

## GENERAL TERMS & CONDITIONS

By receiving a client order at M2S for the products and services quoted above, the Client confirms committing to the following General Terms and Conditions. The M2S General Terms and Conditions have precedence over any Terms and Conditions required by the Client.

The prices are valid for the above-specified total quantities. If the total quantity ordered during the period is significantly less than the above specified total quantities, all charges related to suppliers' components orders cancellation will be invoiced to the client and unit prices will be revised retroactively. If the total quantity ordered during the period is significantly more than the above specified total quantities, M2S will re-evaluate and submit new unit prices applicable on subsequent orders.

Prices, delivery lead-time and all commitments are conditional to :

- (1) the reception at M2S of a firm order including the order releases for the first months of delivery (refer to quote).
- (2) subsequent order releases from the firm order, must be received at M2S before the 1<sup>st</sup> delivery date required and include the delivery dates for number of complete months stipulated in quotation.
- (3) following the reception at M2S of the order releases, M2S will assemble the quantity listed on the "**QTY / LOT ASS.>**" line as shown in the above Product Quote section. The "**QTY / LOT ASS.>**" must be entirely consumed by the client within a maximum period of months (refer to quote). Any unconsumed balance of inventory from the "**QTY / LOT ASS.>**" will be ship and invoice to the client after this period (refer to quote).

If applicable, the client shall provide rolling forecasts at each month. From these forecasts, M2S may purchase long lead-time (LLT) components to meet the client desired delivery delays. The client commitment, responsibility on those components is as stipulated in quotation. The client commitment, responsibility on the finish products from its forecast is the production lot for the respective product (or the balance of the production lot).

In the event that actual market conditions change independently of our will, prices and delays should be renegotiated between the parties.

Products unit prices will be annually revised; the components from the bill of material, the M2S Assembly Operations and accessories increase price, will be managed through PPVs or revision of current quote.

In the event the Client cannot accept Delivery upon the date(s) specified in the Delivery Schedule for reasons it is responsible for, M2S shall, if the Client so requests, store the undelivered Goods or parts at suitable premises. Invoices for non rolling inventory or Fees related to storage shall be negotiated between the Parties if the storage of all or partial goods or parts is more than 90 consecutive days.

Options:

- QTY / LOT delivered: M2S may deliver a quantity inferior to the original quantity ordered due to defect during the course of manufacturing.
- Changes to delivery date and quantity:
  - M2S acknowledges that, in entering into the Purchase Contract, M2S is taking part in project(s) which requires Delivery Schedule flexibility as long as the lead time of Goods Quoted is respected. As a result, the Client reserves its right to modify the delivery schedule provided to the M2S, at no extra costs. Such modifications to the Delivery Schedule may include, but are not limited to, an increase or decrease in quantity of the Goods in any given month, an extension to the Delivery Schedule or a contraction thereof.
  - On accepted purchase order by M2S, the Client may require in writing; a) to increase the quantity of a product or ; b) change the quantity and delivery date (re-schedule) of a product, within the limits of the table herein :
  - Table of possible maximum changes (quantity/delivery date) on a purchase order accepted by M2S :

# of days prior to original M2S shipping date	Maximum Qty increase	Maximum re-schedule Qty	Maximum # of days re-schedule
<b>0-15</b>	0%	0%	0
<b>16-30</b>	10%	0%	0
<b>31-60</b>	20%	10%	30 days
<b>61-90</b>	30%	20%	30 days

- For all reschedules to push out delivery dates, if M2S has finish products and/or components inventory already in stock, M2S will invoice the Client all inventory that is stock for more than 90 days.
  - All request to reduce quantity will be considered a cancellation, unless the reduced quantity is re-scheduled for delivery at a later date within the limits of the Table above. A purchase order quantity may be required for quantity and re-schedule change only once.
  - Following a request for quantity/re-schedule change from a Client, M2S will use reasonable commercial efforts to meet the request, which is subject to capacity and components availability in the market. If surcharges (\$) are necessary to meet the request, M2S will inform the Client for his approval before proceeding with the request.
  - Before doing any changes, the Client will approve in writing M2S proposal.
- In the event of a contract cancellation by the client, or if a parts inventory surplus remains unused after the last production batch (maximum 3 months), M2S shall charge the client all inventory components and finished products at cost plus 18.5% including restocking fees and any / all charges related to orders cancellation with suppliers. M2S commits to reduce these charges by maintaining a minimum inventory as much as possible. An advance notice of 3 to 4 months by the client of the contract cancellation will reduce or cancel these charges.
  - The design of the products is the responsibility of (the client or M2S).
  - Electrical schematics, assembly drawings, bill of materials and Gerber files are supplied by the (client or M2S).
  - All components substitution request by M2S will be submitted in writing for validation by the client. The client assumes entire responsibility.
  - All Engineering Change Request or Notice (ECR, ECN) to the product, requested by the client during the contract, may be subject to a unit price revision and charges for surplus or obsolete parts by M2S Electronics. ECR or ECN will generate a M2S Quote. M2S will require an Engineering Change Order (ECO) prior to applying the changes to the specifications. The client ECO will generate a prototype approval process before the changes are applied to the manufacturing-assembly process.
  - RoHS parts supplied by Client:
    - M2S will accept SMT parts supplied by the client even if M2S is not certain these parts are RoHS ; these SMT parts will be soldered following the RoHS process with the following potential inconvenient :
      - The SMT parts functionality and solder quality may be affected since the soldering temperature is higher with the RoHS process and some parts may not support this higher solder temperature.
      - If after a SMT assembly, a part supplied by the client is found non-functional (defective) due to the fact that it is not an RoHS part, no warranty will apply.
    - In the case of TH parts, M2S requires a proof the parts are RoHS to ensure it will not contaminate our soldering process (wave soldering). The parts must be identified on their packaging and/or an RoHS certificate must be supplied.
  - The electronic board manufacturing-assembly (PCBA) is done following the IPC-A-610D Class (2 or 3) norm.

