

IPG PHOTONICS TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE:** An IPG Photonics Corporation (“IPG”) purchase order (“PO”) constitutes IPG’s offer to purchase the products (“Products”) and/or services (“Services”) described thereon (collectively, “Deliverables”) from supplier of such products and/or services (“Seller”) in accordance with (i) the following terms and conditions and (ii) any additional terms and conditions printed on the face of the PO that do not conflict with such following terms (collectively “the Agreement”). All other terms and conditions which are contained in Seller’s sales quotation, order acknowledgment, acceptance or any other Seller documents (collectively, “Seller’s Documents”) are hereby expressly rejected and superseded by the Agreement, and failure by IPG to object to any provisions in Seller’s Documents shall not be deemed acceptance thereof, nor a waiver of any terms of the Agreement. Seller shall be deemed to accept the Agreement upon the earlier of (i) acceptance or acknowledgement of the PO whether orally, in writing or otherwise or (ii) commencement of performance of Seller’s obligations under the Agreement. The Agreement may only be amended or superseded by an express written agreement signed by a duly authorized representative of IPG.
2. **DELIVERY AND PRICING:** Time is of the essence, and deliveries shall be made both in quantities and at times specified in IPG’s PO. All prices shown on the face of this order are DDP at destination specified in PO [INCOTERMS 2010], unless otherwise specified on the face of the PO, and are the entire remuneration for the Deliverables purchased hereunder. Risk of loss and title shall pass to IPG upon receipt of Products at IPG’s facility, unless stated otherwise on the face of the PO. All sales, use, excise or similar taxes to be paid by IPG must be itemized separately on invoices. Due date for undisputed invoices shall be net 30 days after the latest of (i) receipt of correct invoice, (ii) acceptance of conforming Product or (iii) satisfactory completion of Services, unless stated otherwise on the face of the PO. IPG may adjust invoiced amounts for errors, shortages and defects. IPG may withhold payment pending receipt of evidence, in such form and detail as IPG may direct, of the absence of any liens, encumbrances and claims on the goods or services under the Agreement.
3. **PRICE WARRANTY:** Seller warrants that the prices specified herein for the Deliverables are not less favorable than those currently extended by Seller to its other customers buying the same or similar goods or services in equal or similar quantities under similar circumstances. If, before delivery of the Deliverables, Seller reduces the prices for like goods or services to one or more of its customers in a status comparable to IPG, the price specified in this PO shall likewise be reduced. Seller grants to IPG access to all pertinent information, including, but not limited to, books, records, payroll data, receipts, correspondence and other documents for the purpose of auditing Seller’s charges under the Agreement. Seller will preserve these documents for a period of 1 year after the final payment under the Agreement. In addition, all work, materials, inventories and other items provided under the Agreement must be accessible to IPG, including, but not limited to, parts, tools, fixtures, gauges and models. Seller will segregate its records and otherwise cooperate with IPG to facilitate the audit.
4. **PACKAGING AND SHIPPING:** Unless instructed otherwise, Seller shall (i) ship the material covered by the PO complete; (ii) ship in accordance with the instructions appearing on the face of the PO and not prior to the requested date; and (iii) place the PO number on all packaging and shipping documents. Each delivered container must be labeled to identify content without opening and packages must contain packing sheets listing contents. Seller shall provide suitable protective packing to permit safe transportation and handling at no additional charge and shall bear full responsibility for damage due to improper packing or shipping of the Products. Damage to any items resulting from improper packaging will be charged to Seller.
5. **INSPECTION; QUALITY:** IPG has the right to inspect the Products at Seller’s site prior to delivery and IPG has the right to inspect and accept the Products within a reasonable time after delivery. Where IPG discovers defective or non-conforming Products, including errors in quantity, IPG, at its option, and without waiving its other legal remedies: (i) may refuse delivery of or return Products for refund, credit, repair or replacement at Seller’s expense, or (ii) obtain a reasonable price reduction. If Seller delivers a quantity of Products less than specified in the applicable PO, IPG may cancel the PO in respect of the undelivered quantity without any liability to IPG whatsoever. Seller will comply with applicable quality, safety and regulatory requirements and with good commercial practice and applicable law. Seller shall maintain a quality system acceptable to IPG to assure the highest quality and reliability of the Products and the overall effectiveness of risk assessment and mitigation of Product failures. Seller shall allow IPG to audit the quality systems from time to time upon written notice to Seller.
6. **CHANGES:** IPG reserves the right at any time to make changes in quantity, time or place of delivery, specifications, drawings, Product description, methods of shipment or packaging of any items, or cancel or suspend a PO without Seller’s consent (collectively, “Change”). In such event, IPG and Seller shall negotiate a reasonable compensation amount, provided that IPG shall not have any liability or obligation for any cancellation or suspension made ten days or more prior to the scheduled delivery date. Notwithstanding any provision to the contrary herein or in any other document issued by either party unless such document is signed by both parties and specifically refers to this Section 6 of these terms and conditions, in the event IPG places a blanket PO for scheduled multiple release deliveries, IPG shall only be obligated to take receipt of up to three months of scheduled deliveries from the date of the PO, and IPG reserves the right to cancel the balance of the scheduled deliveries beyond the initial three months at any time and for any reason without financial impact. Any claim for adjustment in price shall be deemed waived unless made within ten days in writing. Nothing contained in this clause shall relieve the Seller from proceeding without delay in the performance of a PO as Changed. Seller shall not, without IPG’s prior written consent, purchase inventory or manufacture in advance of Seller’s normal flow time or deliver in advance of schedule as designated by IPG.

