



APPENDIX A: VERBIAGE OF STANDARD TERMS AND CONDITIONS FOR PURCHASE ORDERS

Terms and Conditions of Purchase Agreement with Zetec, Inc.

1. **THE CONTRACT** - This contract ("Contract") shall be comprised of the following terms and conditions; and any additional terms, including any documents, drawings, or specifications, specifically stated or incorporated by reference stated on the face of Zetec Inc.'s (as may be referred to herein as "Buyer" or "Zetec") purchase order (the "Purchase Order"), and shall constitute the entire agreement between the parties. Seller's acceptance of the Purchase Order and, if a Purchase Order follows a previous quotation or offer from Seller, Buyer's acceptance of such quotation or offer will in each case be limited to and expressly conditioned upon Seller's assent to the Contract terms, and Seller will be bound by the Contract upon delivery of its order acknowledgement, commencement of delivery or production of any items, or any other act constituting legal acceptance, even if such acceptance purports to state terms or conditions additional to or different from those herein. Neither the Purchase Order nor Buyer's acceptance of any items will constitute acceptance or confirmation of any different or additional terms or conditions (preprinted or otherwise) proposed or referenced by Seller in its quotation, sales documentation, on its website, or otherwise, all of which are hereby expressly rejected by Buyer, and Buyer will have no obligation to separately reject or object to such terms, the Contract between the parties being expressly limited to the terms as set out in the Purchase Order and herein. This Contract shall be binding upon Seller's notice of acceptance, or upon commencement of performance of the Purchase Order. The Contract may not be modified, supplemented or waived; except in writing and executed by an authorized representative of either party.

2. **PRICING** - Prices set forth on the Purchase Order shall remain fixed for the duration of this agreement, except as provided herein.

3. **PACKING AND SHIPMENT** - All items shall be prepared for shipment in a manner which: (a) Follows good commercial practice; (b) Is acceptable to common carriers for shipment at the lowest rates; and (3) Is adequate to ensure safe arrival. Buyer may return, at Seller's expense, any items not in accordance with these declarations.

4. **DELIVERY** - Deliveries shall be in strict accordance with the schedule set out or referred to in the Purchase Order and in the exact quantities ordered, except where quantity variances have been agreed upon by the Buyer. The Seller shall be liable for any direct costs or penalties including liquidated damages incurred by the Buyer as a result of the Seller's failure to meet the delivery schedule or shipment to an incorrect location. The Seller will be charged all freight charges associated with reshipment.



5. **QUALITY AND ACCEPTANCE** - Unless otherwise specified, custom-manufactured products provided to Zetec shall meet the requirements of Zetec's General Workmanship Standards, COP-0005-PR-Z (current revision). Commercial, off-the-shelf (COTS) products shall be made in accordance with applicable regulatory and statutory requirements. All items are subject to Buyer's inspection and test before final acceptance at Buyer's premises. Buyer shall have the right to reject or require the correction of any item found to be defective or non-conforming, and at the Buyer's request, any defective item shall be immediately replaced and corrected by Seller. All nonconformances disposition shall be processed according to Zetec's non-conformance control procedures.

6. **WARRANTIES** – In addition to Seller's customary warranties, any express warranties associated with the Goods, and any other warranties contained herein or implied in fact or by law, Seller warrants that the goods supplied shall be free from defects in materials, workmanship, and design. Goods will conform to the specifications and/or drawings from Buyer, and to all applicable industry codes and standards, for a period of 12 months from the date of initial operation of the goods, or 18 months from the date of shipment, whichever shall occur first, or in the case of repairs, 12 months from the date of Buyer's acceptance. At Buyer's discretion, Seller shall either promptly replace or correct defects of any Goods not conforming to the foregoing warranties, without expense to Buyer, when notified of such defect, or promptly refund or credit Buyer all amounts paid for the non-conforming Goods. If the Goods are found to be defective, Seller will give the Buyer a return material authorization within two business days so the Goods can be returned to the Seller for repair or credit. All records demonstrating compliance to applicable regulatory, statutory and industry requirements sold to the Buyer shall be kept by the Seller for a period of at least the greater of five years or the time period as required by applicable law, rule, and/or regulations. These records shall be made accessible to the Buyer upon request.

