

Purchase Order Terms and Conditions

1. **ACCEPTANCE AND CONFLICTING TERMS:** These Purchase Order Terms and Conditions ("Terms"), whether printed on the reverse side of a Purchase Order issued by Allied Motion Technologies Inc. or any of its subsidiaries (collectively "Allied Motion") or referred to by reference: (i) on the face of an Allied Motion's Purchase Order, (ii) in an email, or (iii) other written or electronic document for the purchase of Products or Services (collectively referred to herein as "Order"), shall govern all purchases of Products or Services, each as defined below, by Allied Motion from Seller. In all cases, any and all preprinted terms and conditions as may be contained on or referenced in any of Seller's quotations, sales confirmation, order acknowledgements, bills of lading or other delivery documents, invoices orders and similar documents issued by Seller are hereby expressly rejected in their entirety and shall have no force or effect. An Allied Motion Order will be deemed accepted and binding upon both parties upon the occurrence of any of the following events: (a) when the acknowledgement copy of this Order has been signed and returned by Seller; or (b) when Seller has begun performance of this Order in accordance with its terms.

If Seller objects to any terms and conditions as contained herein, it must do so in writing to Allied Motion prior to acknowledging or beginning performance of Allied Motion's Order. Seller agrees that the terms and conditions herein will apply and bind each party until such time as a written amendment signed by both parties with respect to such terms and conditions objected to by Seller is negotiated in good faith and executed between the parties. Any terms and conditions herein not expressly objected to by Seller will be binding upon Seller.

2. **DELIVERY:** Time is the essence of this Order: If no delivery time is specified, then delivery shall be made by Seller within a reasonable time following acceptance by Seller of the Order. Unless expressly agreed to in writing or specified by Allied Motion, delivery may not be made in installments. Deliveries shall be made in the quantities and at the time(s) specified on the face of the Order. If Seller's deliveries fail to meet the schedule specified in the Order, Allied Motion may, without limiting its other rights or remedies, direct Seller to expedite production scheduling and routing at Seller's sole cost and expense. Alternatively, Allied Motion may exercise its right to terminate pursuant to paragraph 22 herein, any part of or the entire Order in the event, (i) Seller fails to make scheduled delivery of any or all of the Products ordered, including, without limitation, new material, components, intermediate assemblies and other like supplies (hereinafter "Products") or (ii) Seller fails to perform the services described on the face of the Order (the "Services") or (iii) Seller's actions or inactions, in Allied Motion's opinion, substantially endangers completion of this Order. Allied Motion will not be liable for Seller's commitments or production arrangements which are entered into in advance of issuance of this Order or which are in excess of the amount or in advance of the time necessary to meet Allied Motion's schedule(s). If Seller delivers Products in advance of Allied Motion's schedule(s), Allied Motion may either withhold payment therefor until the date upon which the Products are scheduled for delivery as specified in the Order or store the Products at Seller's expense until such scheduled delivery date. Delivery of all Products shall be F.O.B. (or DDP - Incoterms 2000 for transborder shipments) at the Allied Motion facility specified in the Order. Risk of loss and title shall transfer to Allied Motion upon receipt by Allied Motion at the Allied Motion facility specified in the Order.

3. **INSPECTION AND ACCEPTANCE OF PRODUCTS:** All Products ordered will be subject to inspection and test by Allied Motion at times and places deemed necessary by Allied Motion including inspection during the period of manufacture at Seller's facility. Seller will permit access to its facilities at all reasonable times for inspection of Products by Allied Motion and/or its customers' representatives and will provide all tools, facilities and assistance reasonably necessary for such inspection at no cost to either Allied Motion or its customers. Such Products shall be subject to inspection and acceptance by Allied Motion after delivery to the Allied Motion facility specified in the Order. Any inspection or payment by Allied Motion will not relieve Seller of any obligations or liabilities under the applicable Order.

If, in Allied Motion's reasonable opinion, the Products or Services as defined in the Order do not meet the specifications or otherwise do not conform to the requirements of the Order, Allied Motion shall have the right to reject such Products or Services without liability. Products rejected after delivery may, at Allied Motion's option, be returned to Seller for reimbursement, credit, replacement or correction at Seller's sole expense. Alternatively, Allied Motion may correct or have a third party correct or replace such Products at the Seller's sole cost and expense. Seller shall not tender for acceptance any Products that is rejected and returned to Seller unless (i) the former rejection or requirement of correction is disclosed to Allied Motion; and (ii) Allied Motion approves of such in writing. Packaging, handling and transportation costs relating to return and re-delivery of rejected Products will be paid for by Seller. Any nonconforming Services rejected by Allied Motion shall entitle Allied Motion, in addition to its other rights and remedies, a full refund of any and all payments made toward such Services. If Allied Motion elects to accept nonconforming Products or Services, Allied Motion, in addition to its other rights and remedies, shall be entitled to an appropriate reduction in price. Payment for any Products or Services shall not be deemed an acceptance thereof.

Seller shall maintain inspection and quality control systems reasonably acceptable to Allied Motion. The system of quality control including drawings, specifications and other data shall conform to the quality control requirements specified by Allied Motion or, if unspecified, shall meet the highest standards in the industry. Seller shall maintain adequate inspection and test reports, affidavits, certifications and other documents which relate to work performed under this Order. Seller shall maintain such documents for Allied Motion or its customer's review for a period of not less than five (5) years following completion of the Order to which the documents relate.

4. **CHANGES:** Allied Motion may, at any time, by a written Order, make changes in any of the following: (a) tooling drawings, designs or specifications where the Products to be furnished are to be specially manufactured for Allied Motion in accordance therewith; (b) method of shipment or packing; and (c) place of delivery and delivery schedule. Seller will promptly comply with such change(s). If any change(s) cause an increase or decrease in the cost of or the time required for the performance of any work under this Order, an equitable adjustment will be made in the price or delivery schedule or both and this Order shall be modified in writing accordingly. Any claim by Seller for adjustment under this paragraph must be asserted in

writing within fifteen (15) days from the date of receipt of notice of change by Seller unless Allied Motion expressly waives such requirements in writing. Where the cost of property made obsolete or excess as a result of any change requested by Allied Motion is included in Seller's claim for adjustment. Allied Motion shall have the right to prescribe the manner of disposition of such property. Failure to agree on any claim for an equitable adjustment under this paragraph shall be deemed a dispute subject to the provisions of paragraph 24 hereinbelow. Pending the resolution of any such dispute, Seller shall diligently pursue the performance of this Order as changed.

