

## TERMS OF SALE

**1. APPLICABILITY:** These terms of sale are the only terms which govern the sale of goods by or on behalf of the selling CTS group legal entity named on the associated invoice or sales document ("Seller") to the buyer whose name and address is set forth on the reverse side of these terms of sale and/or accompanying quotation or invoice ("Buyer"). These terms of sale prevail over any of Buyer's terms and conditions and may only be amended or modified in writing signed by an authorized representative of Seller.

**2. RISK OF LOSS:** Unless otherwise agreed in writing by Seller, all sales of goods under these terms of sale shall be Ex Works Seller's factory (Incoterms 2010) and title to the goods shall pass to Buyer at the shipping point.

**3. PRICE:** Price quotations for the goods shall remain in effect for the period of time specified in Seller's quotation, but if no time period is specified, prices are subject to change without notice and Seller shall bill Buyer for goods based on prices in effect at the time of shipment. Seller's price quotations do not include supplying Buyer with pre-production or evaluation samples or test data.

**4. PAYMENT:** Payment terms are net thirty (30) days from date of invoice unless otherwise specified on the reverse side of these terms of sale and/or accompanying quotation or invoice. A one and ½ percent (1 1/2%) service charge, or the maximum permitted by law, will be added for every month or part of a month that the amount due remains unpaid after its due date. Seller shall be entitled to suspend future deliveries of any goods if Buyer fails to pay any amounts when due and such failure continues for 30 days following written notice from Seller. Buyer shall not withhold payment of any amounts due and payable by reason of any set-off of any claim or dispute with Seller. Buyer shall pay all Seller's costs of collection, including Seller's attorneys' fees.

**5. NON-RECURRING ENGINEERING EXPENSES:** Buyer shall pay any non-recurring engineering expenses ("NRE") incurred by Seller for the development of the goods. Unless otherwise agreed in writing, Seller shall invoice NRE, which shall be payable by Buyer on the terms outlined herein. If these terms of sale or any order are cancelled or terminated for any reason, Buyer shall remain liable for all unreimbursed NRE due to Seller up to and including the date of such cancellation or termination.

**6. DELIVERY:** Seller shall use commercially reasonable efforts to make deliveries in the quantities and at the times specified in these terms of sale. Unless the Buyer specifies shipping instructions, shipment and delivery will be made by the carrier and in the manner designated by the Seller. Seller shall not be liable for delays or defaults in deliveries due to causes beyond Seller's control and without its fault or negligence.

**7. INSPECTION:** Buyer shall perform incoming inspection and testing on a statistical basis or as otherwise necessary to monitor the quality of goods within thirty (30) days of receipt. Upon inspection, Buyer may reject those goods that do not meet Seller's specifications. Buyer's failure to inspect the goods within 30 days of receipt shall result in a waiver of this right to rejection.

**8. WARRANTY:** Seller warrants that (a) upon delivery, good title to the goods will vest in Buyer, free and clear of liens, and (b) the goods delivered will conform to the specifications and be free of material defects in material and workmanship for a period of one (1) year from date of delivery. Seller shall not be liable for a breach of warranty unless (i) Buyer gives written notice to Seller, describing the defect in reasonable detail, within seven (7) days of Buyer's discovery or the defect, (ii) Seller is given a reasonable opportunity to examine the goods and Buyer (if requested to do so by Seller) returns such goods to Seller's place of business at Buyer's cost for examination, and (iii) Seller reasonably verifies Buyer's claim that the Goods are defective. Notwithstanding the foregoing, samples and prototypes are provided "AS IS," without warranty of any kind. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY, WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY, WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE.

