

Methode Terms and Conditions for Production Purchasing (NA)

1. General

1.1. The following terms and conditions (“Terms & Conditions”) shall apply to all purchase orders and supply agreements between Methode Electronics Inc. (and all of its affiliated companies) (“Buyer”) and its suppliers (“Seller”).

1.2. Seller has read and understands these Terms and Conditions, and agrees that Seller’s written acceptance or commencement of any work or service under this Contract shall constitute Seller’s acceptance of these Terms and Conditions. Any terms or conditions proposed by Seller which are different from or in addition to these Terms and Conditions shall be deemed rejected by Buyer, except to the extent that an authorized officer of Buyer expressly agrees in writing to any such proposal and are done in accordance with Paragraph 39.1. These Terms & Conditions, together with any applicable purchase orders and/or supply agreements, and any attachments, appendixes, 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 or written representations and agreements.

2. Packing, Shipping and Delivery.

2.1. Seller shall: (a) properly pack, mark and ship goods 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 good including, where appropriate, long-distance transport, moistureproof, waterproof, shockproof, rustproof, resistant to rough loading and unloading, and consistent with industry practices and standards, so as to prevent the goods from being damaged and cause the goods to be delivered properly to Buyer; (b) route shipments in accordance with Buyer’s instructions; (c) make no charge to Buyer for handling, packaging, storage, transportation or drayage of goods, 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 goods shipped in accordance with Buyer’s instructions and carrier’s requirements; (g) mark each package and identify the goods on packing slips, bills of lading and invoices (when required) to enable Buyer to easily identify the goods purchased; (h) at the request of Buyer, provide electronic versions of documents and information related to the shipping and delivery of goods 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 goods resulting from improper packing or packaging.

2.2. Unless otherwise stipulated in this Contract, title and risk of goods under this Contract shall be transferred from Seller to Buyer when goods are delivered to Buyer’s premises or other places designated by Buyer.

3. Schedule and Quantity.

3.1. Time and quantity are of the essence in Seller’s performance hereunder, and Seller shall strictly adhere to the schedules and quantity specified in Buyer’s purchase order, releases or other contract documents. Seller warrants that it has the capacity to attain the standard weekly requirement (“SWR”), if any, set forth in the purchase order. Seller also warrants that it has the capacity to attain the maximum weekly requirement (“MWR”), defined as the standard weekly requirement plus 20%, without any additional cost to Buyer or Buyer’s resources (including additional equipment or tooling) on a sustained basis. Without any cost to Buyer, Buyer shall have the right to return without payment any goods delivered to Buyer which are not on time or are in excess of quantities specified in Buyer’s purchase order or release, whichever is applicable. For orders in which quantities and/or delivery schedules are not specified, Seller shall deliver goods in such quantities and times as Buyer may direct.

3.2. In the event of any anticipated or actual delay, including, but not limited to, delays attributed to labor disputes, Seller shall: (a) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; and (b) provide Buyer with a written recovery schedule. Unless Seller is excused from prompt performance as provided in Paragraph 21 of this Contract, Buyer shall have the right to: (a) choose other transportation service providers and require a more expeditious method of transportation for the goods than the transportation method originally specified by Buyer, such transportation expense incurred by Buyer to be borne by Seller; or (b) order the goods from an alternative source and charge Seller the difference in price between the alternative goods and the Contract goods. Seller shall be liable for all additional costs incurred by Buyer as a result thereof, including, but not limited to, price difference (including imported parts), transportation fee, related overtime pay, and all losses arising from Seller's delay of delivery to Buyer's customers.

4. Suspension of Work. Buyer may, by written order, change the rate of scheduled shipments or direct temporary suspension of all or part of scheduled shipments, neither of which shall entitle Seller to a modification of the price for goods covered by this Contract.

5. Quality Control; Inspection.

5.1. Seller agrees to participate in Buyer's supplier quality and development program(s) and to comply with all quality requirements and procedures specified by Buyer, as revised from time to time, including those applicable to Seller as set forth in Buyer's supplier quality manual or vendor requirements available online at <http://supplier.methode.com>. Seller shall permit Buyer to review procedures, practices, processes and related documents to ensure such compliance.