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7. **LATE DELIVERY:** Seller shall notify IPG by written communication to purchasing.us@ipgphotonics.com as soon as it becomes aware that it cannot meet the delivery date specified on the face of a PO and shall propose a new delivery date. In the event of such delay, at no additional cost to IPG, Seller shall employ accelerated measures such as material expediting fees, premium transportation costs or labor overtime to ensure the Products are delivered on or before the stated delivery date. In the event a delay in delivery or the new delivery date proposed by Seller is not acceptable to IPG, in addition to any other rights and remedies that may be available to it at law, IPG may cancel the PO without any liability whatsoever to IPG.

8. **SETOFF:** IPG shall be entitled to setoff or reduce against amounts payable under any PO (i) any claims against Seller under a PO or any other agreement or (ii) amount Seller owes to IPG for any reason whatsoever.

9. **WARRANTY:** (i) By the acceptance of this Order or delivery of the Products or Services, Seller warrants that Products and any components (including any software, firmware or repair components) thereof (A) do not and will not infringe any patent, copyright, trademark, trade secret, unpatented information, make works, or other intellectual or other proprietary rights of others of any kind, (B) are new and comprised of new materials, (C) will be safe for any use consistent with the discussions of the parties, and (D) for a period of three (3) years from delivery to IPG, the Products will conform to all applicable specifications. Seller further warrants that the Services will be completed in a professional workmanlike manner, with the degree of skill and care that is required by good and sound professional procedures. (ii) Seller warrants unencumbered title to Products (except for licensed, non-customized firmware and software where IPG and its customers are hereby granted a perpetual, fully paid up, royalty free license to use such firmware and software). (iii) The warranties herein contained are in addition to any warranties implied by law and expressly made by Seller other than hereunder. (iv) Seller warrants that Products ordered hereunder, including all components, are merchantable, free from defects in design, materials and workmanship and, fit for the intended purpose. The warranties in this section, together with Seller's own warranties for such Products or Services, shall survive inspection, acceptance and payment hereunder and shall inure to IPG, its successors and customers. In addition to any other remedies that it may have, IPG may, at its option and at Seller's expense, either (i) return all defective or nonconforming Products for a full refund or full credit of the purchase price or (ii) demand replacement of the defective or nonconforming Products.

10. **GENERAL INDEMNITY:** Seller shall defend, indemnify and hold harmless IPG, its affiliated entities and customers and their respective directors, officers, employees, agents, subcontractors and other representatives (for purposes of this Section 9, collectively "IPG") from any and all loss, damage, liability, cost (including reasonable attorneys' fees), penalty or any other expense of whatever nature, economic loss, and foregone profits (collectively "Claims") actually or proximately resulting from the failure of Products to conform to Seller's warranties and representations or arising out of any act or omission of Seller (including negligence) directly or indirectly relating to the Agreement, the use or sale of the Products, whether alone or in combination, or Services performed pursuant to the Agreement. The foregoing includes without limitation any Claims relating to allegations, actions or proceedings for breach of contract, in tort (including negligence), intellectual property infringement, any statutory, regulatory or other legal claims, claims for bodily injury (including death) and damage to property. Seller shall maintain and shall furnish, upon request, evidence of comprehensive general liability insurance and error and omissions liability insurance, each with minimum limits of USD 1,000,000 per occurrence.

