

## **Methode Terms & Conditions for Tooling Purchases from Tool Manufacturer (China)**

### **1. General.**

**1.1** These Purchasing Terms & Conditions for Tooling ("Terms & Conditions") shall regulate the purchase of tooling and related equipment, machinery and services ("Tooling" or "Tools") by Methode Electronics (Shanghai) Co. Ltd./ Methode Surface Treatment (Zhenjiang) Co., Ltd. ("Buyer").

### **2. Acceptance.**

**2.1** The Seller confirms that it has read and understands the Terms & Conditions set forth herein and agrees that commencement of any work or services by the Seller shall constitute an acceptance of these Terms & Conditions by Seller.

**2.2** The Seller agrees that these Terms & Conditions are binding and that any terms or conditions proposed by Seller which are different from or in addition to these Terms and Conditions are deemed rejected and are not binding except to the extent that an authorized officer of Buyer expressly agrees in writing to any such proposal. This Contract is binding upon, inures to the benefit of, and is enforceable by, the parties and their respective successors and permitted assigns.

### **3. Tooling Contract.**

**3.1** These Terms & Conditions, together with any applicable purchase orders and/or supply agreements, and any attachments, appendices, exhibits or supplements specifically referenced in any such purchase orders and/or supply agreements, constitute the entire agreement between Seller and Buyer with respect to the matter contained herein (hereinafter referred to as "Contract") and such Contract supersedes all prior oral and written representations and agreements.

**3.2** The Buyer reserves the right at any time to amend or vary the Contract in any respect, including but not limited to, the specifications, drawings, and date and place of delivery.

**3.3** The Seller recognizes that time is of the essence. All deliveries of Tooling and samples (qualifying samples, first shots, first-off tool etc.) shall be made in the quantities and subject to the timing communicated by the Buyer in the purchase order and related Contract documents.

**3.4** The Seller agrees that the prices in the purchase order are complete. No changes or additions of any type to the Tool or price of the Tool shall be allowed without the Buyer's prior express written consent which shall be given at the sole discretion of the Buyer.

**3.5** Any modifications to the Tooling requested by Buyer which warrant a cost increase shall only be undertaken after an agreement has been reached in writing as to the change in cost and specifications or upon issuance of the related purchase order.

### **4. Tooling Order Progress.**

**4.1** The Buyer and its customer shall have the right, during normal business hours, to inspect the Tooling on Seller's premises during all stages, including but not limited to, during the design and manufacturing of the Tool. Seller shall furnish, and require its subcontractors to furnish, without additional charge to Buyer, reasonable facilities and assistance for the safe and convenient performance of such inspections. As to Tools on a third party's property, Seller agrees to use its best efforts, including the use of contractual terms with its supplier, to provide Buyer with access to the third party's property for purposes of inspecting the Tooling.

**4.2** Seller must comply with all Methode guidelines and quality requirements, including, if applicable, the applicable Methode supplier quality manual or vendor requirements available on the internet at <http://supplier.methode.com>.

**4.3** Seller shall: (a) properly pack, mark and ship Tooling in accordance with the requirements of Buyer, the involved carriers, and, if applicable, the country of destination; packaging shall be suitable for the type of Tooling including, where appropriate, long-distance transport, moisture-proof, waterproof,

shockproof, rustproof, resistant to rough loading and unloading and consistent with industry practices and standards, so as to prevent the Tooling from being damaged and cause the Tooling to be delivered properly to Buyer; (b) route shipments in accordance with Buyer's instructions; (c) make no charge for handling, packaging, storage, transportation or drayage of Tooling, unless otherwise stated in this contract; (d) provide with each shipment packing slips with Buyer's contract and/or order number and date of shipment marked thereon; (e) properly mark each package with a label/tag according to Buyer's instructions; (f) promptly forward the original bill of lading or other shipping receipts with the correct classification and identification of the Tooling shipped in accordance with Buyer's instructions and carrier's requirements; (g) mark each package and identify the Tooling on packing slips, bills of lading and invoices (when required) to enable Buyer to easily identify the Tooling purchased; (h) at the request of Buyer, provide electronic versions of documents and information related to the shipping and delivery of Tooling herein; and (i) promptly notify Buyer in writing if Seller is unable to comply with the shipping instructions in this contract. Buyer may charge Seller for damage to or deterioration of any Tooling resulting from improper packing or packaging.