5. **DRAWINGS AND SPECIFICATIONS REVIEW:** In the event Allied Motion reviews drawings, specifications or other data developed by Seller in connection with an Order and makes suggestions or comments or improves such documents or data, such action is merely an expression of opinion by Allied Motion and will not serve to relieve Seller of any responsibility for such drawings, specifications or other data or for performance of such Order.
6. **ALLIED MOTION'S CONFIDENTIAL INFORMATION:** Seller shall keep and maintain as confidential all information, drawings, specifications or data furnished by Allied Motion or its customers and shall not divulge or use such information, drawings, specifications or data for the benefit of any third person or entity. Except as required for the performance of this Order, Seller shall not make copies or permit copies thereof to be made without the prior written consent of Allied Motion. Seller shall, upon completion of this Order, return such data, including any and all copies thereof, to Allied Motion and make no further use, either directly or indirectly, of any such data or of any information derived therefrom without obtaining Allied Motion' prior written consent.
7. **USE OF SELLER'S INFORMATION:** Seller agrees that all information heretofore or hereafter furnished or disclosed to Allied Motion by Seller, in connection with the placing or filling of this Order, is furnished or disclosed as a part of the consideration for this Order. Except as otherwise agreed to in a writing signed by Allied Motion prior to any such disclosure, Allied Motion shall not be under any obligation of confidentiality with respect to such information and Seller shall not assert any claims for breach of confidential or similarly based claims with respect to such information.
8. **DISCLOSURE OF CONTRACT:** Seller shall not in any manner advertise or publish that it has furnished or contracted to furnish Allied Motion with the Products or Services purchased under an Order without the prior written consent of the Allied Motion.
9. **TOOLING:**
 - a. All tools, patterns, dies, gauges, jobs, fixtures, and all specifications, drawings, samples, designs, software, firmware, programs, formulae, and other tangible items ("Tools") either furnished to Seller by Allied Motion or paid for by Allied Motion in connection with this Order ("Allied Motion Tools") shall: (i) only be used in the performance of the Order, (ii) remain the property of Allied Motion, (iii) not be altered or modified in any way without Allied Motion's prior written consent, and (iv) be disposed of or returned in good repair, normal wear and

tear excepted, to Allied Motion, at Allied Motion's direction and expense. Seller shall, at its expense, keep adequate records (which shall be made available to Allied Motion upon request) and store, protect, preserve, repair and maintain such property in accordance with sound industrial practices. In the event that such property becomes lost or damaged to any extent prior to return to Allied Motion, Seller agrees to indemnify Allied Motion for any damages or loss or replace such property at Seller's expense and at Allied Motion's request. Seller shall conspicuously mark all Allied Motion Tools as property of Allied Motion and shall take any and all steps necessary so as to prevent any liens or other encumbrances being placed thereon. Seller waives any right it may have in law or equity to withhold Allied Motion Tools.

- b. Unless otherwise specified in this Order, all Tools, other than Allied Motion Tools, required for performance will be furnished by Seller ("Seller's Tools") and shall be maintained in good working condition and shall be replaced when necessary at Seller's sole cost and expense. Seller will pay all applicable taxes, including personal property taxes assessed upon Seller's Tools.

10. **GOVERNMENT PROPERTY:** In the event any tooling, test-equipment articles or materials of any type designated or acquired hereon as Government property or as Government owned is furnished to Seller in connection herewith, Seller assumes complete liability therefore except for reasonable wear and tear and except to the extent that such property is consumed in the performance of this Order, unless otherwise provided on the face of this Purchase Order, Seller shall comply with all applicable provisions of the FAR.

11. **PRICES:** The prices of the Products purchased hereunder are those stated on the face of the Order issued by Allied Motion and accepted by Seller and such prices shall remain firm for the quantities listed notwithstanding any delays in delivery or acceptance, provided that, in the event Allied Motion requests and Seller agrees that deliveries be delayed for more than twelve (12) months after the last scheduled date of delivery, set forth on the face of this Order, an equitable adjustment in price based upon actual cost increases experienced by Seller as a consequence of such delay may be negotiated by Allied Motion and Seller. In the event the parties are unable to agree upon such price adjustment, Allied Motion may, at its option, cancel the undelivered balance of the subject Order.

12. **TAXES:** Seller's price shall be exclusive of any federal, state or local sales use or excise taxes levied upon or measured by the sale, the sales price or use of Products and any like taxes of foreign countries or jurisdictions (including customs duties, forwarding fees, port entry fees and other like impositions, where applicable) in the performance of this Order. Seller shall list separately on its invoice any such taxes applicable to any such Products payable by Allied Motion, with respect to which Allied Motion does not furnish to Seller evidence of exemption. Seller's prices shall not include any taxes on property owned by the U. S. Government, unless authorized in writing by Allied Motion. Seller agrees to comply with any reasonable request by Allied Motion regarding payments under protest and regarding any refunds, claims, litigation or proceedings with respect to any such taxes and to make

appropriate adjustments to afford Allied Motion the benefit of any refund or reduction in such taxes.

13. **PAYMENT:** Unless otherwise agreed to by Allied Motion and Seller in writing, payment for all invoices issued relative to any Order shall be net sixty (60) days from the date of Seller's invoice, which shall not be dated earlier than the date of shipment for such Products. Any claim by Seller for money due or to become due from Allied Motion shall be subject to deduction or set-off by Allied Motion for any claims or counterclaims arising from this or any other Order issued by Allied Motion to Seller or any other transaction with Seller or Seller's affiliated companies.