11. **INTELLECTUAL PROPERTY:** In exchange for consideration provided to Seller hereunder, IPG shall (i) have free title to and all ownership interest in the Products delivered including all uses thereof (except as provided above); (ii) own all intellectual property rights in any custom software, custom specifications and custom reports created as a result of Services performed under the Agreement and delivered to IPG which are hereby assigned to IPG, and (iii) own the copyright in any original works custom to IPG fixed in any tangible medium of expression created as a result of Services performed under the Agreement which are hereby assigned to IPG. Seller agrees to execute any assignment, conveyance or any other assurance necessary to memorialize such transfers under this Section.

12. **INTELLECTUAL PROPERTY INDEMNITY:** Seller agrees to defend, indemnify and hold harmless IPG, its successors and customers against any claims of infringement (including patent, trademark, copyright, industrial design right, or other proprietary right, or misuse or misappropriation of trade secret) and resulting damages and expenses (including attorney's and other professional fees) arising in any way in relation to the goods or services contract, including such claims where Seller has provided only part of the goods or services.

13. **TECHNICAL INFORMATION DISCLOSED TO IPG:** Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information that Seller shall have disclosed or may hereafter disclose to IPG in connection with the Products or Services covered by this Agreement.

14. **PRODUCT CHANGES; ASSIGNMENT:** Seller shall not change the Product specifications, manufacturing processes or sites and Seller shall not subcontract or assign the Agreement, or any portion, without IPG's prior written approval, except for the purchase by Seller of standard commercial supplies or raw materials. Breach of the preceding sentence shall entitle IPG to terminate immediately the applicable PO, in addition to pursuing other remedies. Upon IPG's request, Seller shall provide IPG with notice of any changes to Seller's standard commercial products, including any changes to the specifications or manufacturing processes for such products.

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15. **SELLER'S PROPERTY:** Unless otherwise agreed to by IPG, Seller, at its expense, shall furnish, keep in good condition, and replace when necessary all machinery, equipment, tools, jigs, dies, gauges, fixtures, molds, patterns and other items ("Seller's Property") necessary for the production of the goods under any PO. Seller shall insure Seller's Property with full fire and extended coverage insurance for its replacement value. Seller grants IPG an irrevocable option to take possession of and title to Seller's Property that is special for the production of the Products upon payment to Seller of its net book value less any amounts that IPG has previously paid to Seller for the cost of such items; provided, however, that this option shall not apply if Seller's Property is used to produce goods that are the standard stock of Seller or if a substantial quantity of like goods are being sold by Seller to others.

16. **BUYER'S PROPERTY:** All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by IPG, either directly or indirectly, to Seller to perform this Agreement, or for which Seller has been reimbursed by IPG, shall be and remain the property of Buyer and held by Seller on a bailment basis ("IPG's Property"). Seller shall bear the risk of loss of and damage to IPG's Property. IPG's Property shall at all times be properly housed and maintained by Seller, at its expense; shall not be used by Seller for any purpose other than the performance of this Agreement; shall be deemed to be personally; shall be conspicuously marked by Seller as the property of IPG; shall not be commingled with the property of Seller or with that of a third person; and shall not be moved from Seller's premises without IPG's prior written approval. IPG shall have the right to enter Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto. Upon request of IPG, IPG's Property shall be immediately released to IPG or delivered to IPG by Seller, either (i) FOB transport equipment at Seller's plant or (ii) to any location designated by IPG, in which event IPG shall pay to Seller the reasonable costs of delivering such property to such location.

17. **GOVERNMENT CONTRACTS:** If the Products are to be used by IPG in whole or in part for the performance of a US government contract, all applicable provisions of such contract and of the Federal Acquisition Regulations, 41 C.F.R. Chapters 1-100, or if such US government contract relates to the Department of Defense of the Defense Acquisition Regulations, 32 C.F.R. Parts 1-39, are incorporated herein by reference with the same force and effect as stated herein. Without limiting the foregoing, Seller shall comply with: the provisions of the Equal Opportunity Clause contained in Section 202 of Executive Order 11246 dated Sept. 24, 1965, as amended; the Fair Labor Standards Act of 1938; the Occupational Health and Safety Act of 1970; Affirmative Action for Special Disabled, Veterans of Vietnam and Other Eligible Veterans FAR 52.222-35; Affirmative Action for Workers with Disabilities FAR 52.222-36; Preference for U.S. Flag Air Carriers FAR 52.247-63; and Preference for Privately Owned U.S. Flag Commercial Carriers FAR 52.247-64. **The Seller and any subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.** Seller shall seek out and provide maximum opportunities to small businesses, small disadvantaged businesses, and women-owned small businesses to the fullest extent consistent with efficient performance of this Agreement. If the PO is issued pursuant to a U.S. Government prime contract or subcontract, the PO may be terminated by IPG for convenience or for default in accordance with the clauses set forth at FAR 52.249-2, FAR 52.249-8, and FAR 52.249-12 and other FAR clauses, as applicable. For the purpose of stopping work under a PO, the clause set forth at FAR 52.242-15 is incorporated herein by reference. Seller shall comply with the Defense Priority Allocation System regulations if a PO contains a rating of DX or DO.