5.2. Buyer and Buyer's customers may enter Seller's facility, including Seller's subcontractors' facilities, at reasonable times, including during the period of manufacture and prior to and after delivery, to inspect such facility and the goods, materials and any property of Buyer covered by this Contract. 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.

5.3. Seller shall immediately notify Buyer in writing when discrepancies in Seller's process or materials are discovered or suspected which may affect the goods delivered or to be delivered under this Contract.

6. Nonconforming Goods.

6.1. Buyer has the right to inspect any and all of the goods, both prior to and after making payment. Seller acknowledges and agrees that Buyer may choose not to perform incoming inspections with respect to the goods, without prejudice to any rights or remedies available to Buyer hereunder or at law and Seller waives any rights to require Buyer to conduct such inspections. Buyer's inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, or Buyer's failure to inspect shall not constitute Buyer's acceptance of any work-in-process or finished goods.

6.2. To the extent Buyer rejects goods as nonconforming, the quantities under this Contract will automatically be reduced unless Buyer notifies Seller otherwise. Seller will not replace quantities so reduced without a new written requirement or delivery schedule from Buyer. Seller, at its expense and risk, shall withdraw such nonconforming goods in accordance with Buyer's instructions. Seller's failure to withdraw nonconforming goods within the period stipulated in Buyer's instructions or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity, shall entitle Buyer at its option, to charge Seller for storage and handling, or to dispose of the goods, without any liability to Buyer. Notwithstanding the foregoing, Buyer may at its option and at Seller's expense: (a) return the nonconforming goods for credit or refund; (b) return the nonconforming goods and require Seller to promptly correct or replace the goods; (c) retain the nonconforming goods and either repair the goods itself or request Seller do so, on or off-site; or (d) obtain replacement goods from another source.

6.3. Seller shall bear all costs and expenses and loss of value incurred as a result of or in connection with nonconformance and repair, replacement or other correction.

6.4. This Paragraph 6 shall not limit or impair Buyer's right to assert any legal remedy pursuant to or in connection with this Contract or relieve Seller's responsibility for latent defects. Acceptance of goods or services, or payment for goods or services, by Buyer shall not constitute acknowledgement of the goods and services as conforming, and will not relieve Seller of any obligations or liabilities under this Contract or impair any rights or remedies of Buyer.

7. Invoice and Payment.

7.1. Seller shall issue to Buyer an original invoice upon delivery of goods or services 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 goods 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.

7.2. Seller warrants that the prices for the goods sold or services provided to Buyer are not higher than those extended to any other customer for the same or similar goods or services in similar quantities. If Seller violates this warranty, Seller shall retroactively reduce the prices hereof correspondingly.

8. Taxes. 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.

9. Changes.

9.1. Buyer reserves the right at any time to direct changes, or cause Seller to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by this Contract, including work with respect to such matters as inspection, testing or quality control. Seller shall promptly make such changes, provided that if such change increases or decreases the cost or time required to perform this Contract, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Any changes to this Contract shall be made in accordance with Paragraph 39.1.

9.2 Production Parts Approval Process. Without prior written approval of Buyer, Seller shall not make any change in material, specification or manufacturing process or make any modifications whatsoever once the parts have passed Production Parts Approval Process ("PPAP") or any similar approval process.

10. Service and Replacement Parts.

10.1. Seller will sell to Buyer goods necessary for it to fulfill its current model service and replacement parts requirements at the price(s) specified in the purchase order for the goods. If the goods are components or parts of systems or modules, Seller will sell the components or parts that comprise the system or module at price(s) that shall not, in the aggregate, exceed the purchase order price of the system or module less assembly costs.

10.2. During the fifteen (15) year period after Buyer completes current model purchasing or the period stated in the purchase order, Seller shall maintain, at its expense, the ability to and shall sell service and replacement parts to Buyer to fulfill Buyer's past model service and replacement parts requirements. Unless otherwise agreed to by Buyer, the price(s) during the first three (3) years of this period shall be the price(s) in effect at the conclusion of current model purchases. For the remainder of this period, the price(s) for goods shall be negotiated by the parties in good faith.

10.3. When requested by Buyer, Seller shall make literature and other materials available at no additional charge to support Buyer's service and replacement parts sales activities.