7. **CHANGES** - Buyer may, at any time, by written notice, make changes within the general scope of the Contract to drawings and specifications, shipping instructions, quantities, and delivery schedules. Should any change decrease or increase the cost of or the time required for performance of this Contract, an equitable adjustment in the price and/or delivery schedule may be made. Any claims for adjustment by Seller must be made within 30 days from the date the change is ordered, or within such additional period of time, as may be agreed upon, provided that any such claims shall not delay Seller's delivery.

8. **TITLE AND RISK OF LOSS** - Unless otherwise provided in this Contract, Seller shall have title to and bear the risk of any loss of or damage to the goods, until they are delivered in conformity with this Contract at the F.O.B. point specified in the Purchase Order, and upon such delivery, title shall pass from the Seller and the Seller's responsibility for loss or damage shall cease except for loss or damage resulting from Seller's negligence or failure to comply with this Contract. Passing of title upon such delivery shall not constitute acceptance of goods by the Buyer.

9. **PATENT INDEMNITY** - Seller shall hold the Buyer, its agents, customers, and users of its products, harmless from all loss, damage and liability which may be incurred on account of a claim that the

goods, items, services, or work infringe any patent, trademark or copyright, and shall, at its own expense, indemnify and defend all claims, suits, and actions against Buyer, its agents, or customers, or the users of the goods, items, services, or work in which infringement is alleged, providing that Seller is duly notified of such claims and provided Seller indemnity shall not apply to any infringement arising from the use or sale of an item delivered hereunder in combination with other goods not delivered hereunder, where such infringement would have not occurred from the use or sale of the goods solely for the purpose for which it was designed.

10. INTELLECTUAL PROPERTY – All rights, title, interests, and ownership in the intellectual property (“IP”) of Seller and Buyer remain vested in and the property of the respective parties. Buyer shall own exclusively all rights in ideas, inventions, improvements, discoveries, works of authorship, strategies, plans, data, consulting, or engineering work created in or resulting from Seller’s performance under this Contract, including all patent rights, copyrights, moral rights, rights in proprietary information, database rights, trademark rights, know-how, trade secrets, software, and other IP rights. All such IP that is protectable by copyright will be considered “Works Made for Hire” for Buyer (as defined in 17 U.S.C. §101 *et seq.*) or Seller will give Buyer “first owner” status related to the work(s) under local copyright law where the work(s) was created. If by operation of law any such IP is not owned in its entirety by Buyer, automatically upon creation, then Seller agrees to transfer and assigns to Buyer, the entire right, title and interest throughout the world to such IP. If any Seller IP is incorporated into any item, goods, services, or work, Buyer is hereby granted a royalty-free, irrevocable, worldwide, perpetual license to use, disclose, reproduce, sublicense, modify, prepare derivative works from, perform, and display such Seller IP and improvements thereto in connection with Buyer’s ownership and use of the item, goods, services, or work. Seller further agrees to enter into and execute any documents that may be required to transfer or assign ownership in and to any such IP to Buyer.

11. NON-DISCLOSURE - In the course of Seller’s performance of this Contract, Seller may acquire knowledge (both oral and in writing) regarding confidential affairs of Buyer and confidential or proprietary information including: (a) matters of a technical nature such as know-how, formulas, trade secrets, secret processes or machines, inventions and research projects and (b) matters of a business nature such as information about costs, profits, pricing policies, markets, sales, sellers, customers, plans for future development, plans for future products, marketing plans or strategies, and other information of a similar nature, which is not generally disclosed by Buyer to the public. Since Buyer desires to keep this information confidential, and to prevent its disclosure to competitors and to the general public, Seller agrees: (a) that they will keep secret and retain in the strictest confidence all such confidential information and (b) that it will not disclose this information to anyone, except employees of Buyer authorized to receive such information, and (c) that it will not use any confidential information for any purpose, except to perform this Contract.

12. LEGAL COMPLIANCE - Seller shall comply with all national, state, and local laws and regulations governing the manufacture, transportation, or sale of items in the course of this Contract. In the United States these may include, but are not limited to, Department of Commerce, Environmental Protection Agency, and Department of Transportation regulations applicable to hazardous materials. Seller represents and agrees that it is in compliance with EEO Affirmative Action Laws and Regulations, unless exempted or inapplicable.