14. **EXCUSEABLE DELAYS:** Neither party shall be liable for damages for delay in delivery arising out of causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, threats of terrorism, terrorist acts and unusually severe weather. If the delay is caused by the delay of Seller's subcontractor(s) (any tier) or vendor(s) and if such delay arises out of causes beyond the control of both Seller or said subcontractor(s) or vendor(s) and without the fault or negligence of any of them, Seller shall not be liable to Allied Motion in damages unless the material or services to be furnished by the said subcontractor(s) or vendor(s) were obtainable from other sources in sufficient time so as to permit the Seller to meet the required delivery schedule. Seller will notify Allied Motion in writing within forty-eight (48) hours after the beginning of any such cause. Nothing herein shall relieve Seller from making deliveries at the earliest possible time. In the event such delay materially interferes with the performance of Allied Motion' in relation to its customer(s), then Allied Motion may cancel this Order without further liability.

15. **INDEMNIFICATION:** Seller shall defend, indemnify and hold Allied Motion, its affiliated companies and their respective shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns harmless from and against any and all claims, suits, actions, liabilities, losses, costs, reasonable attorneys' fees, expenses, judgments or damages, whether ordinary, special or consequential arising directly or indirectly from or in connection with (i) the acts, negligence, omissions or willful misconduct of Seller; (ii) Products or Services supplied hereunder; (iii) a breach of any of Seller's warranties or any other term and condition of this or any other Order; (iv) Seller's negligent, unauthorized or wrongful acts or omissions with regard to the transportation, use, handling, disposal, processing or installation of hazardous materials; (v) a claim that any Products or Services furnished hereunder infringe upon or misappropriate any patent, copyright, trademark, trade secret or other intellectual property interest of another; (vi) a claim of any lien, security interest or other encumbrance made by a third party; (vii) a violation of federal or state law, regulation, statute or ordinance; or (viii) failure to comply with the Confidentiality obligations set forth herein. Notwithstanding the foregoing, this indemnification provision shall not apply where such claims arise out of the gross negligence or willful misconduct or malfeasance of Allied Motion, its officers, agents or employees.

Without limiting Allied Motion's rights and remedies hereunder, if Allied Motion believes that the Products or Services supplied hereunder are likely to be determined to be an infringement or misappropriation of a patent, copyright, trademark, trade secret or other proprietary right, Allied Motion may, at its sole option, require Seller to (i) replace such Products or Services with equivalent functionality; or (ii) modify such Products or Services with equivalent functionality to make them non-infringing at no additional cost to Allied Motion.

16. **INSURANCE:** Seller shall, at all times, carry and maintain insurance coverage satisfactory to Allied Motion to cover its obligations in any Order issued by Allied Motion, including without limitation, the following insurance with the respective minimum limits per occurrence: Commercial General Liability - \$2,000,000, Workers' Compensation - statutory, Business Automobile Liability - \$2,000,000 and Product Liability Coverage - \$5,000,000. Upon request, Seller shall submit to Allied Motion certificates of insurance showing proof of such coverage.
17. **NOTICE OF LABOR DISPUTES:** Whenever Seller has knowledge that any actual or potential labor dispute which delays or threatens to delay the timely performance of this order, Seller, shall immediately give written notice thereof, including all relevant information with respect thereto to Allied Motion. Seller agrees to insert the substance of this clause, including this sentence, in any subcontract hereunder or vendor order issued.
18. **WARRANTY:** Seller warrants that all Products furnished hereunder will be free of defects in material and workmanship, will conform to applicable written drawings, specifications and other data and if not of Allied Motion' specified design, will be free of design defects and fit and sufficient for the purpose intended. All warranties shall survive acceptance and payment and shall run to Allied Motion and its customer.
19. **COMPLIANCE WITH LAWS:** Seller shall, in the performance of work, production and delivery of Products or the performance of Services under an Order, fully comply with all applicable federal, state, national, provincial and local laws, rules, regulations and ordinances of the United States and/or foreign countries or jurisdictions, where applicable and shall indemnify and hold Allied Motion harmless from any liability resulting from its failure to comply. Further, Supplier warrants that all Products and Services rendered under an Order will be produced or performed in compliance with all applicable federal, state and local laws, rules and regulations, including without limitation:
 - a. The Fair Labor Standards Act as amended and with all applicable regulations and orders issued thereunder. Seller will certify on its invoice that Products produced or Services rendered under an Order are done so in compliance with this Act.
 - b. The Occupational Safety and Health Act of 1970 (29 U.S.C. 651) ("OSHA") and the Consumer Product Safety Act of 1972 (Title 5 U.S.C. 4314, 5315; 15 U.S.C. 2051-2081) ("CPSA") each as amended and will all applicable regulations and orders issued thereunder. In the event that Products sold or Services rendered do not conform to OSHA or CPSA

standards and regulations, Allied Motion may, at its sole option, either return the Products for correction or replacement or exercise its rights under Paragraph 22 below.

- c. **This contractor and subcontractor shall abide by the requirements of 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability or veteran status.**

20. COMPLIANCE WITH ENVIRONMENTAL LAWS: Seller shall, in the performance of work or Services under an Order, fully comply with all applicable federal, state and local and environmental laws, rules, regulations and ordinances of the United States and/or foreign countries or jurisdictions, where applicable, including without limitation:

- a. Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH). Sellers shall disclose content of Substances of Very High Concern (SVHCs) and provide associated safe-use information, for all Goods sold to Buyer under this Order in accordance with requirements of the European Union (EU) European Community Regulation 1907/2006; on the Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH). Additional information regarding REACH may be obtained from the European Chemical Agency (ECHA), at the following URL <http://echa.europa.eu/>. Sellers shall disclose content of SVHCs when the substance is listed as an SVHC and present in the Products in amounts exceeding 0.1% by weight. When the Products supplied contains listed SVHCs, the Seller shall indicate the specific substance, the actual content as a percentage of weight and provide safe-use information for that substance, preparation or article, by way of MSDS sheets or equivalent documentation. The list of SVHCs shall be periodically revised by ECHA and Sellers shall provide Products content & safe-use information based upon continually current REACH requirements and SVHC Listing.