**4.4** In the event that the Seller fails to meet the Tooling or sample specifications or delivery dates, Buyer shall have the full discretionary right, notwithstanding any payment made or any prior inspection or test, to reject the Tooling or samples or require correction by the Seller at the Seller's expense.

## **5. Subcontracting/Assignment.**

**5.1** Seller shall not assign or delegate any of its rights or obligations under this Contract or subcontract any of its performance of this Contract without Buyer's prior written consent. No assignment, delegation or subcontract by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this Contract or prejudice any of Buyer's rights against Seller whether arising before or after the date of any assignment, delegation or subcontract.

## **6. Force Majeure.**

**6.1** Neither Buyer nor Seller will be liable for any delay or failure to perform its obligations hereunder if, and to the extent that such delay or failure to perform is caused by an event or occurrence which is unforeseeable on execution of the Contract, unavoidable, and beyond the reasonable control of the party and without its fault or negligence, including, but not limited to, acts of God, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, riots, explosions, natural disasters, wars, sabotage, labor problems such as including lockouts, strikes and slowdowns, inability to obtain power, material, labor, equipment or transportation, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party within ten (10) calendar days from the occurrence of this event.

**6.2** During the period of such delay or failure to perform by Seller, Buyer may, at its option, procure the Tools from other sources and reduce its order by such quantities, without liability to Seller, or have Seller provide the Tools from other sources at a price agreed upon by the parties.

**6.3** Buyer may terminate all or any part of this Contract without liability upon written notice to Seller if such delay or failure to perform by Seller lasts more than thirty (30) calendar days.

## **7. Confidentiality.**

**7.1** Seller shall not, and shall require that its subcontractors shall not, disclose to third parties any information regarding Buyer, Buyer's business, or Buyer's customers, including without limitation any information regarding purchase orders, trade secrets, technical data, specifications, plans, processes, test results, pricing information, quality procedures and results, customer information, drawings or other confidential or proprietary information. Seller agrees not to use such information, and to require in writing that its subcontractors not use such information, for any purpose other than for purposes of performance of the Contract, without Buyer's prior written consent. Seller shall at all times protect the confidentiality of such information. In the event that Seller is required to disclose all or part of such information under the terms of a valid and effective subpoena, court order, governmental rule or regulation or other judicial requirement, Seller shall immediately notify Buyer so that Buyer may seek an appropriate protective order. If the receiving party is compelled to disclose any of the disclosing party's Confidential Information, it will disclose only the portion thereof which it is compelled to disclose and shall use its commercially reasonable efforts to obtain an order or other reliable assurance that

confidential treatment shall be accorded to the Confidential Information so disclosed. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of the Contract, Seller shall return to Buyer all such information and all copies thereof.

**7.2** Seller agrees to be bound, and will require its subcontractors to be bound, by the terms and conditions of any non-disclosure agreement agreed between Buyer and Seller.

## **8. Applicable Law and Dispute Resolution.**

**8.1** This Contract shall be governed and construed in accordance with the laws of People's Republic of China. The parties specifically disclaim application of the United Nations Convention on Contracts for the International Sale of Goods.

**8.2** Buyer and Seller will attempt to settle any claim or controversy arising out of this Contract through consultation and negotiation in good faith and spirit of mutual cooperation. Disputes will be resolved by the following process. The dispute will be submitted in writing to a panel of two (2) senior executives of Buyer and Seller for resolution. If the executives are unable to resolve the dispute within fifteen (15) days, the dispute should be solved as following:

Unless otherwise agreed, either party shall refer the dispute to China International Economic and Trade Arbitration Commission ("CIETAC") and decided in accordance with the applicable arbitral rules of such commission at the time of submission. The arbitral award is final and binding upon both Parties. The arbitration shall be held in Shanghai. The arbitration tribunal shall consist of three (3) arbitrators. Each Party hereto shall appoint an arbitrator, and the third arbitrator (being the presiding arbitrator) shall be appointed by agreement between the Parties hereto but in the event that the Parties hereto fail to appoint the third arbitrator by mutual agreement within the required period, the third arbitrator shall be appointed by CIETAC. The reasonable expense for the dispute settlement including but not limited to the arbitral and legal fees shall be borne by the losing party. The language of arbitration is Chinese.

**8.3** Use of any dispute resolution procedure will not be construed under the doctrines of laches, waiver, or estoppel to adversely affect the rights of either party. Seller's performance under this Contract will not be suspended during the pendency of any dispute. Nothing herein prevents either party from resorting directly to CIETAC arbitration if the dispute relates to Intellectual Property Rights, or interim relief from a court is necessary to prevent serious and irreparable injury to a party or others. Seller's performance under this Contract will not be suspended during the pendency of any dispute.

