

KONTRON CANADA INC. PURCHASE TERMS AND CONDITIONS

1. ACCEPTANCE

If written acceptance is not conveyed to Kontron in a delay of seven (7) days from the date of the order, Kontron may revoke the Purchase Order, without any liability for damages. Issuing, amendment, clarification of a purchase order must be made only by a representative of Kontron's procurement department.

If a separate agreement has been executed between Kontron and Supplier, the terms and conditions of this agreement will prevail over the purchase terms and conditions provided herein. If no separate agreement has been executed, this Purchase Order ("Purchase Order" or "PO") together with the following Purchase terms and conditions and other terms, conditions, clauses, specifications or other documents to which specific reference is made herein, constitute the entire agreement between the parties hereto and supersede all previous negotiations, representations, undertakings and agreements heretofore made between the parties in respect of the subject matter herein and shall not be varied otherwise than by a document in writing of a subsequent date.

2. INVOICES

Supplier will submit invoices in duplicate showing the following information: P.O. number; item number; description of item; size of item; quantity of item; unit prices; each applicable tax; extended totals; and any other information specified elsewhere herein. A Bill of Lading or express receipt must accompany each invoice. Payment of invoice will not constitute acceptance of goods and will be subject to adjustment for errors, shortages, and defects in the goods or other failure of Supplier to meet the requirements of this P.O. Kontron may at any time set off any amount owed by Kontron to Supplier against any amount owed by Supplier or any of its affiliated companies to Kontron.

3. PRICE AND TAXES

This order must not be filled at higher prices than quoted without obtaining Kontron's prior written authorization. The acceptance of this P.O. constitutes a warranty that the prices to be charged for articles or services ordered do not exceed the lowest price charged to any other customer for similar quantities and delivery requirements. Unless otherwise specified, the prices set forth in this P.O. include all applicable federal, state, and local taxes.

4. DISCOUNTS

Time in connection with any discount offered by Supplier will be computed from the latest of (i) the scheduled

delivery date, (ii) the date of actual delivery, or (iii) the date an acceptable invoice is received. For the purpose of earning the discount, payment will be deemed to have been made on the date of mailing of Kontron's check.

5. INCOTERMS

Unless otherwise specifically provided on the face of this order, the products ordered hereunder will be delivered on a delivery duty paid - destination basis.

6. ROUTING

Shipment must be made via the method specified on the Purchase Order. Additional costs resulting from a routing other than that specified will be charged to Supplier.

7. INSPECTION

Goods are covered by this Purchase Order are subject to final inspection and acceptance after receipt of Kontron, if rejected upon inspection, goods may be held until disposition is agreed between the parties /or returned to Supplier at Supplier's risk and expense, without prejudice to any other rights to which Kontron may be entitled under the circumstances. All goods shipped to Kontron must be within the manufacturer recommended shelf life if applicable, unless specified otherwise by Kontron.

8. CHANGE IN APPROVED PROCESSES, MATERIALS OR PROCEDURES AND FACILITY CHANGE

Supplier shall not change any process, material or procedure without prior written approval by Kontron. Supplier shall not change any process, material or procedure from that used to qualify material without prior notification to Kontron and approval by Kontron.

Suppliers and subtier suppliers are prohibited from relocating any production, manufacturing, and/or processing facilities during performance of a Kontron P.O. without prior notification to Kontron. This affords Kontron an opportunity to examine such facilities for compliance with Quality Assurance requirements, including any necessary approvals.

9. CANCELLATION

Kontron reserves the right at its option to either suspend or cancel shipment or merchandise covered by this order, in whole or in part at any time, without costs or damages whatsoever, where such suspension or cancellation is caused by force majeure. Acts of God or contingencies beyond the control of Kontron.

10. **DELIVERY**

Goods shall be delivered on the delivery date specified in the Purchase Order and time shall be of the essence. If Supplier becomes aware of any circumstances that delay confirmed delivery dates, Supplier shall immediately notify Kontron in writing including all relevant details for the delay. Receipt by Kontron of such notice will not constitute a waiver of the due dates herein Supplier agrees to employ alternative and/or premium shipment methods when necessary to ensure deliveries on specified dates, at no additional cost to Kontron. In case of delay in delivery without proper notification, Kontron reserves the right to cancel the P.O. without liability to Kontron or any other third party. Unauthorized over shipments and early shipments may be returned at Supplier's expense. Supplier shall be liable for all storage/handling charges incurred as a result of over shipments and early shipments.

11. **PACKING AND PACKING SLIP**

Goods covered by this Purchase Order shall be properly packaged by Supplier, in accordance with applicable freight classification standards, for shipment to Kontron at destination and, unless otherwise specifically provided on this Purchase Order, price or prices of the goods therein specified include all costs of packaging. One packing slip outside of container and one packing slip inside of container must be forwarded with each shipment.