18. **CUSTOMS; EXPORT CONTROLS:** Seller shall provide country of origin, export control classification number (ECCN) and harmonized tax schedule (HTS) for all purchases upon request. Credits or benefits resulting or arising from the Agreement, including trade credits, export credits or the refund of duties, taxes or fees, shall belong to IPG. Seller shall provide all information necessary (including written documentation and electronic transaction records) to permit IPG to receive such benefits or credits, as well as to fulfill its customs related obligations, origin marking or labeling requirements and local content origin requirements, if any. Export licenses or authorizations necessary for the export of the goods shall be the responsibility of Seller unless otherwise agreed in writing, in which event Seller shall provide such information as may be necessary to enable IPG to obtain such licenses or authorizations. Seller shall undertake such arrangements as necessary for the goods to be covered by any duty deferral or free trade zone programs of the country of import.

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19. **COMPLIANCE WITH LAWS; EMPLOYMENT AND BUSINESS PRACTICES:** Seller, and any Deliverables supplied by Seller, shall be in compliance with all applicable laws, rules, regulations, orders, conventions, ordinances, or standards of the relevant country(ies) of origin and destination or that relate to the manufacture, labeling, transportation, importation, exportation, licensing, approval or certification of the Deliverables, including, but not limited to, those relating to anti-terrorism (including the Customs-Trade Partnership Against Terrorism, or C-TPAT), environmental matters, data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety. Seller further represents that neither it nor any of its subcontractors will utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the supply of goods or provision of services under this Agreement. Seller represents and warrants that it is in full compliance with conflict minerals laws, including, without limitation, Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 as it may be amended from time to time and any regulations, rules, decisions or orders relating thereto, and that Seller will cooperate fully with IPG and make full material declarations that identify the sources of various materials at issue in the regulations and, if such source is unknown, Seller shall take all reasonable steps to ensure that the original source of minerals can be accurately determined and reported. Seller represents that it will comply with all US and foreign export control laws and regulations and executive orders issued pursuant thereto, and shall not transmit, export or re-export, directly or indirectly any technical data (including processes and services) received from IPG, without first obtaining any license required by the applicable government, including without limitation, the US government. Seller agrees to comply with all anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, and that neither it nor any of its subcontracts will directly or indirectly provide or offer to provide anything of value to or for the benefit of, any official or employee of a governmental authority to obtain or retain any contract, business opportunity, or other benefit, or to influence any act or decision of that person in his/her official capacity. At IPG's request, Seller shall certify in writing its compliance with the foregoing. Seller shall indemnify and hold IPG harmless from and against any liability claims, demands or expenses (including attorney's or other professional fees) arising from or relating to Seller's noncompliance.

20. **EQUAL EMPLOYMENT OPPORTUNITY:** Seller certifies and represents that in the performance of this order it will comply with the provisions of all Applicable federal, state and local laws, regulations, rules and orders. Any provision which is required to be a part of this order by virtue of any such law, regulation, rule or order is incorporated herein by reference including, but not limited to, the following:

1. Executive Order 11246: EEO clause published at 41CFR60-1.4(a)
2. Executive Order 13465: Employment Eligibility Verification at 73FR67704
3. Executive Order 13496: Employee Rights under National Labor Relations Act at 29CFR471, Appendix A to Subpart A
4. This contractor and subcontractor shall abide by the requirements of 41CFR60-300.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities and qualified protected veterans.