11. Buyer's Property.

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

11.2. Buyer shall make no warranty on the quality of Buyer's Property, and Seller shall inspect any and all of such Buyer's Property before taking possession, custody or control as a bailment. Seller assumes all risk of loss, destruction or damage to Buyer's Property while in Seller's possession, custody or control, including any transfer to Seller's subcontractors.

11.3. Seller at its expense shall: (a) properly house Buyer's Property to a commercially reasonable standard; (b) maintain Buyer's Property, including its repair or replacement, in the condition necessary to produce the goods in accordance with the terms of the purchase order and this Contract and be responsible for all wear and tear, excluding normal wear and tear; (c) conspicuously mark Buyer's Property as the property of Buyer or otherwise cooperate with Buyer's procedures regarding the identification of Buyer's Property; (d) prevent the commingling of Buyer's Property with property owned by Seller or a third party; (e) obtain Buyer's prior written consent before moving Buyer's Property to another location of Seller or a third party; (f) use Buyer's Property solely in the performance of this Contract unless specifically authorized in writing by Buyer; (g) keep and maintain, and provide proof upon Buyer's request of, adequate insurance against risk of loss, destruction or damage to Buyer's Property, even if it occurs despite Seller's exercise of due care; and (h) promptly notify Buyer if Buyer's Property is lost, stolen, damaged or destroyed. Buyer may, with five (5) days prior written notice, audit all pertinent documents of Seller and its subcontractors, and make reasonable inspection of Seller's and its subcontractor's premises, in order to verify compliance with the provisions of this Paragraph 11.3.

11.4. Upon the request of Buyer and at Buyer's option, Seller shall immediately release or deliver Buyer's Property to Buyer, either: (a) F.O.B. transport equipment at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property; or (b) to any location designated by Buyer, in which event Buyer shall pay to Seller the reasonable costs of delivering such property to such location. Seller is responsible for labor and other costs of dismounting, dismantling and staging Buyer's Property for release or delivery. Seller agrees that in the event of its failure to hand over possession of Buyer's Property immediately upon Buyer's request, Buyer shall be entitled to enter Seller's premises and take possession thereof without any written or oral notification and Seller shall provide assistance to Buyer under these circumstances.

11.5. 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.

11.6. Seller will require its subcontractors to be bound, through the use of consistent contractual terms, to the terms and conditions of this Paragraph 11.

12. Seller's Property.

12.1. Unless otherwise agreed to by Buyer, Seller, at its expense, shall furnish, keep in good condition, and replace when necessary all machinery, data, equipment, tools, jigs, drawings, dies, gauges, fixtures, molds, patterns and other items ("Seller's Property") necessary for the production of the goods under this Contract. The cost of changes to Seller's Property necessary to make design and specification changes authorized by Buyer with its prior written consent shall be paid for by Buyer. Seller shall insure Seller's Property with full fire and extended coverage insurance for its replacement value thereof

12.2. Seller grants Buyer an exclusive, irrevocable option to take possession of and title to Seller's Property that is special for the production of the goods upon payment to Seller of its net book value and any amounts which Buyer has previously paid; provided, however, that this option shall not apply if Seller's Property is used to produce goods that are the standard stock of Seller or if a substantial quantity

of like goods are being sold by Seller to others. Seller shall promptly provide Buyer the opportunity to inspect Seller's Property and also provide information regarding Seller's Property to the Buyer upon request.

13. Intellectual Property Rights.

13.1. "Intellectual Property Rights" means any and all: (a) copyrights, trademarks, 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 applications, 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. "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 are 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 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 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 hereby represents and warrants to Buyer that all materials, devices, processes, services 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.

13.5. 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 goods supplied by Seller under this Contract for the remainder of the lifetime of the Buyer program utilizing the goods supplied by Seller. A "Supply Interruption Event" means (a) the failure by Seller to deliver goods 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 goods 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 reason of a material breach by Seller.

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 the goods supplied by Seller under this Contract for the remainder of the lifetime of the Buyer program utilizing the goods supplied by Seller. For purposes of this Paragraph, "Commercially Reasonable Terms" shall include a commercially reasonable royalty and shall 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. Confidentiality.

