY.

6.4 CPI shall be excused from a failure to perform any of its obligations under this Agreement to the extent that the failure is due to (a) failure of a supplier to provide, or CPI's inability to obtain, any necessary parts, materials, equipment, facilities or services required to meet contractual obligations, (b) an accident, strike, war or act of terrorism, or threat of war or an act of terrorism, cyber attack of any kind, act of God or government action or interference, or (c) any other cause beyond CPI's control.

7. Miscellaneous provisions

7.1 At any time prior to shipment of the Product, CPI may make any alteration to the Product it considers necessary to ensure that the Product complies with changed safety or other standards or any law or regulation provided that the altered Product conforms substantially to the Specification.

7.2 Notwithstanding any other term of this Agreement, copyright and other intellectual property rights in software installed on the Product remains with the copyright owner and are not transferred to the Purchaser.

7.3 The Purchaser shall not assign its order for the Product or its rights or obligations under this Agreement without CPI's prior written consent. Any assignment of rights or delegation of duties in violation of the previous sentence will be void.

7.4 If any provision of this Agreement is held invalid, unenforceable or illegal for any reason, this Agreement will remain otherwise in full force apart from that provision which will be deemed deleted.

7.5 This Agreement constitutes the entire agreement between the Purchaser and CPI relating to its subject matter and any prior arrangements, agreements, representations or undertakings are superseded. No alteration or modification of any of these terms will be valid unless set forth in a writing signed by each party to the Agreement. Provided, however, CPI reserves the right to change these terms and conditions from time to time, in its sole discretion, without the consent of any other party as to agreements to be entered into after the date these terms are published.

7.6 This Agreement shall be governed by the internal laws of the State where CPI manufactures or provides the Products and applicable U.S. federal laws, rules and regulations. Provided, further, if the CPI entity manufacturing or providing the Products is in Canada, then the laws of the province of Ontario and the laws of Canada applicable thereto shall be the governing law.

7.7 The provisions of this Agreement shall be interpreted and enforced in accordance with their plain meaning. No provision shall be interpreted against a party as a result of that party having drafted or been responsible for drafting the provision.

7.8 All notices under this Agreement shall be in writing and shall be deemed given on the date of delivery if personally delivered or if sent by reputable overnight carrier (e.g., UPS, Airborne Express or Federal Express), where signature is required. Notices may also be given by facsimile, and will be deemed received on the date sent, if sent before 5:00 p.m. local time, place of delivery, and receipt is confirmed by telephone or otherwise in writing by the recipient. Facsimile's sent after 5:00 p.m., local time, place of delivery, will be deemed given on the next business day, unless receipt is specifically confirmed by the recipient in writing on the date it is sent. Notices shall be sent to the parties at their respective addresses, as may be shown on the Purchaser's purchase order and/or CPI's quotation or order acknowledgment. Any party may change the address to which notices are to be given, by giving notice in accordance with the provisions of this **Paragraph 7.8**.

7.9 The captions of the various paragraphs and sections of this Agreement are included for ease of reference only and shall not be used to interpret, alter, change or modify any provision of this Agreement.