## **9. Termination of Contract.**

**9.1** Buyer may immediately terminate all or any part of this Contract by giving written notice to Seller in the event of the occurrence of any of the following or any other comparable events:

- Seller sells or leases, or offers to sell or lease, a material portion of its assets; or Seller sells or exchanges, or offers to sell or exchange, or causes to be sold or exchanged, a controlling interest in the shares of Seller;
- Seller is prevented from performing its duties in accordance with the Contract due to a Force Majeure event as detailed in Paragraph 6.
- Seller has been declared bankrupt or insolvent or an application has been filed for the commencement of recovery/ liquidation/ insolvency/bankruptcy or similar proceedings;
- An essential portion of the fixtures and equipment of the Seller, which portion is necessary for the performance of the Contract or purchase order, becomes the object of a seizure, expropriation or boycott;
- Seller repudiates or breaches any of the terms of the Contract, including Buyer's specifications, Seller's warranties, or delivery requirements; or
- Seller fails to make progress to the extent that in Buyer's reasonable belief, it will endanger timely and proper delivery of the Tools, goods or services, and Seller does not correct this situation

within ten (10) calendar days (or such shorter period of time if commercially reasonable under the circumstance) after receipt of written notice from Buyer specifying such failure or breach.

**9.2 Termination for Convenience.** In addition to any other rights of Buyer to terminate this Contract, Buyer may, at its option, immediately terminate all or any part of this Contract, at any time and for any reason, by giving written notice to Seller. Upon such termination, Buyer shall pay to Seller the actual costs of work-in-process and raw materials incurred by Seller in furnishing the Tooling under this Contract to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting principles to the terminated portion of this Contract; less, however, the sum of the reasonable value or cost (whichever is higher) of any goods or materials used or sold by Seller with Buyer's written consent, and the cost of any damaged or destroyed Tooling or other goods or material.

**9.3 Effect of Termination.** In the event of termination under this Paragraph 9, Seller shall continue work not cancelled and cease all cancelled work hereunder. Buyer may, in addition to any other rights, require Seller to transfer title and deliver to Buyer any completed Tooling or partially completed Tooling and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, data and contract rights that Seller has specifically produced or acquired for the canceled portion of this Contract. Upon direction from Buyer, Seller shall also protect and preserve property in its possession or control in which Buyer or its customers have an interest.

**9.4 Amounts Payable.** In the event of termination under this Paragraph 9, Buyer shall pay to Seller the payments due as of the date of termination for all completed Tooling that fully conform to the requirements of this Contract and that have been transferred and delivered to Buyer. Under all circumstances and without regard to any quantities referenced in purchase order or any other Contract documents, Buyer will not be liable for costs for finished Tooling, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized by Buyer or for any undelivered Tooling that are in Seller's standard stock or that are readily marketable. Payments made under this Paragraph shall not exceed the aggregate price payable by Buyer for finished Tooling that would be produced or performed by Seller under delivery or release schedules outstanding at the date of termination. Buyer may withhold from any amount due under this Contract any sum Buyer determines to be necessary to protect Buyer or Buyer's customers against loss because of outstanding liens or claims of former lien holders. Except as provided in this Paragraph, Buyer shall not be liable for and shall not be required to make payments to Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, human resource cost or general and administrative burden charges resulting from or arising out of termination of this Contract.

**9.5 Claims.** Within sixty (60) days from the effective date of termination and as a condition to any payment hereunder, Seller shall submit a comprehensive termination claim to Buyer, with sufficient supporting data to permit Buyer's auditors to verify and substantiate the claim, and shall thereafter promptly furnish such supplemental and supporting information as Buyer may request. Buyer, or its agents, shall have the right to audit and examine all books, records, facilities, work, material, inventories, and other items relating to any termination claim of Seller.

## **10. Payment Terms.**

**10.1** Payment terms are set forth in the purchase order and related Contract documents and are incorporated into these terms.

**10.2** Seller shall issue to Buyer an original invoice upon delivery of Tooling that shall include Buyer's contract and/or order number and line item number. Unless otherwise approved by Buyer in writing, Seller shall not bill Buyer for the Tooling at prices higher than stated on the purchase order. Seller shall accept payment by check or, at Buyer's discretion, other cash equivalent (including electronic transfer of funds). Seller shall promptly repay Buyer any amounts paid in excess of amounts due Seller.