12. **COMPLIANCE**

All parts must be compliant to EU RoHS Directive 2015/65/EU unless noted otherwise.

13. **CLAIMS**

Supplier agrees to indemnify Kontron, its agents, customers, successors, and assigns against any loss, damage, and liability (including costs and expenses) for royalties, license fees, counterfeits or trademarks or any actual or alleged infringement of any patent, copyright or trademark arising out of the use or sale of the goods by Kontron, its agents or customers. However, Kontron must notify Supplier of any suit, claim or demand involving such infringement and permit Supplier to defend against or settle the same. If any injunction is issued as the result of any such infringement, Supplier agrees, at Kontron's option, to (i) refund to Kontron the amounts paid to Supplier for the goods covered by the injunction, or (ii) furnish Kontron with acceptable and no infringing goods. Supplier agrees to indemnify Kontron against any and all liability and expense resulting from any alleged defect in the goods, whether latent or patent, including allegedly improper construction and design, or from the failure of the goods to comply with specifications. Supplier warrants that there are no liabilities for royalties, mechanics liens or other encumbrances on the goods supplied and agrees to indemnify Kontron against any

such liabilities. The above indemnifications are in addition to all other rights of indemnification of Kontron against Supplier.

14. **WAIVER**

The failure of Kontron to enforce at any time any of the provisions of this P.O., to exercise any election or option provided herein, or to require at any time the performance by Supplier of any of the provisions herein will not in any way be construed to be a waiver of such provisions.

15. **GOVERNING LAW**

This Purchase Order shall be governed by and interpreted in accordance with the laws of the Province of Quebec. Assignment of the Purchase Order or any interest therein or any payment due or to become due hereunder without the written consent of Kontron shall be void.

16. **PATENT LICENSE**

Supplier, as part consideration for this P.O. and without further cost to Kontron, hereby grants to Kontron (and, to the extent requested by Kontron, to the government) an irrevocable, non-exclusive, royalty free license to use, sell, manufacture, and cause to be manufactured products embodying any inventions and discoveries made, conceived or actually reduced to practice in connection with the performance of this P.O..

17. **REMEDIES**

The remedies stated herein are in addition to all other remedies at law or in equity.

18. **SUBCONTRACTING (Sub-tier suppliers)**

Supplier shall flow down all relevant P.O. and quality requirements imposed by Kontron to any sub-tier supplier in performance of the order.

19. **LOT SAMPLING**

Kontron reserves the right to use the latest ANSI/ASQ Z1.4 or other appropriate sampling plan based on c=0 for the acceptance or rejection of product. If Supplier uses the latest ANSI/ASQ Z1.4 or other appropriate sampling plan and the sample contains rejected items, Supplier shall perform 100% inspection for the rejected feature or parameter to ensure that zero defects are present. Rejection of a lot shall constitute 100% inspection of product for any non-conformances.

20. **QUALITY SYSTEM**

Supplier must be able to maintain a quality system that meets industry standards and ensures adequate product conformance and appropriate objective evidence to meet usual business responsibilities. Supplier shall maintain a quality system that meets ISO 9001 (current revision). Supplier shall notify Kontron within two working days if any certifications are revoked or suspended. Notification

of change of certification status (such as an upgrade) is required. New or updated certifications are to be sent to: Qualite@kontron.com

21. CONTROL OF NONCONFORMING PRODUCT

Supplier and sub-tier suppliers shall provide prompt written notification to Kontron when nonconforming material, products or processes are discovered. The following email address shall be used for submittal Achat@kontron.com. Supplier shall not ship nonconforming material or product without a written waiver from Kontron. Upon authorization to ship, the nonconforming product must be identified as nonconforming by Supplier before shipment and all documentation related to the nonconforming product shall accompany the product.

Material rejected by Kontron and subsequently returned to Kontron shall be clearly and properly identified as returned / reworked articles. Supplier's shipping document shall contain a statement that articles are replacement or reworked articles.

22. WARRANTY

Supplier warrants that all goods delivered (i) will be free from defects in workmanship, material, and manufacture, (ii) will comply with the requirements of this P.O., including any drawings or specifications incorporated herein or samples furnished by Supplier, and (iii) where design is Supplier's responsibility, will be free from defects in design. Supplier further warrants that all goods purchased hereunder will be of merchantable quality and will be fit for the purposes intended by Kontron. The foregoing warranties constitute conditions to this P.O. They are in addition to all other warranties, whether express or implied, and will survive any delivery, inspection, acceptance or payment by Kontron. All warranties run to the benefit of Kontron and its customers. Kontron's approval of Supplier's materials or design will not relieve Supplier of any warranties. If any goods delivered do not meet the warranties specified herein or otherwise applicable, Kontron may, at its option, (i) require Supplier to correct any defective or nonconforming goods by repair or replacement at no cost to Kontron, or (ii) return such defective or nonconforming goods to Supplier at Supplier's expense and recover from Supplier the order price thereof, or (iii) correct the defective or nonconforming goods itself and charge Supplier with the cost of such correction. The warranty shall cover a minimum period of 24 months following final acceptance.