**9. DAMAGES:** At Seller's option, if goods are found to be defective in accordance with these terms of sale, Seller will (a) repair or replace, at Seller's factory, the defective goods, or (b) repay the price Buyer paid for the defective goods. Buyer must submit claims in writing to Seller within thirty (30) days of receipt of the goods. Buyer shall provide Seller a reasonable time within which to investigate Buyer's claim. In no event shall Seller be liable to Buyer for any of Buyer's product recall related costs and expenses. No legal action shall be commenced against Seller more than one (1) year after the event alleged to give rise to such liability. THE REMEDIES SET FORTH IN THIS SECTION 8 SHALL BE THE BUYER'S SOLE AND EXCLUSIVE REMEDY AND SELLER'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED WARRANTY SET FORTH IN SECTION 7.

**10. LIMITATION OF LIABILITY:** IN NO EVENT SHALL SELLER BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE OR CLAIMS OF BUYER'S CUSTOMERS FOR DAMAGES, ARISING OUT OF OR RELATING TO ANY BREACH OF THESE TERMS, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED IN ADVANCE BY BUYER OR COULD HAVE BEEN REASONABLY FORESEEN BY BUYER, REGARDLESS OF THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE)

UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE. IN NO EVENT SHALL SELLER'S AGGREGATE LIABILITY HEREUNDER, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS PAID TO SELLER FOR THE GOODS SOLD HEREUNDER.

**11. INTELLECTUAL PROPERTY RIGHTS:** Buyer acknowledges and agrees that (a) any and all of Seller's Intellectual Property Rights (defined below) are the sole and exclusive property of Seller or its licensors, (b) Buyer shall not acquire any ownership interest in any of Seller's Intellectual Property Rights under these terms of sale, and (c) Buyer shall use Seller's Intellectual Property Rights solely for purposes of using the goods under these terms of sale and only in accordance with the instructions of Seller. "Intellectual Property Rights" means all industrial and other intellectual property rights comprising or relating to: (i) patents; (ii) trademarks; (iii) works of authorship, expressions, designs and design registrations, whether or not copyrightable; (iv) trade secrets; and (v) all industrial and other intellectual property rights, interests and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing.

**12. TERMINATION BY SELLER:** Seller may terminate these terms of sale and any order with or without cause by delivery of written notice to Buyer. Following Seller's termination, Buyer shall reimburse Seller, upon receipt of Seller's written demand, for all goods completed in accordance with Buyer's order, work-in-progress, raw materials acquired for manufacture of the goods, un-captured amortized capital expenditures for manufacture of the goods, and any unrecovered NRE.

**13. TERMINATION BY BUYER:** Buyer may terminate these terms of sale and any order with cause by delivery of not less than thirty (30) days advance written notice to Seller. Upon receipt of Buyer's termination notice, Seller shall promptly discontinue all work and the incurring of expenses related to the manufacture of the goods. Following Buyer's termination, Buyer shall reimburse Seller, upon receipt of Seller's written demand, for all goods completed in accordance with Buyer's order, work-in-progress, raw materials acquired for manufacture of the goods, un-captured amortized capital expenditures for manufacture of the goods, and any unrecovered NRE.

**14. FORCE MAJEURE:** Seller shall not be liable or responsible to Buyer, nor be deemed to have defaulted or breached these terms of sale for any failure or delay in fulfilling or performing its obligations under these terms of sale when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of Seller including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, pandemic, disease, public health emergency (including government-mandated quarantine and travel restrictions), lockouts, strikes or other labor disputes (whether or not relating to either party's workforce), restraints or delays affecting carriers, inability or delay in obtaining supplies of adequate or suitable materials, telecommunication breakdown, shortage of power, supplies, infrastructure, or transportation, or other similar events beyond Seller's reasonable control. Seller reserves the right to equitably allocate available goods based on production capacity and customer needs and Buyer shall reasonably cooperate with any such allocation.

**15. CHANGES:** Buyer may request changes to this order, including changes in drawings, designs, specifications, method of inspection, method of packaging, order period, rate of shipment, method of shipment, and/or place of delivery, by delivery of written notice to Seller. Seller shall determine, in its sole discretion, whether Buyer's proposed change causes an increase or decrease in the price of the goods or time of performance for the order and shall notify Buyer in writing within sixty (60) days from receipt of Buyer's notice. If Buyer accepts Seller's proposed modification, the parties shall execute an amendment to these terms of sale. If the parties fail to reach agreement on a modification incorporating Buyer's requested changes, Seller may terminate these terms of sale and any order in accordance with paragraph 11 above.