**10.3** Unless otherwise provided by this Contract, the price of this Contract includes, and Seller is liable for and shall pay, all taxes, duties, and similar levies imposed on Seller. Buyer shall not be responsible or liable for any tax, duty or similar levy against Seller.

**10.4** At its expense, Buyer, Buyer's customer or its respective third-party designee may enter Seller's premises on reasonable notice and during normal business hours to inspect and audit Seller's documents relating to Buyer's business to substantiate the charges invoiced under this Contract, including, but not limited to, any charges resulting from termination or cancellation. Seller shall keep a separate account of the cost of all Tooling provided under this Contract in accordance with generally accepted accounting principles, and shall preserve all pertinent documents for the purpose of auditing charges invoiced by Seller for a period of three (3) years after the termination of this Contract, or such longer period as Buyer specifies in this Contract. Where Seller utilizes the services of third parties, Seller shall include in its contracts with such third parties a "right to audit" clause with terms and conditions similar to those set out in this Paragraph 10.4 as expressly or impliedly granting such right to Buyer.

## **11. Warranty.**

**11.1** Seller warrants that the Tooling and any services provided will: (a) conform to the specifications, technical standards, drawings, samples, or descriptions that have been furnished, specified or approved by Buyer; (b) comply with all laws and regulations including, but not limited to, national standards, trade standards, and local standards; (c) be merchantable and suitable for the purpose intended; (d) be wholly new and contain new components, parts and materials unless authorized in writing by Buyer; (e) be free from defects in materials and workmanship; (f) be free from defects in design to the extent furnished by Seller, even if the design has been approved by Buyer; and (g) not contain any Counterfeit Items (as defined in section 12.2).

**11.2** The warranty period begins on the date the Tooling is delivered or first put in service and extends for a period that is the later of: (a) the period provided in the purchase order or Contract; (b) Seller's standard warranty for similar Tooling or other goods; (c) Buyer's standard warranty for similar Tooling or other; or (d) the warranty provided under applicable laws or industry regulations. This warranty shall survive inspection, test and acceptance of, and payment for, the Tooling. This warranty shall run to Buyer and its successors, assigns, customers and users of the Tooling and/or services covered by this Contract. To the extent such Tooling contains components or parts that are obtained from third parties, which components or parts are the subject of any express or implied warranty, Seller shall take all commercially reasonable steps necessary and shall in good faith cooperate with Buyer to obtain for Buyer the benefit of such warranty, including, without limitation, by producing evidence to support Buyer's warranty claim. Seller warrants that the goods and/or services do not infringe, misappropriate or otherwise make unauthorized use of any Intellectual Property Rights of any third party, and that the Tooling delivered under this Contract do not infringe any Intellectual Property Rights of any third party.

**11.3** In the event that the Tooling does not conform to the warranties or the requirements of the purchase order, specifications, requirements or related Contract documents, Buyer shall have the full discretionary right, notwithstanding any prior payment or inspection or test, to reject the Tooling and receive reimbursement for prior payments, or require correction by the Seller at the Seller's expense. Seller shall, if requested by Buyer, reimburse Buyer for any incidental and consequential damages caused by such defective or nonconforming Tools. Seller shall bear all costs, expenses and loss incurred as a result of non-conformance to the warranties. Seller shall indemnify, defend and hold harmless Buyer and its customers against all losses, liabilities, and damages arising out of any alleged defect, breach of warranty or actual or alleged negligence or fault of the Seller.

## **12. Counterfeit Parts/ Components/ Ingredients.**

**12.1** Seller warrants that the Tooling delivered, unless specifically agreed by Buyer, shall (i) be new; (ii) manufactured by or purchased directly from the Original Component Manufacturer (OCM) or the Original Equipment Manufacturer (OEM), (hereinafter, the Original Manufacturer (OM)) or an authorized OM reseller or distributor; (iii) not be or contain Counterfeit Items; and (iv) contain only authentic, unaltered OM labels and other markings.

**12.2** For purposes of this Paragraph 12, a Counterfeit Item is defined to include, but is not limited to, (i) an item that is an illegal or unauthorized copy or substitute of an OM item; (ii) an item that does not contain the proper external or internal materials or components required by the OM or that is not constructed in accordance with OM design; (iii) an item or component thereof that is used, refurbished or reclaimed but Seller represents as being a new item; (iv) an item that has not successfully passed all OM required testing, verification, screening and quality control but that Seller represents as having met or passed such requirements; or (v) an item with a label or other marking intended, or reasonably likely,

to mislead a reasonable person into believing a non-OM item is a genuine OM item when it is not.