21. REDUCTION OF HAZARDOUS SUBSTANCES (ROHS). The Products, components or materials supplied shall be in compliance with the restrictions / allowances of the European Union (EU) Reduction of Hazardous Substances (RoHS) Directive 2002/95/EC with the exception of the intentional content of materials and components specifically ordered, noted by procurement documentation and provided as such.

22. TERMINATION FOR DEFAULT: Allied Motion may, by issuing to Seller a written notice of default, terminate this Order or any part thereof, without further liability to Allied Motion, in the event of the occurrence of any of the following: (i) insolvency of Seller, the filing of a voluntary or involuntary petition in bankruptcy by or regarding Seller, appointment of a Receiver or Trustee for Seller or an assignment by Seller for the benefit of creditors; (ii) determination by

Allied Motion, in its sole judgment that Seller's financial condition is such as to endanger its performance hereunder or (iii) upon a material uncured breach of any of the terms or conditions hereof including, without limitation, late or non-delivery of Products as scheduled and delivery of Products to Allied Motion that do not conform to the applicable specifications. The effective date of any termination notice issued hereunder shall be immediate unless otherwise stated in the notice of termination. In all cases, Allied Motion may, in addition to its other rights and remedies at law or in equity, (i) terminate this Order in whole or in part and/or (ii) obtain the Products or Services ordered herein from another source and Seller shall be liable for and shall reimburse Allied Motion for any excess costs resulting from such re-procurement. Allied Motion may, at its option, require expedited delivery of any Products, ready for delivery with such costs for expedited delivery to be borne by Seller. Seller shall assure that such Products are capable of delivery free and clear of all liens and other encumbrances. If after notice of termination of this Order has been given under this Paragraph 22, it is determined by Allied Motion that Seller's failure to perform this Order is due to any cause beyond Seller's control, such notice of default shall be deemed to have been issued pursuant to Paragraph 23 and the rights and obligations of the parties shall in such event be governed by such paragraph, provided Seller notifies Allied Motion promptly of such cause.

23. TERMINATION AT ALLIED MOTION' OPTION, LIABILITY UPON TERMINATION: Allied Motion may terminate this Order in whole or in part by written notice of termination whereupon Seller will stop work on the date and to the extent specified in the notice and immediately terminate all vendor orders and related subcontracts. Seller will promptly advise Allied Motion of the quantities of work and material on hand or purchased prior to termination and the most favorable disposition that Seller can make thereof. Seller shall comply with Allied Motion's instructions regarding the transfer and disposition of title and possession of such work and material within thirty (30) days following its receipt of such notice of termination or, in the event Allied Motion does not provide any such instruction, Seller will take all prudent steps to mitigate its damages. Allied Motion will have the right to audit such claims at any reasonable time(s) by inspecting and auditing the records, facilities, work or materials of Seller and/or its vendors and subcontractors relating to this Order. Charges for any such termination of such Order shall be strictly limited to Seller's actual, verifiable non-recoverable costs incurred by Seller that Seller can demonstrate were properly incurred for the Products or Services under the Order prior to the date of termination. In no event will Allied Motion reimburse Supplier for any: (i) Products that are in Finished Goods form, but which do not conform to the applicable specifications under the Order; (ii) for any anticipated profits or revenue or other economic loss for undelivered Products that are not in finished good form or unperformed Services; or (iii) for unperformed Services. Any Products, work-in-process and raw materials for which Seller is reimbursed shall become Allied Motion' property. Notwithstanding the above, payments made under this clause shall not exceed the aggregate price specified in this Order less payments otherwise made or to be made and adjustments will be made reducing the payments hereunder for costs of work in process and raw material to reflect on a pro rata basis any indicated loss on the entire Order had it been completed. PAYMENT MADE

UNDER THIS CLAUSE WILL CONSTITUTE SELLER'S SOLE REMEDY AND ALLIED MOTION'S ONLY LIABILITY IN THE EVENT THIS ORDER IS TERMINATED HEREUNDER.

24. **DISPUTES – REMEDIES:** With respect to any dispute arising hereunder, which is not disposed of by agreement, either party may pursue any remedy which it may have in the venue specified in paragraph 27. Pending the resolution of any such dispute, Seller shall diligently pursue the performance of this contract. Notwithstanding any provision to the contrary as may be contained herein, if any Government official, having cognizance of Allied Motion's or its customer's contract, issues a final decision relating directly or indirectly to this Order or to the Products to be or that have been delivered hereunder or Services to be or that have been performed hereunder, such decision, if binding upon Allied Motion, will in turn be binding upon Seller and Seller will not be entitled to additional compensation or reimbursement for compliance therewith.

The rights and remedies provided to Allied Motion herein are cumulative and are in addition to any other rights or remedies provided to it by law or in equity. Any failure by Allied Motion to enforce its rights hereunder or a waiver of a breach of any provision hereof will not be deemed a waiver of such rights or a waiver of any other or similar future breach.

25. **ASSIGNMENT AND SUBCONTRACTING:** Assignment and subcontracting this Order, or any interest therein, including any claims for monies due or to become due with respect thereto, may only be assigned or subcontracted by Seller upon the prior written consent of Allied Motion. Any payment to any assignee of any claim under this order, in consequence of such consent shall be subject to set-off, recoupment or other reduction for any claim which Allied Motion may have against Seller. Nothing herein shall limit Seller's right to purchase standard commercial supplies or raw materials.

26. **LIMITATION OF LIABILITY:** In no event shall Allied Motion be liable for incidental or consequential damages, including but not limited to loss of profits, loss of use of equipment, facilities, capital or money, whether such liability is grounded in contract, tort or any other cause whatsoever. Seller must commence suit with respect to any claim arising out of or in connection with this Order within one (1) year following Allied Motion's final payment for Products or Services as specified in this Order.