23. CHANGE ORDERS, CANCELLATION FOR DEFAULT AND TERMINATION FOR CONVENIENCE

Change orders. Kontron may at any time, by a written order, suspend performance hereunder, increase or decrease the ordered quantities, change the due date or

make changes in any one or more of the following: applicable drawings, designs or specifications; method of shipment or packing; and/or place of delivery.

Cancellation for default. It is understood and agreed that time is of the essence for this order because the goods or services ordered herein are needed for products of Kontron that have a very short, carefully timed market life; failure of Supplier to deliver on the due date could cause Kontron's products to be unmarketable. Kontron may, by written notice, cancel this order in whole or in part if, in Kontron's good faith opinion, Supplier (i) has failed to make delivery of the items or to perform the services within the time specified herein, or any extension thereof by written change order or amendment; or (i) has failed to replace or correct defective items in accordance with the provisions of herein; or (iii) has failed to perform any of the other provisions of this P.O.; or (iv) has so failed to make progress under this P.O. as to endanger performance in accordance with its terms. If this P.O. is cancelled for Supplier's default, Kontron may procure, upon such terms and in such manner as Kontron may deem appropriate, goods or services similar or substantially similar to those cancelled. Supplier will then be liable to Kontron for any excess costs occasioned thereby. Nothing in this section is intended to excuse Supplier from proceeding with any uncanceled portion of this P.O.

Termination for convenience. At any time for convenience, Kontron may terminate work under this P.O., in whole or in part, by written notice. Upon such termination, Supplier will, to the extent and at the times specified by Kontron, stop all work under this P.O., place no further orders for materials to complete the work, assign to Kontron all Supplier's interest under terminated subcontracts and orders, settle all claims thereunder after obtaining Kontron's approval, protect all property in which Kontron has or may acquire an interest, and transfer title and make delivery to Kontron of all articles, materials, work in process, and other things held or acquired by Supplier in connection with the terminated portion of this P.O..

24. DOCUMENTATION

Kontron may refuse items delivered under the P.O. if Supplier fails to submit the required documentation, e.g. test data or reports, as specified in the P.O. A copy of documentation shall be available upon Kontron request.

25. ACCESS

Supplier agrees pursuant to receipt of a written request, to provide access to their facilities and documented information on a noninterference basis to Kontron, Kontron's customers and regulatory authorities for review. The Supplier further agrees to flow this clause down to their sub-tier suppliers.

26. CONFORMANCE RESPONSIBILITY

Neither surveillance, inspection and/or tests made by Kontron or their representatives at either Supplier's facility or Kontron facility shall relieve Supplier of the responsibility to furnish items, which conform to the requirements of the P.O.

27. PACKAGING/ HANDLING / PRESERVATION/ SHIPMENT

All items delivered on this order must be adequately preserved, packaged, handled, and contained to prevent deterioration and damage during shipment. The shipping method should ensure safe arrival at the intended destination in accordance with best commercial practices unless special packaging and shipping instructions are specified by the P.O., drawing, or specification.

Special packaging/handling instructions may include, but are not limited to, unique marking requirements, special material traceability, or use of custom or reusable containers. If the shipment contains multiple processed lots/batches/date codes, then each processed lot/batch/date code must be segregated and clearly identified to maintain complete traceability in each shipment.

28. CORRECTIVE ACTION REQUESTS

When a quality problem exists, Kontron may request corrective action from Supplier (Supplier Corrective/Preventive Action Request "SCAR"). Such request shall be responded to in the specified time listed on the SCAR as due date and shall include the following information:

- Containment actions
- Investigation
- Root cause
- Permanent corrective action

(Recommended Actions)

- Implement permanent corrective action
- Action taken to prevent recurrence
- Effectiveness of the action taken
- Copies of supporting documentation

29. ESD CONTROL PROGRAM (If applicable)

When items delivered under the P.O. are electrostatic discharge sensitive (ESD), Supplier shall have an ESD control program in place which prevents ESD damage during all phases of fabrication, testing, handling, storage, and packaging for delivery. Nonmanufacturing distributors shall handle, store, package and identify such items under an ESD control program, which ensures continuation of the manufacturer's ESD control program. Shipping containers shall have prominent marking/identification, which identifies contents as ESD sensitive.

30. FOREIGN OBJECT DEBRIS/DAMAGE (FOD) PREVENTION PROGRAM

Supplier shall maintain a FOD prevention program to ensure products or deliverables are manufactured in accordance with drawings or specifications and free from foreign object damage or debris. Supplier shall inspect deliverables for foreign objects/debris and shall certify that such items are free from any foreign materials that could result in FOD. Supplier FOD prevention program shall be documented and effective. This requirement shall be flown down to sub-tier suppliers wherever applicable to prevent entry of FOD into the deliverable product.