- M2S is certified ISO-9001.
- All prices are in dollars: to define.
- Taxes and applicable duties are not included.
- The proposal is valid for 90 days.
- Payment:
  - To define
  - Terms and Conditions are subject to M2S Credit Department approval and/or modification following a credit analysis.
- Shipping: incoterms 2010 to define.
- Technical Support & Repair labour rates:
  - For one (1) hour or less of technical support labour (not previously quoted) or repair (not covered by warranty) requested by a client, M2S will invoice \$90.00.
  - For technical support labour (not previously quoted) or repair (not covered by warranty) requested by a client, that is longer than one (1) hour, M2S will invoice \$65.00/hr (\$1.08/min).
  - For technical support labour (not previously quoted) or repair (not covered by warranty) requested by a client, supplied by an M2S sub-contractor, M2S will invoice the client at the sub-contractor rate plus a 6% margin.
- The product unit price may be revised by the supplier and client following a US Currency exchange rate fluctuation that would affect the product unit price by a difference greater than 2.5% (+ or -). The exchange rate will be analyzed on a quarterly basis at the beginning of the following months; July, October, January and April.
- Both parties agree that any disagreement or dispute in relation with the actual convention or from its understanding or application will be submitted to mediation. Thus, both parties agree to participate at a minimum one mediation meeting by representation of one person with the power of decision; the mediator will be chosen by both parties.

## INTELLECTUAL PROPERTY

M2S Électronique Ltée (« M2S ») recommends to complete a search and if necessary, to register a patent prior to the implementation of a new technology.

M2S has no responsibility for the examination and compliance of any trademarks, patents, licenses, logos or of any other intellectual property rights (hereafter collectively named as « Intellectual Properties ») applicable on a product manufactured at client's request. In any case where a client, under his instructions, orders M2S to manufacture a product, the client must ensure that the manufactured technology is not infringing any third party's Intellectual Properties.

Client represents that he has obtained all rights and necessary authorizations to use, manufacture, modify or incorporate any thing which include or use any Intellectual Properties and to authorize M2S to accomplish any thing necessary to complete the work requested by the client.

Client agrees to indemnify M2S for any damages or costs, including reasonable legal fees and other liabilities, incurred in regards with the use of any Intellectual Properties for which the client would not have had any authorization or on which the client would not have any right on. Client agrees to indemnify M2S for any damages pertaining to any claim, including any legal action or out-of-court settlement, for the illegal use of any Intellectual Properties that would be applicable to a product manufactured or conceived by M2S following a client's request.

## WARRANTY

M2S Électronique ("M2S") warrants that its products are exempt from any defect related to the parts and assembly process with respect to the following:

**Application field:** this warranty covers all products assembled excluding prototype products from an R&D Project.

**Length:**

- (1) Prototypes: for a period of 90 days from date of shipment
- (2) Productions: for a period of 1 year from date of shipment

**Limitations:** the following limitations applies, either the application field or the length or both :

- If the client provides some parts, the M2S warranty will be limited to the parts, product assembly process and functional test supplied by M2S.
- If during the course of manufacturing-assembly at M2S, some parts supplied by the Client are damaged and become unusable, the Client will have to replace his parts, at his charge, to M2S.
- If the client requires M2S to not perform a functional test or other test, and to perform a visual or automated inspection only, M2S warranty will be limited in length (define above) to (1) 30 days, (2) 90 days, (3) 1 year.
- In the case of a repaired product, a new warranty will apply only to the repairs done (parts and assembly process) and will not extend the complete product warranty (refer to Generality below).

**Exclusions:** if a limitation as define above happens and a diagnostic confirms M2S non responsibility, repairs required to M2S by the client will generate additional invoicing to client ; for the diagnostic, the replacement and the parts beforehand supplied by the client, and all other assembly process in the like of (for example), conformal coating or other.

In case of a non-functionality caused by the client design, no warranty will be applicable except for non-conformity resulting directly from the M2S assembly process, and/or parts found non-conforming to their specifications (except for parts non conforming because of the design).

**Generality:** If there is a defect, M2S will have the option of :

- (1) repair the product at no cost for the client, using new or second hand spare parts but in good condition,
- (2) exchange the product to the client for a new one or one that is assembled with new or second hand spare parts but in good condition,
- (3) reimburse the product's purchase price to the client (credit).

M2S reserves its right to exercise one or many of these 3 options for any given product, one of its components or for a whole batch of those products.

In all cases, the exchanged product is guaranteed for the remaining of the original warranty period applicable to the product it is replacing.

To benefit of the services set forth by the warranty, the client must:

- Obtain an "RMA #" from M2S Customer Service,
- Send the product "prepaid" with a diagnostic to an address identified by M2S.
- The return of the product will be sent "collect".

When a product or a part is replaced, this replacement item becomes the client's property and the item replaced becomes M2S's property. The reimbursed product becomes M2S's property.

This warranty does not cover the repair, the replacement neither the reimbursement of the product that became necessary due to an improper use, an accident, an inadequate installation or use, a faulty maintenance by the client or any other person or due to any modification or any failure caused by a product of which is not under M2S's responsibility.

Under any circumstances, M2S cannot be found liable: (1) of any claim or legal action taken by a third party against a client in any case; (2) of consequential, indirect or special damages, of profit or income losses, or the impossibility to realise the expected savings. This warranty replaces any legal or other contractual guarantee, written or oral and expressly excludes the possibility to claim damages and interests for any prejudice caused by a defect or a vice of one of M2S's products.