27. CHOICE OF LAW AND FORUM; PERSONAL JURISDICTION; WAIVER OF JURY TRIAL: This Order shall be governed by and construed under the laws of the state of New York without regard to its conflicts of laws provision. The exclusive jurisdiction for any dispute arising hereunder shall be in the federal or state courts located of the state in which the Allied Motion entity issuing the Order is located and Seller irrevocably consents to the personal jurisdiction thereof. Seller agrees that it will not commence any lawsuit against Allied Motion arising from or related to this Order or the work or materials furnished hereunder except in one of the aforementioned courts. Any proceedings commenced in state or federal court arising in connection with this Order shall be tried before and decided by the presiding judge without a

jury and Buyer and Seller expressly waive any right to have such proceedings determined by trial by jury. Seller shall pay Allied Motion's costs in enforcing this Order, including all attorneys' fees.

28. GOVERNMENT CONTRACTS: If this is a rated U.S. Government Contract as so indicated on the face of this Order, Seller shall comply with the provisions of the Anti-Kickback Statue, (Public Law 86-698, 74 Stat. 740 41 U.S.C. 51-54 as amended) and shall hold Allied Motion harmless from any and all liability resulting from Seller' failure of such compliance. Contract clauses required by the provisions of the Federal Acquisition Regulations listed below unless Allied Motion, in writing, designates other governmental regulations as applicable are incorporated herein by reference, except that the terms "Government" and "Contracting Officer" and equivalent phrases (unless the context clearly indicates otherwise) shall mean "Allied Motion" and the terms "Contractor" or "Subcontractor" shall mean "Seller". For purposes of this Agreement the term "FAR" means Federal Acquisitions Regulations and "DFAR" means the Defense Federal Acquisition Regulations. The effective dates of the FAR and DFAR clauses referenced below shall be the date of corresponding clauses in the prime contract that is referenced in the Order. If any of the following FAR or DFARS clauses do not apply to this Purchase Order, such clauses are considered to be self-deleting.

- (a) **This contractor and subcontractor shall abide by the requirements of 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability or veteran status.**
- (b) INSPECTION AND AUDIT – Seller's books and records at its plant or such part thereof as may be engaged in the performance of this purchase order, shall at all reasonable time be subject to inspection and audit by any authorized representatives of the United States Government.
- (c) EXAMINATION OF RECORDS BY COMPTROLLER GENERAL – Seller agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under this purchase order, have access to and the right to examine only directly pertinent books, documents, papers and records of Seller involving transactions related to this purchase order.
- (d) EXECUTIVE ORDER 13496 (29 CFR Part 471, Appendix A to Subpart A) and the rules and regulations promulgated thereunder relative to the requirement for federal contractors and their sub-contractors to post the required notices informing employees of their rights under the National Labor Relations Act (NLRA).
- (e) Seller shall comply with the following FAR/DFAR Clauses:

- 52.246.2 - Inspection (the term “Government” in this clause shall be deemed to include both the “Government” and Allied Motion).
- 52.222-4 - Contract Work Hours and Safety Standards Act-Overtime Compensation)
- 52.222-20 - Walsh-Healy Public Contracts Act (purchase orders over \$10,000)
- 52.203-5 - Covenant Against Contingent Fees
- 52.203-7 - Anti-Kickback Procedures(Excepting paragraph (c)(1))(Applicable to Purchase Orders that exceed \$150,000 or the dollar threshold in effect as of the date of the prime contract.)
- 52.203-12 - Limitation on Payments to Influence Certain Federal Transactions” (Applicable to Purchase Orders exceeding \$150,000 or the dollar threshold in effect as of the date of the prime contract.)
- 52.203-13 - Contractor Code of Business Ethics and Conduct” (Applicable to Purchase Orders (i) that have a value more than \$5,000,000 or the dollar threshold in effect as of the date of the prime contract; and (ii) that have a performance period of more than 120 days.) (In Paragraph (b)(3)(i), the meaning of “agency office of the Inspector General” and “Contracting Officer” does not change, in Paragraph (b)(3)(ii) the meaning of “Government” does not change, and in Paragraphs (b)(3)(iii) and (c)(2)(ii)(F), the meaning of “OIG of the ordering agency”, “IG of the agency” “agency OIG” and “Contracting Officer” do not change.)
- 52.203-17 - Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights” (Applicable to Purchase Orders over the simplified acquisition threshold under prime contracts awarded by civilian agencies other than NASA and the Coast Guard.)
- 52.204-2 - Security Requirements
- 52.209-6 - Protecting the Government’s Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment” (Applicable to Purchase Orders exceeding \$30,000 or the dollar threshold in effect as of the date of the prime contract.)
- 52.211-15 - Defense Priority and Allocation Requirements
- 52.215-10 - Price Reduction for Defective Cost or Pricing Data
- 52.215-12 - Subcontractor Cost or Pricing Data
- 52.215-22 - Limitations on Pass-Through Charges – Identification of Subcontract Effort” (Applicable to solicitations for Purchase Orders that will incorporate FAR clause 52.215-23 or 52.215-23 Alt I.)
- 52.215-23 & Alt I - Limitations on Pass – Through Charges (Include Alternate I if it is Included in the prime contract) (Under other than DoD prime contracts, applicable to time and material and labor hour Purchase Orders that exceed the simplified acquisition threshold; and under DoD prime contracts, applicable to time and material, labor hour, and fixed price Purchase Orders, except those identified in FAR 15.408(n)(2)(i)(B)(2), that exceed the threshold for obtaining cost or pricing data in accordance with FAR 15.403-4.)
- 52.219-8 - Utilization of Small Business Concerns
- 52.222-1- Notice to the Government of Labor Disputes