14.1. Buyer and Seller shall keep confidential and protect from unauthorized use and disclosure all confidential or proprietary data or information disclosed by one party to the other under this Contract, including but not limited to, trade secrets, technical data, product specifications, testing specifications, processes, and results, pricing information, quality procedures and results, customer information, and any other information to the extent that information is identified orally or in writing as confidential by the producing party at the time it is shared or within a reasonable time thereafter (collectively, "Confidential Information"). Confidential Information shall not include information that: (a) now or subsequently becomes generally available to the public through no fault or breach of the receiving party; (b) the receiving party can demonstrate to have such information rightfully in its possession prior to disclosure without being bound by similar confidentiality obligations; (c) the receiving party rightfully obtains from a third party who has the right to transfer or disclose such information; or (d) is independently developed by the receiving party without reference to the Confidential Information of the disclosing party. Buyer and Seller shall each restrict disclosure of Confidential Information only to those who have a "need to know" in order for the party to perform its obligations under this Contract and shall use Confidential Information of the other party only in performance of and for the purpose of this Contract.

14.2. In the event that the receiving party is required to disclose all or part of the disclosing party's Confidential Information under the terms of a valid and effective subpoena, court order, governmental rule or regulation or other judicial requirement, the receiving party agrees to immediately notify the disclosing party of the existence, terms and circumstances surrounding such a request or requirement so that the disclosing party may seek an appropriate protective order or waive compliance by the receiving party with the appropriate provisions of this Contract. 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.

14.3. Despite any other obligations or restrictions imposed by this Paragraph 14, Buyer shall have the right to use, disclose and reproduce Seller's Confidential Information, and make derivative works thereof, for the purposes of testing, certification, use, sale or support of any goods or services delivered under this Contract. Any such use, disclosure, reproduction or derivative work by Buyer shall, whenever appropriate, include a restrictive legend suitable for the particular circumstances.

14.4. Seller may disclose Confidential Information of Buyer to its subcontractors as required for the performance of this Contract, provided that Seller informs them of the confidential status of the information provided to them and takes all reasonable steps to ensure they maintain the confidentiality of Buyer's Confidential Information. Seller shall be liable to Buyer for any breach of any obligations hereunder by such subcontractor.

14.5. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of this Contract, Seller shall return to Buyer all of Buyer's Confidential Information and all materials derived therefrom, unless specifically directed otherwise in writing by Buyer. Buyer shall have the right to audit Seller's compliance with this Paragraph 14. The provisions of this Paragraph 14 shall survive the performance, completion, termination or cancellation of this Contract.

14.6. 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.

15. Warranty.

15.1. Seller warrants that all goods and/or services covered by this Contract 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 and parts 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, components or materials (as defined in section 16.2). The warranty period begins on the date the goods or services are delivered to Buyer and extend for a period that is the later of: (a) the period provided in the purchase order or other contract documents (b) Seller's standard warranty for similar goods and/or services; (c) Buyer's standard warranty for similar goods and/or services; or (d) the warranty provided under applicable laws or industry regulations. This warranty shall survive inspection, test and acceptance of, and payment for, the goods and services. This warranty shall run to Buyer and its successors, assigns, customers and users of goods covered by this Contract. To the extent such goods contain 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.

15.2. Seller warrants that it has good and warrantable title to the goods and/or services, free and clear of any security interests, liens or encumbrances, and that Seller has full power and authority to enter into this Contract and to convey all rights and licenses granted to Buyer under this Contract.

15.3. 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 goods and/or services delivered under this Contract do not infringe any Intellectual Property Rights of any third party.

15.4. Seller warrants that all goods and/or services provided hereunder meet Buyer's environmental protection, occupational safety and hygiene requirements and obey national and local environmental protection and occupational safety and hygiene laws and regulations.

15.5. Without prejudice to the provisions of paragraph 6, if the goods and/or services do not comply with the warranties in this Contract, Buyer may, at its option, and at Seller's expense: (a) return for credit or refund; or (b) require prompt correction or replacement of the defective or nonconforming goods and/or services. Without limiting the foregoing, should any goods fail to conform to the warranties set forth in Paragraph 15, Buyer shall notify Seller and Seller shall, if requested by Buyer, reimburse Buyer for any incidental and consequential damages caused by such defective or nonconforming goods, including, but not limited to, costs, expenses, losses, attorney's or other professional fees incurred by Buyer: (a) in inspecting, sorting, repairing or replacing such defective or nonconforming goods; (b) resulting from production interruptions; (c) conducting recall campaigns or other corrective service actions; and (d) for claims or litigation arising from death, injury or property damage caused by such defective or nonconforming goods. If requested by Buyer, Seller will enter into a separate agreement for the administration or processing of warranty chargebacks for defective or nonconforming goods. Seller agrees that the foregoing remedies are in addition to any other remedies provided elsewhere in this Contract and remedies available under law or equity.