13. CONFORMITY - Seller shall conform to all applicable material laws and prepare all shipments in a manner which follows:

1. **Material Suitability** - Seller covenants that each chemical substance constituting or contained in goods sold or otherwise transferred to Buyer is properly documented and/or registered as required in the jurisdiction to or through which Buyer informs Seller the goods will likely be shipped to or through which Seller otherwise has knowledge the shipment will likely occur.
2. **Hazardous Material** - Seller will notify Buyer if any chemical or hazardous material the use of which is restricted in the jurisdiction to or through which Buyer informs Seller the goods will likely be shipped to or through which Seller otherwise has knowledge the shipment will likely occur.
3. **REACH** - Seller will notify Buyer if goods sold or otherwise transferred to Buyer do not conform to Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH) regulations or if product contains Substance of Very High Concern (SVHC).
4. **Restricted Material** - Seller will notify Buyer if goods sold or otherwise transferred to Buyer do not conform with: all RoHS Directives, including the original RoHS (2002/95/EC), RoHS 2 (2011/65/EU), RoHS 3 (2015/863), and any other subsequent RoHS Directive(s) published, implemented, and/or enforced, the Toxic Substances Control Act (TSCA), the Montreal Protocol, and all other applicable restricted material laws.
5. **Electrical Requirements** - Seller covenants that all goods, as required, conform to applicable electrical requirements such as UL, Canadian Standards Association (CSA), and Conformité Européenne ("CE"). Seller will affix the electrical mark on goods as required. Seller will provide all documentation required by the applicable directives, including but not limited to Declarations of Conformity, Declarations of Incorporation, technical files and any documentation regarding interpretations of limitations or exclusions.
6. **Labeling/Shipping Information** - With respect to any goods or other materials sold or otherwise transferred to Buyer hereunder, Seller shall provide all relevant information, including without limitation, Safety Data Sheets, Harmonized System Codes (HS), Certificate of Origin, mandated labeling information - all in the language and the legally required format of the location to which the goods will be shipped.
7. **Conflict Minerals** - Zetec is committed to being or becoming Democratic Republic of the Congo ("DRC") conflict free in the procurement of certain materials used in its products. Zetec has reporting obligations through its publicly traded parent company to disclose whether products it manufactures contain certain "conflict minerals" (cassiterite, wolframite, columbite-tantalite, gold or derivatives) originating from the DRC or an adjoining country. Supplier agrees to adopt and implement policies, due diligence frameworks, and management systems to ensure that minerals used in any goods supplied to Buyer are conflict-free. Additionally, Supplier agrees to timely



provide, upon Zetec's request and in a requested format, certain data concerning its supply chain that may be needed for applicable reporting obligations.

8. **Human Trafficking and Slavery** – Seller will ensure compliance with applicable laws in each jurisdiction where production or work occurs and ensure that no items are manufactured or handled by indentured, slave, or prison labor or by children under the age of 14 (or such older age as applicable in any jurisdiction). Seller is expected to comply with Buyer's Policy against Human Trafficking and Slavery. Full details of Buyer's policy can be found upon written request to Buyer or at:
<http://www.zetec.com/legal/human-rights-policy>.
9. **Counterfeit, Fraudulent and Substandard Items (CFSI)** - Seller must ensure they applied appropriate controls to prevent the use of CFSI (raw material, piece parts, or finished products) in goods supplied to Zetec

14. **CUSTOMER ACCESS** - Seller shall allow reasonable access to its facilities and to any records relating to the Contract by Buyer and its customers upon reasonable notice.

15. **TERMINATION** - Buyer may suspend or cancel all or part of the Contract upon notice to Seller and shall have no further liability to Seller; except: (a) Costs of labor and materials incurred through the termination date; or (b) Reasonable termination costs approved by Buyer.

16. **APPLICABLE LAW** - Any claim arising under or relating to this agreement shall be governed by the laws of the State of Washington, or federal courts located in the State of Washington, without regard to principles of conflict of laws.

17. **INDEMNITY** - Seller shall indemnify Buyer and hold it harmless from all liability or claims of liability, damages, costs, and expenses (including attorneys' fees and court costs) including but not limited to those for bodily injury (including death) or property damage, in any way arising out of, or related to this Contract, as it may apply to Seller's product, goods, items, services, or work. IN NO EVENT SHALL BUYER BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, LOST PROFITS, LOST SALES OR ANTICIPATED ORDERS, OR DAMAGES FOR LOSS OF GOODWILL EVEN IF BUYER WAS INFORMED OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS. BUYER'S TOTAL LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES ARISING OUT OF ANY AND ALL CAUSES WHATSOEVER SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE APPLICABLE ITEM(S).

AN EQUAL OPPORTUNITY EMPLOYER