- 52.222-17 - Nondisplacement of Qualified Workers (Applicable to Purchase Orders over the simplified acquisition threshold when services are to be performed by Seller (1) under service contracts, as defined at 22.001, (2) that succeed purchase orders for performance of the same or similar work at the same location and (3) that are not exempted by 22.1203-2 or waived in accordance with 22.1203-3. Seller to furnish information needed by Buyer to comply with paragraphs d and e of this clause.)
- 52.222-21 - Prohibition of Segregated Facilities (Applicable to Purchase Orders exceeding \$10,000 or the dollar threshold in effect as of the date of the prime contract.)
- 52.222-26 - Equal Opportunity (Applicable to Purchase Orders exceeding \$10,000 or the dollar threshold in effect as of the date of the prime contract.)
- 52.222-35 - Equal Opportunity for Veterans” (Applicable to Purchase Orders of \$100,000 or more, or the dollar threshold in effect as of the date of the prime contract.)
- 52.222-36 - Affirmative Action for Workers with Disabilities (Applicable to Purchase Orders exceeding \$15,000 or the dollar threshold in effect as of the date of the prime contract.)
- 52.222-37 Employment Reports on Veterans (Applicable to Purchase Orders of \$100,000 or more, or the dollar threshold in effect as of the date of the prime contract.)
- 52.222-40 - Notification of Employee Rights Under the National Labor Relations Act (Applicable to Purchase Orders that exceed \$10,000 or the dollar threshold in effect as of the date of the prime contract and are issued under prime contracts resulting from Solicitations issued after December 12, 2010.)
- 52.222-50 & Alt I - Combating Trafficking in Persons (Alternate I is applicable to Purchase Orders if it is included in the prime contract.)
- 52.222-54 –Employment Eligibility Verification
- 52.223-2 - Clean Air and Water (purchase orders over \$100,000)
- 52.227-2 - Notice and Assistance Regarding Patent Infringement
- 52.227-9 - Report and Refund of Royalties
- 52.227-10 - Filing of Patent Applications
- 52.227-14 - Rights in Data – General
- 52.227-19 - Commercial Computer Software Restricted
- 52.232-39 - Unenforceability of Unauthorized Obligations
- 52.244-6 - Subcontracts for Commercial Items
- 52.247-64 - Preference for Privately Owned U.S.-Flag Commercial Vessels
- 252.203-7002 - Requirement to Inform Employees of Whistleblower Rights
- 252.204-7012 – Safeguarding Covered Defense Information and Cyber Incident Reporting
- 252.204-7015 - Disclosure Of Information To Litigation Support Contractors
- 252.211-7003 - Item Identification and Valuation (Seller’s obligations under this clause are limited to cooperating with Buyer’s efforts to comply with this clause,

- including granting Buyer access to Seller's deliverables at its facilities and to appropriate property records.)
- 252.222-7006 Restrictions on the Use of Mandatory Arbitration Agreements
 - 252.222-7007 Representation Regarding Combating Trafficking in Persons
 - 252.223-7008 - Prohibition of Hexavalent Chromium (Applicable to all Purchase Orders for supplies, maintenance and repair services, or construction materials.)
 - 252.225-7001 - Buy American Act and Balance of Payments Program
 - 252.225-7012 Restrictions on food, clothing, fabrics, hand or measuring tools and flags
 - 252.225-7008 - Restriction on Acquisition of Specialty Metals (Applicable to Purchase Orders for the delivery of specialty metals as end items to Buyer or Seller to the extent necessary to ensure compliance of the end products that Buyer will deliver to the Government when DFARS clause 252.225-7009 is in the prime contract.)
 - 252.225-7009 - Restriction on Acquisition of Certain Articles Containing Specialty Metals (excluding paragraph (d) and paragraph (e)(1) which are deleted from this clause). (Applicable to Purchase Orders for items containing specialty metals to ensure compliance of the end products that Buyer will deliver to the Government under prime contracts awarded, or modified to include the clause, after July 28, 2009 according to the clause.)
 - 252.225-7010 - Commercial Derivative Military Article – Specialty Metals Compliance Certificate” (Applicable to solicitations for Purchase Orders that will incorporate DFARS clause 252.225-7009.)
 - 252.225-7014 - Preference for Domestic Specialty Metals
 - 252.225-7048 - Export-Controlled Items
 - 252.227-7013 - Rights in Technical Data - Noncommercial Items
 - 252.227-7014 - Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
 - 252.227-7015 - Rights in Technical Data - Commercial Items
 - 252.227-7030 - Technical Data - Withholding of Payment
 - 252.227-7037 - Validation of Restrictive Markings on Technical Data
 - 252.244-7000 - Subcontracts for Commercial Items and Commercial Components
 - 252.246-7003 - Notification of Potential Safety Issues (Applicable to Purchase Orders for (i) parts defined as critical safety items in accordance with this clause; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; and (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system.)
 - 252.246-7007 - Contractor Counterfeit Electronic Part Detection and Avoidance System” (Applicable to Purchase Orders when the goods or services include electronic parts or assemblies containing electronic parts. This clause applies to all Sellers, at all tiers, without regard to whether the Seller itself is subject to CAS.)
 - 252.247-7023 - Transportation of Supplies by Sea
 - 252.247-7024 - Notification of Transportation of Supplies by Sea

- (f) Unless Allied Motion expressly identifies the goods that are procured under this Purchase Order as non- technical and for Allied Motion's internal use only, Seller warrants without limitation as to time that the goods delivered pursuant to this Purchase Order shall (i) be and only contain materials obtained directly from the Original Component Manufacturer (OCM) or the Original Equipment Manufacturer (OEM) (collectively, the Original Manufacturer (OM)) or an authorized OM reseller or distributor (collectively, an Authorized Distributor); (ii) not be or contain Counterfeit Items or Suspect Counterfeit Items, as defined below; and (iii) contain only authentic, unaltered OM labels and other markings. Seller shall obtain and retain all documentation required to fully trace the distribution and sale of the goods delivered hereunder back to the relevant OM, and, on request of Allied Motion, shall provide such authenticating documentation. Counterfeit Item means an unlawful or unauthorized reproduction, substitution, alteration, or the false identification of grade, serial number, lot number, date code, or performance characteristic, that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified item from the OM, an Authorized Distributor, or an Aftermarket Manufacturer as defined in SAE AS5553 "Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition" (Authorized Aftermarket Manufacturer). A Suspect Counterfeit Item means an item for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the item is authentic. Seller warrants that it will not act as or engage an independent distributor, non-authorized distributor, non-franchised distributor, non-authorized supplier, or non-authorized reseller (collectively, Broker), to assist it in delivering goods pursuant to this Purchase Order unless the Allied Motion provides prior written approval to do so. Any Seller request to procure from a Broker shall include complete and compelling support for such request and shall include all actions completed by Seller to ensure the goods thus procured are not Counterfeit Items. When so authorized by Allied Motion, Seller shall be responsible for counterfeit risk mitigation testing and providing traceability identifiers (i.e. Date Code Lot Code, Serial number) for Broker procured parts, and identifying items delivered to Allied Motion that contain such parts. Seller shall include the substance of this Section 13 (b), including this flow down requirement, in procurements for goods at all tiers.
- (g) Unless Allied Motion expressly identifies the goods that are procured under this Purchase Order as non- technical and for Allied Motion's internal use only, Seller further warrants that it has and shall maintain a Counterfeit Item risk mitigation process, internally and with its suppliers, (reference SAE AS5553 and AS6174), for goods delivered hereunder, and in accordance with the standards or instructions set forth in this Purchase Order. Allied Motion shall have the right to audit, inspect, and / or approve the processes at any time before or after delivery of the goods ordered hereunder. Seller shall provide evidence of the Seller's risk mitigation process to Allied Motion upon request. Allied Motion shall have the right to require changes to the processes to conform with Allied Motion's defined standards, if any. Failure of the Seller or any of its subcontractors to conform to the above process specifications and provisions may result in the termination of this Purchase Order. Seller and Seller's subcontractors that are allowed access to the US Government Industry Data Exchange Program (GIDEP) shall participate in monitoring GIDEP reports and Seller