**12.3** Seller warrants that it will only act as or engage a Broker to assist it in delivering Tooling pursuant to this Contract if the Buyer provides prior written approval to do so. For purposes of this Paragraph 12, a Broker is defined as a supplier which is not authorized by, or under the oversight of, the OM with respect to such Tooling, and shall include independent distributors, non-authorized distributors, non-franchised distributors, non-authorized suppliers or non-authorized resellers.

**12.4** Seller, and Seller's Broker, if applicable and approved hereunder, shall implement an internal Counterfeit Item control process for Tooling delivered hereunder in accordance with the standards or instructions set forth in any Buyer's specifications or other provisions incorporated into the Contract. Buyer shall have the right to audit, inspect, and/or approve the processes at any time before or after delivery of the Tooling ordered hereunder. Buyer shall have the right to require changes to the processes to conform with Buyer's defined standards, if any. Failure of the Seller or Seller's Broker to conform its processes with Buyer's defined standards may result in the termination of the Contract in accordance with the termination provisions set forth herein.

**12.5** If a Tooling delivered hereunder is discovered to be a Counterfeit Item or suspected to be a Counterfeit Item, Buyer shall have the right to impound the Tooling for further investigation of its authenticity. The Seller and/or the Seller's Broker shall cooperate in good faith with any investigation conducted by Buyer, including, but not limited to, cooperation by Seller's or Seller's Broker's staffs responsible for the maintenance and disclosure of all design, development, manufacturing, and traceability records with respect to the Tooling in possession of Seller or Seller's Broker. Upon Buyer's request, Seller shall provide Buyer certificates of conformance with respect to the Tooling under investigation. Buyer shall not be required to return the Tooling to the Seller or Seller's Broker during the investigation process or thereafter. Buyer shall not be liable for payment to Seller of the price of any suspect Counterfeit Items under investigation. Seller agrees that the Buyer shall not be liable for any damages, loss, costs and expenses of any kind that may be claimed to be incurred by Seller as a result of, or arising from, Buyer's investigation of Seller's good or Buyer's disclosure to any governmental entity or third party. Seller acknowledges that examination of a Tooling for authenticity may require destruction or impounding of the Tooling. Buyer shall not be liable to Seller for the price of any Tooling destroyed by examination or impounding if the Tooling is later found to be a Counterfeit Item.

**12.6** Seller shall include the substance of this Paragraph 12 in any agreement between Seller and Seller's Broker and shall cause Seller's Broker to include the substance of this Paragraph 12 in all agreements with any lower tier subcontractors.

**12.7** Seller warrants that any hardware, software and firmware goods delivered under this Contract: (i) shall not contain any viruses, malicious code, Trojan horse, worm, time bomb, self-help code, back door, or other software code or routine designed to: (a) damage, destroy or alter any software or hardware; (b) reveal, damage, destroy, or alter any data; (c) disable any computer program automatically; or (d) permit unauthorized access to any software or hardware; and (ii) shall not contain any third party software (including software that may be considered free software or open source software) that (a) may require any Buyer software to be published, accessed or otherwise made available to the public without the consent of Buyer, or (b) may require distribution, copying or modification of any Buyer software free of charge.

### **13. Intellectual Property Rights.**

**13.1** "Intellectual Property Rights" means any and all: (a) copyrights and patents; (b) rights relating to innovations, know-how, trade secrets, and confidential, technical, and non-technical information; (c) moral rights, author's rights, and rights of publicity; and (d) other industrial, proprietary and intellectual property-related rights anywhere in the world, that exist as of the date hereof or hereafter come into existence, and all renewals and extensions of the foregoing, regardless of whether or not such rights have been registered with the appropriate authorities in such jurisdictions in accordance with the relevant legislation provided that Intellectual Property Rights shall not include trademarks, services marks or other indicia of origin. "Background Intellectual Property Rights" means any Intellectual Property Rights developed or acquired by a party which does not qualify as Developed Intellectual Property Rights. "Developed Intellectual Property Rights" means all Intellectual Property Rights (including, but not limited to, all analyses, recommendations, reports, memoranda, manuscripts, discoveries, designs, inventions or innovations, and in each case, whether or not copyrightable or

patentable) developed, written, conceived, discovered or made by Seller, its subcontractors, or employees, which (a) are developed in whole or in part during the course of performance of activities under this Contract and paid for by Buyer (or a customer of Buyer), or (b) are customizations, modifications, enhancements or derivatives of any Intellectual Property Rights of Buyer or its licensors, or (c) are developed jointly by Buyer and Seller during the course of performance of this Contract; excluding, in each case, any Intellectual Property Rights the ownership of which is specifically addressed in a separate written contract between Buyer and Seller.