21. **COUNTERFEIT MATERIALS:** Seller(s) of electronic components shall develop and implement a counterfeit electronic parts control plan. The plan must safeguard against the use and distribution of counterfeit electronics parts and components. Sellers must use proper due diligence to assure the product(s) being supplied to IPG are procured directly from Original Equipment Manufacturers (OEMs), Original Component Manufacturers (OCMs), and/or authorized Distributors. IPG suppliers should avoid using brokered parts. If parts are procured from a Broker, the supplier must validate the authenticity/accuracy of the materials using methods defined in the control plan. Seller assumes all responsibility and liability resulting from the sale of counterfeit parts. Seller shall indemnify and hold harmless IPG, its affiliated companies and customers and their respective directors, officers, employees, agents subcontractors and other representatives (for purposes of this Section 20, collectively "IPG") from any and all loss, damage, liability, cost (including reasonable attorneys' fees), penalty or any other expense of whatever nature, economic loss, and foregone profits (collectively, "Claims") actually or proximately resulting from the sale and subsequent usage of counterfeit electronic parts distributed by the Seller.

22. **SELLER'S OBLIGATIONS.** Seller is an independent contractor for all purposes, without express or implied authority to bind IPG by contract or otherwise. Neither Seller nor its employees, agents or subcontractors are agents or employees of Seller, and therefore are not entitled to any employee benefits of Seller, including but not limited to, any type of insurance. Seller shall be solely responsible for (i) all costs and expenses incident to performing its obligations under this Agreement, (ii) providing Seller's own supplies and equipment, (iii) filing the appropriate federal, state and local tax forms, and paying all such taxes or fees, including estimated taxes and employment taxes, due with respect to Seller's receipt of payment from IPG and (iv) obtaining and maintaining such adequate health, auto, workers' compensation, unemployment compensation, disability, liability, and other insurance, as is required by law or as is the common practice in Seller's trades or businesses, whichever affords greater coverage.

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23. **CONFIDENTIALITY:** Without IPG's prior written authorization, Seller shall not, directly or indirectly, use or disclose to any person, drawings, specifications, technical information, financial information, business information or any other data or information pertaining to IPG's affairs ("Confidential Information") furnished by IPG in connection with a PO or this Agreement, except as is necessary for Seller to furnish efficiently the Deliverables pursuant to the Agreement. Upon termination of a PO, Seller shall immediately discontinue use of and return to IPG all the Confidential Information, including copies, which include all such technical information and all other data supplied to Seller by IPG. Seller shall not, without prior written consent of IPG, in any manner advertise or publish the fact that Seller is doing business with IPG or use any names or logos or other identifying marks of IPG in presentations, publications, the internet or otherwise. These confidentiality and nondisclosure obligations do not extend to information which Seller has obtained from a third party in a manner permissible under law and on a non-confidential basis, and information that is in the public domain. Seller shall also require its sub-contractors to adhere to the confidentiality and nondisclosure provisions set forth in this section.

24. **TERMINATION:** IPG may terminate the PO in its entirety, or any unfilled portion thereof, without penalty or expense when such cancellation is due to Seller's failure or apparent inability to fulfill its obligations hereunder. In such event, IPG may procure elsewhere, upon such term as IPG may deem appropriate, products or services similar to those so provided hereunder, and Seller shall reimburse IPG for reasonable costs incurred in excess of the prices hereunder. In the event of the commencement of any proceedings by or against either party in bankruptcy or insolvency under any provisions of applicable bankruptcy laws, or the appointment of a receiver of trustee or the assignment for the benefit of creditors, the other party may terminate a PO without further cost or liability. The rights and remedies of Seller and IPG hereunder are not exclusive and in addition to any other rights and remedies provided by law or a PO. The terms of Paragraphs 8, 9, 10, 11, 12, 13, 15, 17, 18, 19, 21, 23, 24 and 25 shall survive the expiration or termination of this Agreement for any reason.

25. **INTEGRATION:** This Agreement sets forth the entire agreement and supersedes any and all prior agreements of the parties with respect to the transactions herein (excluding any non-disclosure agreement). A copy, facsimile or electronic version of this document shall have the same force and effect as the original document.

26. **CHOICE OF LAW; JURISDICTION AND VENUE:** This Agreement shall be governed by the laws of Massachusetts, excluding its conflicts of laws principles. The parties expressly exclude the United Nations Convention on Contracts for the International Sale of Goods. Both parties accept venue in Massachusetts and both parties hereby submit to the exclusive jurisdiction of courts sitting there.

27. **SEVERABILITY:** The invalidity of any provision of this Agreement shall not affect the validity of any other provision and the remaining provisions and terms shall be deemed valid and enforceable to the extent possible.

28. **WAIVER:** No waiver of any default of Seller or IPG shall be valid unless provided in writing by the non-defaulting party. Any delay by Seller or IPG in the exercise of any rights or remedy shall not be deemed to constitute a waiver of any rights or remedy or operate as a waiver of any other right or remedy.