16. Counterfeit Parts/Components/Ingredients.

16.1. Seller warrants that the goods 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.

16.2. For purposes of this paragraph 16, 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.

16.3. Seller warrants that it will only act as or engage a Broker to assist it in delivering goods pursuant to this Purchase Order if the Buyer provides prior written approval to do so. For purposes of this Paragraph 16, a Broker is defined as a supplier which is not authorized by, or under the oversight of, the OM with respect to such goods, and shall include independent distributors, non-authorized distributors, non-franchised distributors, non-authorized suppliers or non-authorized resellers,

16.4. Seller, and Seller's Broker, if applicable and approved hereunder, shall implement an internal Counterfeit Item control process for goods 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 goods 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.

16.5. If a good delivered hereunder is discovered to be a Counterfeit Item or suspected to be a Counterfeit Item, Buyer shall have the right to impound the good 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 good in possession of Seller or Seller's Broker. Upon Buyer's request, Seller shall provide Buyer certificates of conformance with respect to the good under investigation. Buyer shall not be required to return the good 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.

16.6. Seller agrees that the Buyer shall not be liable for any damages, losses, 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.

16.7. Seller acknowledges that examination of a good for authenticity may require destruction or impounding of the goods. Buyer shall not be liable to Seller for the price of any goods destroyed by examination or impounding if the good is later found to be a Counterfeit Item.

16.8. Seller shall include the substance of this Paragraph 16 in any agreement between Seller and Seller's Broker and shall cause Seller's Broker to include the substance of this Paragraph 16 in all agreements with any lower tier subcontractors.

16.9. 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.

17. Access to Buyer's Plants and Properties. Seller shall, and cause Seller's subcontractors to, comply with all the rules and regulations established by Buyer for access to and activities in and around premises controlled by Buyer or Buyer's customer.

18. Ingredients Disclosure; Special Warnings and Instructions. If requested by Buyer, Seller shall promptly furnish to Buyer in such form and detail as Buyer may direct: (a) a list of all ingredients in the goods purchased hereunder; (b) the amount of all ingredients; and (c) information concerning any changes in or additions to such ingredients. Prior to and during the shipment of the goods purchased hereunder, Seller agrees to furnish to Buyer sufficient warning and notice in writing (including appropriate labels on goods, containers and packing) of any hazardous material that is an ingredient or a part of any of the goods, together with such special handling instructions as may be necessary to advise carriers, Buyer and their respective employees on the measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use or disposal of the goods, containers and packing shipped to Buyer.

19. Indemnification.

19.1. Seller shall indemnify, defend and hold harmless Buyer and its customers, officers, directors, employees, contractors, predecessors and successors in interest, assigns, parents, subsidiaries, divisions, and agents (the "Buyer Indemnified Party") against all claims, suits, actions, awards, liabilities, damages, costs, attorney's fees and other professional fees (collectively, "Claims") for any death, injury or property damage relating to or arising out of the acts or omissions of Seller or its officers, directors, employees, contractors, representatives, or agents (the "Seller Indemnifying Party") under this Contract, including without limitation any defect or alleged defect in the goods supplied by the Seller Indemnifying Party, any actual or alleged negligence or fault of the Seller Indemnifying Party in connection with the design or manufacture of the goods, or any breach by the Seller Indemnifying Party of the representations and warranties under the Contract.

19.2. Seller shall indemnify, defend and hold harmless the Buyer Indemnified Party against any Claims related to or arising out of the actual or alleged infringement of any Intellectual Property Rights (including, but not limited to, patent, trademark, copyright, industrial design, or based on misuse or misappropriation of information or documents, regardless of whether such Intellectual Property Rights are registered) in connection with the goods or services hereunder, including such Claims in which Seller has provided only part of the goods or service or has expressly waived any claim against Buyer that such infringement relates to or arises out of Seller's compliance with specifications or designs furnished by Buyer.