**13.2** All Developed Intellectual Property Rights shall be the exclusive property of Buyer. Seller agrees to execute all papers and provide reasonable assistance to Buyer necessary to vest ownership in Buyer, and also to maintain active status, of all such Developed Intellectual Property Rights. Unless otherwise expressly authorized by Buyer in writing, Seller shall not use for any other purpose than the performance of this Contract or manufacture, sell or otherwise dispose to third parties any goods made by Seller or its subcontractors using Buyer's Property or Buyer's Intellectual Property Rights.

**13.3** Seller grants Buyer a perpetual, irrevocable, worldwide, nonexclusive, royalty-free license (with rights to grant sublicenses through multiple tiers) under Seller's Background Intellectual Property Rights to sell, copy, distribute, display, perform, repair, rebuild, adapt, use, and otherwise freely exploit in any and all media now known or later developed, all goods which Seller provides or has provided to Buyer in connection with this Contract. Buyer acknowledges that the foregoing license allows Buyer to fully utilize and exploit all goods and services sold by Seller to Buyer hereunder, but does not confer to Buyer the right to manufacture or have manufactured any such goods. Seller grants Buyer a perpetual, irrevocable, worldwide, nonexclusive license (with rights to grant sublicenses through multiple tiers) to use, modify, install, compile, copy and run any software which operates on such goods supplied by Buyer, but shall not distribute any copies of such software separately from such goods.

**13.4** Seller agrees to provide to Buyer the current or final Tooling drawings and data upon completion of Buyer's reimbursement obligation. Seller agrees that the designs, drawings, Tooling and samples are not to be reproduced in any form without Buyer's prior consent in writing.

**13.5** Seller hereby represents and warrants to Buyer that all materials, devices, services, processes and other information that Seller uses, copies or adapts hereunder are created originally by Seller and/or are licensed lawfully to Seller, with rights to allow Seller to comply with this Contract.

**13.6** Upon the occurrence of a Supply Interruption Event, Seller grants Buyer a perpetual, irrevocable, worldwide, nonexclusive license (with rights to grant sublicenses through multiple tiers) under Seller's Background Intellectual Property Rights to make, have made, sell, copy, distribute, display, perform, adapt and use, make derivative works, embed and otherwise freely exploit in any and all media now known or later developed, all materials and other information which Seller provides or has provided to Buyer in connection with this Contract to the extent necessary for Buyer or its designees to manufacture with Tooling supplied by Seller under this Contract for the remainder of the lifetime of the Buyer program utilizing the Tooling supplied by Seller. A "Supply Interruption Event" means (a) the failure by Seller to deliver Tooling under this Contract in material breach of the provisions of this Contract and such default is not cured within ten (10) days, (b) the insolvency of Seller, the entry by Seller into voluntary or involuntary bankruptcy, or the filing against Seller of a petition in bankruptcy filed against it (if such petition is not dismissed within sixty (60) days after the applicable stay becomes effective), or the appointment of a receiver with respect to all or substantially all of Seller's assets, or the cessation of the conduct of business by Seller in the ordinary course, (c) an event of force majeure, including without limitation, political or labor unrest or natural disaster, that interrupts the manufacture and/or supply of Tooling under this Contract if such force majeure event lasts longer than thirty (30) days; (d) repudiation of this Contract by Seller, or (e) termination of this Contract by cause by reason of a material breach by Seller.

**13.7** If requested in writing by Buyer, Seller grants Buyer a perpetual, irrevocable, worldwide, nonexclusive license (with rights to grant sublicenses through multiple tiers) on Commercially Reasonable Terms under Seller's Background Intellectual Property Rights to make, have made, sell, import, distribute, adapt and use and otherwise exploit all Intellectual Property Rights to the extent necessary for Buyer or its designees to manufacture with Tooling supplied by Seller under this Contract for the remainder of the lifetime of the Buyer program utilizing the Tooling supplied by Seller. For purposes of this paragraph, "Commercially Reasonable Terms" shall include a commercially reasonable royalty and take into account, among other reasonable commercial considerations, the relative technical

or other contributions by the parties and the level of business offered to the Seller and the Buyer (or the Buyer's customer's).