**16. SALES AND OTHER TAXES:** The price for the goods does not include sales, use, excise, VAT, or other taxes. In addition to the price specified in these terms of sale, the amount of any present or future sales, use, excise, VAT, or other tax applicable to the sale or use of products sold shall be paid by Buyer without regard to the party assessed the tax or where such tax is imposed, or, in lieu thereof, the Buyer shall furnish Seller with a tax exemption certificate acceptable to the appropriate taxing authority.

**17. EXPORT:** Buyer is responsible for compliance with all applicable U.S. export and international trade control laws, including but not limited to the U.S. Department of Commerce's Export Administration Regulations (EAR), the U.S. Department of State's International Traffic in Arms Regulations (ITAR), and all economic and trade sanctions administered by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC). Buyer will indemnify Seller for Buyer's non-compliance with applicable export control laws.

**18. GOVERNMENT SALES.** If Buyer elects to sell Seller's goods to the U.S. government, any state or local government, or to a prime contractor or other subcontractor selling to any such entities, Buyer does so solely at its own risk. Buyer shall be exclusively responsible for compliance with all applicable laws for such sales and agrees not to obligate Seller as a subcontractor or otherwise to such entities. Seller makes no representations, certifications or warranties whatsoever with respect to the ability of its goods, services, or prices to satisfy Federal

Acquisition Regulation, Defense Federal Acquisition Regulations, or any similar regulations or statutes.

**19. PROPOSITION 65:** If required by California Health & Safety Code Sections 25249.6 et seq. (Proposition 65), Seller will provide Buyer with the text of a warning to be provided to any buyer or consumer of the Goods. Buyer will provide such warning to any party to whom it sells the Goods, comply with all applicable provisions of Proposition 65 and its implementing regulations with respect to its sales of the Goods, and defend, indemnify, and hold harmless Seller against any claim or lawsuit brought against Seller arising from Buyer's failure to provide such warning to a buyer or consumer or to comply with Proposition 65.

**20. CONFIDENTIAL INFORMATION:** All non-public, confidential or proprietary information of Seller, including but not limited to specifications, samples, patterns, designs, plans, drawings, documents, data, hardware, software, material formulations and compositions, manufacturing processes and methods, business operations, customer lists, pricing, discounts or rebates, disclosed by Seller to Buyer, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" in connection with these terms of sale is confidential and may not be disclosed or copied by Buyer unless authorized in advance by Seller in writing. Upon Seller's request, Buyer shall promptly return all documents and other materials received from Seller. Seller shall be entitled to injunctive relief for any violation of this Section. This Section does not apply to information that is (a) in the public domain, (b) known to Buyer at the time of disclosure, or (c) rightfully obtained by Buyer on a non-confidential basis from a third party.

**21. GENERAL:** These terms of sale include the following general provisions: (a) all prior negotiations and proposals between the parties regarding the sale of goods are superseded by these terms of sale, (b) in the event of a conflict between these terms of sale and any other written specifications, proposals, order forms, invoices, or correspondence between the parties regarding the goods, these terms of sale shall control, (c) these terms of sale can only be modified in writing and signed by Seller's authorized representative, (d) Seller's waiver of any breach by Buyer of these terms of sale shall not be construed as a waiver of any other breach, (e) these terms of sale are governed by the law of the State of Illinois, U.S.A., without regard to conflicts of law provisions, and the U.N. Convention on Contracts for the International Sales of Goods does not apply, (f) Buyer irrevocably submits and agrees to the jurisdiction of the state and federal courts sitting in Chicago, Illinois, U.S.A., and (g) if any provision of these terms of sale is held by a court of competent jurisdiction to be contrary to law or public policy, the remaining provisions will remain in full force and effect.

Last updated: April 2020