shall act on GIDEP reports that affect product delivered to Allied Motion. Seller shall immediately notify Allied Motion with the pertinent facts if Seller becomes aware of or suspects that items delivered for the Purchase Order are, or contain, suspect or confirmed counterfeit items. If a good delivered hereunder is discovered to be a Counterfeit Item or Suspect Counterfeit Item, Allied Motion shall have the right to quarantine the good for further investigation. Allied Motion's investigation may include the participation of third parties or governmental investigative agencies as required by law or regulations by Allied Motion's customer, or by Allied Motion, in its sole discretion. The Seller and/or the Seller's subcontractors shall cooperate in good faith with any investigation conducted by Allied Motion. Upon Allied Motion's request, Seller shall provide Allied Motion certificates of conformance with respect to the goods delivered. Allied Motion shall not be required to return the good during the investigation process and thereafter if not found to be authentic. Allied Motion shall not be liable for payment to Seller of the price of any Suspect Counterfeit Items until determined to be authentic. If Allied Motion determines in its sole discretion that there is credible evidence that a good delivered under this Purchase Order constitutes a Counterfeit Item or Suspect Counterfeit Item, Seller, or its subcontractor, shall, if directed by Allied Motion to do so, issue a GIDEP alert and shall ensure suspect or confirmed Counterfeit Items are not delivered to Allied Motion. Allied Motion reserves its right to issue its own GIDEP alert if Allied Motion concludes, in its sole estimation, that a good is a Counterfeit Item or Suspect Counterfeit Item. Seller shall include the substance of this Section 13 (c), including this flow down requirement, in procurements for goods at all tiers.

(h) Article XI: Data Rights and Copyrights

Although this Article shall serve as the default and overarching terms and conditions for the handling of Data Rights and Copyrights, every Purchase Order is individually negotiated, and any specific Data Rights or Copyright terms and conditions in the Purchase Order Statement of Work will control over this Article.

Technical Data and Computer Software Rights under this Purchase Order shall be determined in accordance with DFARS 252-227-7013 (Rights in Technical Data—Noncommercial Items (Feb 2014)) and DFARS 252.227-7014 (Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (Feb 2014)), except as otherwise specified in this Article or the Purchase Order. The definitions included in this Article shall replace the definitions found in the referenced DFARS clauses.

A. Definitions

“Government Purpose” means any activity in which the Government is a party. Government purposes include competitive procurement, but do not include the rights to use, modify, reproduce, release, perform, display, or disclose technical data for commercial purposes or authorize others to do so.

“Government Purpose Rights” means the right to use, modify, reproduce, release, perform, display, or disclose technical data within the Government without restriction; and to release or disclose technical data outside the Government and authorize persons to whom release or disclosure has been made to use, modify, reproduce, release, perform, display, or disclose that data for Government purposes. This is a middle path unique to defense contracts that allows contractors to have the exclusive right to use the technical data in the commercial market. Unless otherwise agreed, Government Purpose Rights convert to Unlimited Rights five years after execution of the Purchase Order.

“Limited Rights” means the right to use, modify, reproduce, release, perform, display, or disclose technical data, in whole or in part, within the Government. The Government may not, without the written permission of the party asserting limited rights, release or disclose the technical data outside the Government, use the technical data for manufacture, or authorize the technical data to be used by another party. However, the Government may reproduce, release, or disclose such data or authorize the use or reproduction of the data by persons outside the Government if it is necessary for emergency repair and overhaul, or a release or disclosure to a covered Government support contractor in performance of its covered Government support contract (management and administrative support). The recipient of the technical data is subject to prohibition on the further reproduction, release, disclosure, or use of the technical data, and Allied Motion or Seller asserting the restriction shall be notified of such reproduction, release, disclosure, or use.

“Restricted Rights” applies only to noncommercial computer software and means the Government’s right to use a computer program on a limited number of computers, and make the minimum number of copies of the computer software required for safekeeping (archive), backup, or modification purposes. However, the Government may allow the use of the noncommercial computer software outside of the Government under a limited set of circumstances, including use by a covered Government support contractor in performance of its covered Government support contract (management and administrative support), and after Allied Motion or Seller asserting the restriction is notified.

“SBIR Data Rights” refers to a Small Business Innovation Research contract and applies to both technical data and computer software. The Seller is entitled the SBIR data protection to all technical data and computer software developed during performance of a SBIR Phase III agreement, regardless of the funding source.

SBIR Data Rights are generally equivalent to Limited Rights for technical data and Restricted Rights for computer software. In the DOD, SBIR Data Rights survive for five years from the completion of the project, at which point they will convert to Unlimited Rights. SBIR efforts are divided into three successive phases (I, II, III), with the ultimate goal of commercializing the technology in question. The Government can award an unlimited number of SBIR Phase III agreements as long as they are a logical follow-on to the technology being developed, and with the understanding that the five-year clock restarts with every award.