**14. Buyer's Property.**

**14.1** All Tooling, supplies, materials, drawings, data, machinery, equipment, jigs, dies, gauges, fixtures, molds, patterns and other items furnished by Buyer or its customer, either directly or indirectly, to Seller to perform this Contract, or for which Seller has been reimbursed by Buyer or its customer, shall be and remain the property of Buyer and held by Seller on a bailment basis ("Buyer's Property").

**14.2** Title to the Tooling and other Buyer's Property shall transfer to Buyer when Tooling are delivered to Buyer's premises or other places designated by Buyer. Seller warrants that such Tooling and Buyer's Property shall be free from any security interest, lien, encumbrance or claim and of Tooling title. Seller acknowledges that Buyer has the sole and exclusive title to Buyer's Property.

**14.3** All Buyer's Property, including Tooling, is subject to withdrawal at Buyer's direction upon reasonable notice and payment of freight. To the extent permitted by law, Seller waives its rights to object to the repossession of the Buyer's Property by the Buyer. No pulling charges will be considered should Buyer exert its right to repossess Buyer's Property.

**14.4** As to Buyer's Property, the Seller will:

- (a) properly house and maintain such property on Seller's premises,
- (b) prominently mark and identify as Buyer or its customer's property using Buyer's or Seller's tool tags as set forth in the purchase order and related Contract documents, and otherwise cooperate with Buyer's procedures regarding the identification of Buyer's Property,
- (c) refrain from commingling it with the property of Seller or with that of a third party,
- (d) adequately insure it with reputable insurers for full replacement value against loss or damage. Upon request, the Seller shall provide Buyer a certificate of insurance evidencing the insurance coverage, and
- (e) promptly notify Buyer if Buyer's Property is lost, stolen, damaged or destroyed.

While in Seller's possession, none of the Buyer's Property shall be removed from Seller's premises without Buyer's written consent. Seller shall keep such records in relation to the Tooling as Buyer may reasonably require. None of Buyer's Property shall be used in the production, manufacture or design of any goods or materials except to the order of Buyer. Seller shall not sell or otherwise dispose of Buyer's Property except where specifically authorized by Buyer in writing.

**14.5** When permitted by laws, Seller waives any lien or other rights that Seller might otherwise have in Buyer's Property, including, but not limited to, any rights of setoff, recoupment or counterclaim arising from this or any other transactions with Buyer.

**14.6** Seller will require its subcontractors to be bound, through the use of consistent contractual terms, to the terms and conditions of this Paragraph 14.

**15. Remedies.**

**15.1** Subject to any specific provisions in this Contract, Seller shall be liable for any damages, losses, costs and expenses incurred by Buyer as a result of Seller's failure to perform its obligations in the manner required by this Contract. The rights and remedies reserved to Buyer in this Contract shall be cumulative, and additional to all other or further remedies provided in law or equity.

**16. No Implied Waiver.**

**16.1** The failure of either party at any time to require performance by the other party of any provision of this Contract shall in no way affect the right to require such performance at any time thereafter, nor

shall the waiver of either party of a breach of any provision of this Contract constitute a waiver of any succeeding breach of the same or any other provision.

**17. Relationship of Parties.**

**17.1** Seller and Buyer are independent contracting parties and nothing in this Contract shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

**18. Setoff/Recoupment.**

**18.1** In addition to any right of setoff or recoupment provided by law, Buyer shall have the right to setoff against or to recoup from any amounts due to Seller from Buyer under this Contract.

**19. Customs; Export Controls.**

**19.1** Credits or benefits resulting or arising from this Contract, including trade credits, export credits or the refund of duties, taxes or fees, shall belong to Buyer. Seller shall provide all information necessary (including written documentation and electronic transaction records) to permit Buyer to receive such benefits or credits, as well as to fulfill its customs related obligations, origin marking or labeling requirements and local content origin requirements, if any.

**19.2** Seller will not violate, and will not cause Buyer to violate, any export control laws (e.g. by transshipping Tooling or other goods through, or supplying Tooling, other goods or services, from sanctioned countries). Seller agrees to comply with applicable export control and sanctions laws and regulations of the United States of America, of member States of the European Union, and any other relevant country (the "Export Control Laws"). Export licenses or authorizations necessary for the export of Tooling or other goods or performance of services hereunder shall be the responsibility of Seller unless otherwise indicated in this Contract, in which event Seller shall provide such information as may be necessary to enable Buyer to obtain such licenses or authorizations. Seller shall undertake such arrangements as necessary for the Tooling to be covered by any duty deferral or free trade zone program(s) of the country of import.