31. QUALIFIED PERSONNEL

Supplier's personnel performing work on Kontron products and services shall be adequately trained to assure that their skills and competency levels will result in products that meet all contract requirements.

In addition, Supplier shall ensure that employees are aware of:

- Their contribution to the product and / or service conformity
- Their contribution to product safety as applicable
- The importance of ethical behavior

32. COUNTERFEIT PARTS PREVENTION

Counterfeit parts are of special concern to Kontron. If suspect/counterfeit parts are furnished under this P.O. or are found in any of the goods delivered to Kontron they will be impounded by Kontron. Supplier shall be liable for all costs, including but not limited to Kontron's internal and external costs, relating to the removal and replacement of said parts. To avoid or lessen the possibility of the inadvertent use of counterfeit parts, Supplier shall only purchase components and parts procured directly from the Original Equipment Manufacturer (OEMs), through the OEM's authorized distributor chain, or if through an independent distributor, Supplier must make available to Kontron (if Kontron requests) OEM documentation that authenticates traceability of the components to the applicable OEM.

33. MAINTENANCE OF RECORDS

Supplier shall maintain and make available to Kontron all records for, or related to, Kontron products. Records must be retained at least ten (10) years following Kontron's final payment under its prime contract unless otherwise specified. Accordingly, Supplier shall receive written approval from a Kontron authorized representative prior to destroying any of these records.

34. CONFLICT MINERALS

Supplier agrees to comply with all Laws and Kontron's policy relevant to usage, restrictions of conflict materials

sourced from the Democratic Republic of the Congo (DRC) or adjoining countries. For more detailed information, please refer to our website at: <https://www.kontron.com/about-kontron/corporate-responsibility/material-declaration/conflict-minerals-faq>

35. COC CERTIFICATE OF CONFORMANCE

When certifications are required, Supplier shall, with each shipment, supply a legible and reproducible copy of the Certificate of Conformance (CoC) for the item. The CoC shall identify the item and include the date of manufacture or lot number for traceability purposes, and will be signed by a responsible representative of Supplier. Also required is a CoC from sub-tier suppliers for outside processes. When available, provide a copy of the inspection report for production units. Records as objective evidence attesting to certifications required must be maintained on file at Supplier's facility subject to review by Kontron's representatives.

36. AGE SENSITIVE MATERIALS WITH SHELF LIFE REQUIREMENTS (If applicable)

Certification that the item on the purchase order (identify the items and Kontron purchase order) are age sensitive. The certificate must identify the material and specify the date of manufacture, the expiration date, and special storage and handling requirements. Where age sensitive materials are incorporated into assemblies, the certificate must identify the assemblies, Kontron purchase order number, the assembly date, the manufacturer's identification of the age sensitive material and expiration date of the age sensitive material. This information shall also, when applicable, be identifiable with component parts and/or subassemblies within the assembly to which it applies.

37. NO PART SUBSTITUTIONS ALLOWED

The exact material callout in the specification must be used to fulfill the Purchase Order. There is no provision for the use of better than parts as all changes must be approved. No substitutions are allowed and if there is difficulty-acquiring material then Supplier must notify Kontron.

38. FAI (FIRST ARTICLE INSPECTION) (If applicable)

Supplier shall submit a First Article Inspection Report (FAIR). FAI will be conducted by Supplier on the "First Time Build" or Significantly Changed parts (new REV), or "Processes" change, or when the part has not been manufactured during the past two (2) years. Minor changes such as from REV-A to REV-A1 require only a delta report for the items that have changed. FAIR's shall be Kontron forms or equivalent including FAI checklist/report, first article measurements requirements, and material certificates in English or French. Supplier shall verify every design characteristic, during the FAI,

and record the associated results in the proper format. For further information or questions, contact your procurement or Supplier quality representative. Send FAIR documents to drop box: kcifai@kontron.com

38. TRA (TRACEABILITY) (If applicable)

Materials used must be identifiable by lot number, material type, specification and applicable change letter or number, heat number, etc., and traceable to records of acceptance. Parts fabricated by Supplier shall be identified to the lot of materials used. When two or more parts are joined in an assembly, Supplier shall prepare an assembly parts list identifying each part in the assembly by part number and serial number, and the lot number of material from which fabricated if fabricated by Supplier, or lot control number when the part is a purchased item. For raw materials, this clause applies to identification and traceability of materials to heat or lot number, manufacturing and inspection processes, test results, and records of acceptance. Conformance by Supplier's suppliers to traceability requirements of the purchase order, drawing, and/or specifications, shall be the responsibility of Supplier.