“Specifically Negotiated License Rights” means any modification by mutual agreement to the standard DFARS noncommercial data rights categories (Unlimited Rights, Government Purpose Rights, Limited/Restricted Rights) laid out in this Article that the Government, Allied Motion and the Seller consider appropriate to the specific contract action, but shall not provide rights less than that provided by Limited Rights. Any rights so negotiated shall be identified in a license agreement written into or made part of the Purchase Order and the Prime Contract.

“Technical Data” means recorded information, regardless of the form or method of recording, of a scientific or technical nature (including computer software documentation). The term does not include computer software or data incidental to contract administration, such as financial or management information.

“Unlimited Rights” means the right to use, modify, reproduce, perform, display, release, or disclose technical data in whole or in part, in any manner, and for any purpose whatsoever, and to have or authorize others to do so.

B. Allocation of Principle Rights

The Government shall receive a Government Purpose Rights license or an Unlimited Rights license to all technical data and computer software developed and delivered under this Purchase Order, except for the technical data and computer software that was previously developed exclusively at private expense and identified in the Purchase Order Statement of Work and Prime Contract. To the maximum extent practicable, segregable portions of deliverables that will be restricted shall be clearly identified and labeled by the Seller.

The Government, via Allied Motion, and the Seller can negotiate for a specific level of rights to all, or a distinct subset of the technical data and computer software that is developed and delivered for a specific Purchase Order, which will have the full force and effect of an executed license.

C. Copyrights

The Seller reserves the right to protect by copyright original works developed under this Purchase Order and any subsequent Purchase Order, pursuant to 17 U.S.C. §§ 401 and 402. All such copyrights will be in the name of the individual Seller. The Seller, hereby grants to the Government a non-exclusive, non-transferable, royalty-free, fully paid-up license to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, for Governmental purposes, any copyrighted materials developed under this Purchase Order, and to authorize others to do so.

In the event that information is exchanged with a notice indicating that it is protected under copyright as a published, copyrighted work, and it is also indicated that such information existed prior to, or was produced outside of this Purchase Order or any subsequent

Purchase Order, the Government, Allied Motion, or the Seller receiving the information and others acting on its behalf may reproduce, distribute, and prepare derivative works for the sole purpose of carrying out its responsibilities under this Purchase Order.

D. Handling of Data

The Seller shall clearly identify, prior to award, the technical data and computer software (and the items, components or processes to which they pertain) that will have asserted restrictions in each Purchase Order Statement of Work. If, after award, the Seller wishes to use any other internally developed technical data or computer software, or any other pre-existing proprietary information not previously identified in the Purchase Order Statement of Work, then the Seller shall disclose its intent in writing to Allied Motion prior to its use, and shall receive written approval from the Government, via Allied Motion, prior to its use or incorporation. The asserted restrictions in the Purchase Order Statement of Work are the unilateral claims of the Seller, and the inclusion of those restrictions in the Purchase Order Statement of Work does not equate to the Government's agreement to those claims. At any time, the Government, via Allied Motion, has the right to request substantiating information supporting those claims, and can challenge or reject those claims if they are unsupported.

Technical Data and Computer Software Provided by the Government via Allied Motion

Technical data and computer software provided by the Government, via Allied Motion, under this Purchase Order shall be appropriately marked with a suitable notice or legend and maintained in confidence and disclosed and used by the Seller only for the purpose of carrying out their responsibilities under a specific Purchase Order. At no time will technical data and computer software provided by the Government, via Allied Motion, under this Purchase Order become the property of the Seller, nor does its use in carrying out their responsibilities grant any form of license to the Seller to disclose or use that technical data or computer software for any other purpose, unless specifically agreed to in writing by the Government via Allied Motion. This includes all technical data and computer software first produced by the Government, via Allied Motion, under this Purchase Order. All Purchase Orders that contain technical data or computer software provided by the Government shall have appropriate non-disclosure agreements signed by the Seller. Upon completion of a Purchase Order, the aforementioned technical data and computer software shall be disposed of as requested by the Government via Allied Motion.

Oral and Visual Information

If information which the Seller considers to embody trade secrets or to comprise commercial or financial information which is privileged or confidential is disclosed orally or visually to the Government, the exchange of such information must be reduced to a tangible, recorded form and marked with a suitable notice or legend, and furnished to the Government, via Allied Motion, within five (5) calendar days after such oral or visual disclosure, or the Government shall have no duty to limit or

restrict, and shall not incur any liability for any disclosure and use of such information.

Disclaimer of Liability: Notwithstanding the above, the Government shall not be restricted in, nor incur any liability for, the disclosure and use of:

- a. Data or software not identified with a suitable notice or legend as set forth in this Article; nor
- b. Information contained in any data or software for which disclosure and use is restricted under Article VIII, Confidential Information, if such information is or becomes generally known without breach of the above, is known to or is generated by the Government independently of carrying out responsibilities under this subcontract, is rightfully received from a third party without restriction, or is included in data or software which the Seller has or is required to furnish to the Government without restriction on disclosure and use.

E. Marking of Data

Except for technical data and computer software developed or delivered with Unlimited Rights, all technical data and computer software developed and delivered under this Purchase Order shall have appropriate Data Rights Markings in accordance with DFARS 252.227-7013(f) and 252.227-7014(f). The Government will have Unlimited Rights to all unmarked technical data or computer software. In the event that unmarked technical data or computer software should have contained a restrictive legend, Allied Motion, on behalf of the Seller, can cure the omission by providing written notice to the Government within thirty (30) calendar days of the erroneous disclosure. To support this written notice, the Seller must provide written notice to Allied Motion within twenty (20) calendar days of the erroneous disclosure. The Government will not be responsible for any additional disclosures of the inappropriately marked technical data or computer software prior to that written notice.

F. Lower Tier Agreements

The Seller shall include this Article, suitably modified, in all lower tier agreements, regardless of tier, for work performed under the Purchase Order.

The provisions of this Article shall survive termination of this Purchase Order.