**20. Compliance with Law.**

**20.1** Seller, and all Tooling or other goods and services provided by Seller, shall comply with all applicable national, state, provincial, and local laws, ordinances, rules, and regulations, including those relating to the manufacture, labeling, transportation, importation, exportation, licensing, approval or certification of the Tooling, environmental matters, data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety. Seller warrants and represents that neither it nor any of its subcontractors will utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the supply of or provision of Tooling under this Contract. Seller agrees to comply with all applicable anti-corruption laws, including, without limitation, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, and that neither it nor any of its subcontractors, vendors, agents or other associated third parties will engage in any form of commercial bribery, nor directly or indirectly provide or offer to provide, anything of value to or for the benefit of, any official or employee of a governmental authority or of any government-owned, government controlled or government-affiliated entity to obtain or retain any contract, business opportunity or other business benefit, or to influence any act or decision of that person in his/her official capacity. At Buyer's request, Seller shall certify in writing its compliance with the foregoing. Seller will indemnify and hold Buyer harmless from and against any liability, claims, demands or expenses (including, without limitation, legal or other professional fees) arising from or relating to Seller's noncompliance.

**21. Kickbacks.**

**21.1** Seller represents, warrants, covenants and agrees that Seller and its directors, employees, agents, servants, representatives do not and will not give or ask to be given anything of value including, but not limited to, any money, goods or services to Buyer and its directors, employees, agents, servants or representatives, directly or indirectly, so as to influence the objective and just business decision to be made. Seller and Buyer are committed to conducting their business based on the principle of "fair

dealing” and each agrees that it has established or will establish a system to ensure that itself and its directors, employees, agents, servants and representatives will not accept kickbacks or bribes or receive any improper commission or personal benefit.

**22. Methode Supplier Code of Conduct.**

**22.1** Seller shall comply, and shall cause all its subcontractors to comply, with Methode’s Supplier Code of Conduct and any applicable supplements in effect. Methode’s Supplier Code of Conduct is available online at <http://supplier.methode.com> or from Buyer’s purchasing representative.

**23. Advertising.**

**23.1** Seller shall not, and shall require that its subcontractors shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer the goods or services covered by this Contract, or use any trademarks or trade names of Buyer, regardless of whether such marks are registered or otherwise identified as trademarks or trade names, in Seller’s advertising or promotional materials.

**24. Insurance.**

**24.1** Seller shall purchase and maintain insurance coverage with reputable carriers in the amounts and of the types acceptable to Buyer and adequate to meet the requirements of the laws and regulations of the country, state, or other governmental division in which the work or any portion of work is performed and to ensure the performance of this Contract and Seller’s legal and stable operation. At Buyer’s request, Seller shall furnish certified copies of certificates of insurance reflecting compliance with the requirements herein. Such certificates shall be kept current during the term and warranty period of this Contract, and shall provide for thirty (30) calendar days’ prior written notice to Buyer from the insurer of any termination or reduction in the amount or scope of coverage. Seller’s furnishing of certificates of insurance or purchase of insurance shall not release Seller of its obligations or liabilities under this Contract. By requiring insurance herein, Buyer does not represent that coverage and limits will necessarily be adequate to protect Seller.

**25. Miscellaneous.**

**25.1** In the event that these Terms and Conditions, the purchase order or Contract shall be translated for any reason, the English version will govern.

**25.2** In the event of a conflict between these Terms and Conditions and the terms and conditions of a purchase order, the terms and conditions of the purchase order shall prevail to the extent of the conflict.

**25.3** If any term(s) of this Contract is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term shall be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this Contract shall remain in full force and effect.

**25.4** The warranties, representations, and obligations that expressly survive under these Terms & Conditions or that, by their nature or context, are intended to survive shall survive the termination or expiration of these Terms & Conditions and/or Contract, including, without limitation, the rights and obligations set forth in Paragraph 7, 11, and 13.

**25.5** All notices and other communications required or contemplated under this Contract must be written and signed by an authorized representative of the party providing such notice and be transmitted to Buyer’s purchasing representative at the purchasing representative’s address specified in the Contract by (i) personal delivery, (ii) expedited messenger service, (iii) registered or certified mail, postage prepaid and return receipt requested, (iv) electronic facsimile with confirmed answer back, or (v) electronic mail with confirmed answer back. Notices in conformity with the requirements of this Paragraph will be deemed given upon receipt verified by the receiving party’s acknowledgment.