19.3. The Buyer Indemnified Party will duly notify Seller of any Claim and shall provide reasonable assistance to Seller, at Seller's expense, to enable Seller to defend the Claim. Buyer shall have the right to reasonably reject counsel selected by Seller and the right to reject any settlement that would negatively impact Buyer as determined solely by Buyer. Unless otherwise provided herein, Buyer may, at its sole expense, actively participate in any suit or proceeding, through its own counsel.

19.4. Notwithstanding the foregoing, in the event of a product liability related claim, Buyer has the right, at Seller's reasonable expense, to conduct the defense of any such claim relating to the goods covered by this Contract. Seller shall provide reasonable assistance, including technical expertise, to Buyer in conducting the defense of any such claim. Seller and Buyer shall communicate and cooperate with each other and, if required, with the appropriate insurance carrier, to the fullest extent reasonably possible in investigating the facts and circumstances surrounding any actual, potential or threatened product liability claim relating to any goods manufactured and sold under this Contract and in litigating the matter.

20. Recall; Preventative Actions on Serial Defects.

20.1. Buyer or Seller, as the case may be, shall inform the other of any defect or nonconformity of goods as soon as possible after it has been discovered or within the time period specified by any governmental regulation, whichever is shorter. Buyer and Seller shall cooperate fully with each other to identify the cause of the defect or nonconformity and to develop a plan for prompt remediation. Notwithstanding the foregoing, Buyer may unilaterally undertake any recall campaign or preventative action if the parties cannot agree on a course of action and/or on the safety or environmental relevance of a defect. In such event, Seller shall cooperate fully with and provide reasonable assistance to Buyer.

20.2. Seller shall within a reasonable period reimburse Buyer for all costs and expenses of any recall campaign or preventative action related to any defect or nonconformity of products for which Seller is responsible, including customer mailing(s), parts at dealer reimbursement levels less any profit to Buyer, dealer labor and sublet charges, any governmental imposed fines or penalties, and attorney's or other professional fees.

21. Force Majeure. 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 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. During the period of such delay or failure to perform by Seller, Buyer may, at its option, procure goods from other sources and reduce its order by such quantities, without liability to Seller, or have Seller provide the goods from other sources in quantities and at times requested by Buyer, and at a price agreed upon by the parties. 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.

22. Protection of Supply. Seller at its expense shall take such actions as are necessary to ensure the supply of goods to Buyer for a period of at least thirty (30) calendar days during any anticipated labor disruption or resulting from the expiration of Seller's labor contract(s). If requested by Buyer, Seller shall, within ten (10) calendar days, provide adequate assurances that the delay shall not exceed thirty (30) calendar days. If the delay lasts more than thirty (30) calendar days or Seller does not provide adequate assurance that the delay will cease within thirty (30) calendar days, Buyer may immediately terminate all or any part of this Contract without liability.

23. Termination.

23.1. Termination for Insolvency. 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: (a) insolvency or winding-up proceedings are instituted by or against the Seller; (b) filing of a voluntary petition in bankruptcy by Seller; (c) filing of any involuntary petition in bankruptcy against Seller; (d) appointment of a receiver, liquidator, administrator or trustee for Seller; or (e) execution of an assignment for the benefit of creditors by Seller, provided that such petition, appointment, or assignment is not vacated or nullified within fifteen (15) calendar days of such event. Seller shall reimburse Buyer for all cost incurred by Buyer in connection with any of the foregoing, including, but not limited to, all attorney's fee and other professional fees.

23.2. Termination for Breach or Nonperformance. 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: (a) Seller repudiates or breaches any of the terms of this Contract, including Seller's warranties; (b) Seller fails to perform services or deliver goods as specified by Buyer; or (c) Seller fails to make progress to the extent that in Buyer's reasonable belief it will endanger timely and proper delivery of goods or services, and in all circumstances does not correct such failure or breach

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.

23.3. Termination for Sale of Assets or Change in Control. Buyer may immediately terminate all or any part of this Contract upon giving at least thirty (30) days notice to Seller, without liability to Seller, in the event of the occurrence of the following events: (a) Seller sells or leases, or offers to sell or lease, a material portion of its assets; or (b) 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.

23.4. Termination for Force Majeure. Buyer may immediately terminate all or any part of this Contract upon written notice to Seller pursuant to an event of Force Majeure as described in Paragraph 21.

