

**COGNEX Vision Inspection System (Shanghai) LTD. TERMS AND CONDITIONS OF SALE FOR STANDARD PRODUCTS AND SERVICES ("Terms and Conditions")**

1. **PRICING.** Price quotations for Cognex Vision Inspection System (Shanghai) Ltd. ("Cognex") products ("Products") or engineering services ("Services") are valid for thirty (30) days unless otherwise noted.
2. **PAYMENT.** Unless otherwise agreed to in writing, terms of payment are 100% prepayment. Costs of travel and subsistence incidental to Services shall be reimbursed monthly by Buyer based on actual, reasonable and documented expenses incurred by Cognex, net thirty (30) days of invoice. Any travel and/or waiting times shall be invoiced at the agreed rate for Services. Cognex may alter or suspend any credit whenever the payment history or financial condition of Buyer warrants such action. Overdue payments will be subject to a 1.5% monthly interest rate.
3. **TAXES AND DUTIES.** Unless otherwise agreed to in writing, prices for Products and/or Services (1) for sales to points within P.R. China shall include only those taxes, licenses, fees and custom duties, if any, to the extent made Cognex's responsibility under the Incoterm governing the transaction; however, in all cases excluding VAT in its entirety, which will be passed on to Buyer; and (2) for sales to points outside P.R. China, shall exclude all taxes, licenses, fees and custom duties, which are in addition to quoted prices and are Buyer's responsibility; any such cost incurred by Cognex will be passed on to Buyer.
4. **FREIGHT AND SHIPMENTS.** Unless otherwise expressly agreed to in writing, Products are to be delivered by Cognex to Buyer's office or warehouse. Subject to the limitation set forth in Section 16 hereof, title to all goods sold hereunder shall pass to Buyer upon delivery. Any freight and delivery charges paid by Cognex in connection with shipments to Buyer will be passed on to Buyer, unless otherwise expressly agreed to in writing. Buyer shall notify Cognex in writing relative to any shipment shortage within ten (10) days of receipt. Cognex shall not be liable for delays in delivery or performance due to causes beyond its reasonable control. In the event of any such delay or failure, Cognex shall be entitled to extend the delivery date by a commensurate period of time. Cognex shall have the right to cancel any order or to refuse or delay shipment if Buyer fails to meet payment terms or if there is any materially adverse change in Buyer's financial status. Export of Cognex Products or Services outside the U.S. or the Republic of Ireland is subject to the latest export regulations of both countries, in particular the U.S. Export Regulations issued by the U.S. Department of Commerce, adherence to which is Buyer's responsibility after initial shipment by Cognex.
5. **CANCELLATION OR SCHEDULE CHANGES.** Buyer schedule changes made within thirty (30) days of scheduled Product shipment or commencement of Services are subject to a 5% rescheduling fee. Orders canceled by Buyer prior to the date scheduled for Product shipment or commencement of performance of Services will be subject to the following cancellation charges: 0-30 days before shipment/performance - 20% of order value; 31-60 days before shipment/performance - 10% of order value; 60+ days - 0. Orders or order line items for custom parts or products are non-cancelable.
6. **SOFTWARE LICENSE.** All Cognex software ("Software") is provided to Buyer under license only, and not by sale. Subject to Buyer's compliance with these Terms and Conditions, Cognex grants to Buyer a non-exclusive, non-transferable license to use and sub-license the Software object code, as supplied by Cognex, for use on or in conjunction with a single Cognex vision processor or other single hardware module capable of operating the Software. Except as may be required by applicable third party licenses or as expressly permitted by these Terms and Conditions, Buyer's reverse-engineering, decompilation, or disassembling of any portion or version of the Software, or the attempting of any of the foregoing, or the aiding or abetting of others to do so, is strictly prohibited and Buyer hereby waives any rights under any applicable law with respect thereto. Buyer further acknowledges that the Software qualifies as original works and constitutes copyrighted material, and that Buyer and/or its sub-licensees shall neither (i) make or distribute unauthorized copies of the Software, nor (ii) acquire any ownership rights in the Software. Except as expressly licensed to Buyer hereunder, all rights, title and interests to and in the Software and all extensions, enhancements and modifications thereof shall remain at all times with Cognex and any third party holding a valid interest in the Software. Buyer is expressly prohibited from using any portion or version of the Software with any other software or copyrighted work in such a way that any portion or version of the Software would be required by the license terms applicable to the other software or work to be (a) made available in source code form, (b) made available without charge or at minimal charge, (c) licensed for the creation of derivative works or (d) which would require Cognex or its licensors to grant any third party any rights or immunities under any intellectual property owned by or licensed to Cognex. Portions of the Software may include one or more components that are derived from software subject to a General Public License ("GPL"), Lesser General Public License ("LGPL") or other open source license. Any such components are licensed exclusively under such GPL, LGPL or other open source license, as applicable, and not under the Software license Terms and Conditions hereinabove.
7. **LIMITATION OF LIABILITY.** COGNEX SHALL ONLY BE LIABLE FOR DEATH AND/OR BODILY INJURY DIRECTLY RESULTING FROM THE USE OF ITS PRODUCTS, IN ACCORDANCE WITH MANDATORY LOCAL LAW. IN NO EVENT SHALL COGNEX BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING IN ANY MANNER FROM THE SALE, LICENSE, LEASE, USE OR ANTICIPATED USE OF THE PRODUCTS OR SERVICES, INCLUDING BUT NOT LIMITED TO ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS, PROFITS, DATA AND/OR USE, EVEN IF ADVISED OF THE POSSIBILITY THEREOF. NOTWITHSTANDING THE FOREGOING, COGNEX'S TOTAL CUMULATIVE LIABILITY UNDER THIS ORDER SHALL NOT EXCEED THE AMOUNT PAID BY BUYER FOR THE PARTICULAR PRODUCTS OR SERVICES INVOLVED.
8. **SUITABILITY DISCLAIMER.** The performance of the Products depends on a variety of parameters (such as illumination, calibration, and image quality) which are beyond the control of Cognex. COGNEX MAKES NO CLAIM, REPRESENTATION OR WARRANTY CONCERNING THE PERFORMANCE OR SUITABILITY OF THE PRODUCTS FOR OR IN BUYER'S APPLICATION.
9. **WARRANTY.** Cognex warrants Product hardware of its manufacture to be free from defects in material and workmanship and its Product Software to operate in accordance with its documentation for a period of twelve (12) months from shipment, unless a different period is otherwise quoted in writing by Cognex. If a Product unit fails during the warranty period, the original Buyer (not other parties which may have physical possession of the Product) shall notify Cognex and request a return authorization. The defective unit shall then be returned to Cognex's repair center by Buyer or its designate, freight prepaid, together with a failure report. It will either be repaired or replaced, at Cognex's option, and returned to Buyer or its designate, freight prepaid. Cognex is not responsible for providing a replacement unit during the repair period. The foregoing warranty shall not apply to defects resulting from (i) improper or inadequate maintenance by Buyer; (ii) Buyer-supplied equipment, hardware, software or interfacing; (iii) unauthorized modifications, misuse or accidents; (iv) operation outside of the environmental specifications of the Product; or (v) improper site preparation and maintenance. All Services shall be performed in professional manner, in conformity with industry standards. EXCEPT AS EXPRESSLY STATED HEREIN, ALL SOFTWARE IS PROVIDED "AS IS". THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