23.5. 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 goods or services 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 goods or material.

23.6. Effect of Termination. In the event of termination under this Paragraph 23, 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 goods or partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information 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.

23.7. Amounts Payable. In the event of termination under this Paragraph 23, Buyer shall pay to Seller the contract price for all completed goods or services that fully conform to the requirements of this Contract and are unpaid. Under all circumstances and without regard to any quantities referenced in purchase orders, quotation documents, forecasts or any other documents, Buyer will not be liable for costs for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized in delivery releases or for any undelivered goods 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 goods 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.

23.8. Claims. Within sixty (60) days from the effective date of termination, 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 documents, records, facilities, work, material, inventories, and other items relating to any termination claim of Seller.

24. Insurance. 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 United States, foreign 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. Remedies. Subject to any specific provisions in this Contract, Seller shall be liable for any damages 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.

26. Setoff/Recoupment. 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.

27. Customs; Export Controls.

27.1. 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.

27.2. Seller will not violate, and will not cause Buyer to violate, any Export Control Laws (e.g. by transshipping goods through, or supplying 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 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 goods to be covered by any duty deferral or free trade zone program(s) of the country of import.

28. Compliance with Laws. Seller, and all 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 goods or services, environmental matters, data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety. Where required, Seller's goods shall bear the relevant CE Certificate. 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 goods or provision of services 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 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.

29. Kickbacks. 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.

30. **Methode Supplier Code of Conduct.** Seller shall comply, and shall cause all of 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.
31. **Audit.** In addition to any other inspection or audit rights granted to Buyer hereunder, at its expense, Buyer, Buyer's customer or their 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 agrees that such audit may be used as the basis for settlement of charges under this Contract. Seller shall keep a separate account of the cost of all goods or services 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 31.
32. **Advertising.** 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 (regardless of whether such marks are registered or otherwise identified as trademarks or trade names) of Buyer in Seller's advertising or promotional materials.
33. **No Implied Waiver.** 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.
34. **Assignment; Subcontracting; Successors.** 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 subcontracting 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 subcontracting. This Contract is binding upon, inures to the benefit of, and is enforceable by, the parties and their respective successors and permitted assigns.
35. **Relationship of Parties.** 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.
36. **Governing Law.** This Contract shall be governed and construed in accordance with the laws of the state of Illinois, without regard to its conflicts of law provisions. The parties specifically disclaim application of the United Nations Convention on Contracts for the International Sale of Goods.
37. **Dispute Resolution.** 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, either party may refer the dispute to mediation, the cost of which will be shared equally by the parties, except that each party will pay its own attorney's fees. Within fifteen (15) days after written notice demanding mediation, the parties will choose a mutually acceptable mediator. Neither party will unreasonably withhold consent to the selection of the mediator. Mediation will be conducted in Illinois. If the dispute cannot be resolved through mediation within forty-five (45) days, either party shall submit the dispute to a state or federal court of competent jurisdiction in Illinois, and in such case, both Buyer and Seller consent to such jurisdiction and service of process in accordance with applicable procedures. 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. Nothing herein prevents either party from resorting directly to judicial proceedings if the dispute relates to Intellectual Property Rights, or if 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.

38. Attorney Fees. If Buyer brings an action or asserts a counterclaim for enforcement of the terms and conditions of this Contract, Seller agrees that Buyer shall be entitled to an award of its reasonable attorney's fees and courts costs associated with such enforcement or counterclaim proceedings.

39. Miscellaneous.

39.1. Amendment. No amendment or modification of this Contract shall bind either party unless it is in writing and signed by an authorized representative of Buyer and Seller.

39.2. Notice. 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 the Buyer's purchasing representative at the Buyer's purchasing representative's address 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 39.2 will be deemed given upon receipt verified by the receiving party's acknowledgment.

39.3. Precedence. 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.

39.4. Severability. If a 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.

39.5. Survival. The warranties, representations, and obligations that expressly survive under these Terms and Conditions or that, by their nature or context, are intended to survive shall survive the termination or expiration of these Terms and Conditions and/or Contract, including, without limitation, the rights and obligations set forth in Paragraphs 10, 13, 14, 15, 18, 19 and 20.

39.6. Language. In the event that these terms or the purchase order shall be translated for any reason, the English version will govern.