10. **COGNEX INDEMNIFICATION.** Cognex shall indemnify and defend Buyer against any claim, suit, or proceeding brought against Buyer by a third party insofar as such claim, suit or proceeding is based upon an assertion that any Product delivered hereunder infringes upon a U.S. patent or registered copyright, provided Buyer (i) notifies Cognex promptly in writing as to any such claim, suit or proceeding, (ii) grants Cognex sole control over the defense and settlement thereof, and (iii) reasonably cooperates in response to a Cognex request for assistance. Should any Product become, or in Cognex's opinion be likely to become, the subject of a cause of action of infringement, Cognex may, at its sole discretion and expense, (a) obtain for Buyer the right to make continued use of such Product, (b) replace or modify such Product so that it is no longer infringing, or (c) request return of the Product and upon receipt thereof refund to Buyer the residual value thereof, calculated using straight line depreciation over a five (5) year useful life. Cognex shall have no liability if the alleged infringement is based upon (1) the manner of combination with non-Cognex products; (2) the inspection application or manner of use of the Product; (3) Buyer's use of any older version of Software when use of a newer Cognex revision would have avoided the infringement; (4) any modification made without Cognex's written approval; (5) any modification made by Cognex pursuant to Buyer's specific instructions; or (6) any intellectual property right owned by Buyer, any of its affiliates or any end user, or licensed by any of the foregoing from a third party. Notwithstanding the foregoing, in no event shall Cognex's liability to Buyer under this Section 10 exceed the amount paid by Buyer to Cognex for any allegedly infringing Product. THIS SECTION 10 STATES BUYER'S SOLE AND EXCLUSIVE REMEDY AND COGNEX'S ENTIRE LIABILITY TO BUYER FOR THIRD PARTY INFRINGEMENT CLAIMS.
11. **PRECEDENCE.** In the absence of a separate, duly executed agreement between Cognex and Buyer, BUYER'S PURCHASE OF COGNEX PRODUCTS HEREUNDER REPRESENTS ACCEPTANCE OF THE TERMS AND CONDITIONS HEREIN, WHICH CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND SUPERSEDE ANY PRIOR OR CONTEMPORANEOUS COMMUNICATIONS, REPRESENTATIONS, UNDERSTANDINGS OR AGREEMENTS BY EITHER PARTY, WHETHER VERBAL OR WRITTEN, CONCERNING THE SUBJECT MATTER HEREOF. The Terms and Conditions contained herein take precedence over Buyer's additional or different terms, to which notice of objection is hereby given. Cognex's performance or delivery shall not be construed as acceptance of Buyer's additional or different terms and conditions. No change or modification to the Terms and Conditions herein shall be valid or binding unless in writing and signed by authorized representatives of both parties.
12. **WAIVER.** No failure to exercise, delay in exercising or course of dealing under these Terms and Conditions shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under these Terms and Conditions preclude any further exercise thereof, or the exercise of any other right, power or privilege.
13. **ASSIGNMENT.** Any order subject to these Terms and Conditions may not be assigned by Buyer without prior written consent from a duly authorized representative of Cognex.
14. **SURVIVAL.** The completion or termination of any order governed by these Terms and Conditions shall not prejudice any rights or relieve any obligations that have arisen on or before the date of such completion or termination. Any provision herein that by its very nature or context is intended to survive order completion or termination, including but not limited to provisions concerning payment of outstanding amounts, indemnities and limitations of liabilities, shall so survive.
15. **DATA PRIVACY.** Cognex will take all necessary steps to comply with any applicable data privacy laws when handling any personal data which Buyer may provide. Cognex's data privacy policy is available at [www.cognex.com](http://www.cognex.com), is fully incorporated herein and hereby, and forms an integral part of these Terms and Conditions.
16. **PRODUCT USAGE EXCLUSIONS.** Products are not authorized, designed, or intended for use in; no warranty is made with respect to the use of Products in; and Buyer shall not permit the use of Products in any (i) nuclear equipment, (ii) aviation or aerospace equipment, (iii) weaponry, (iv) medical devices or systems intended for life support, intensive care or surgical implant into the human body, or (v) Life-Critical (as defined below) devices or systems (each a "Prohibited Use"), except with Cognex's prior written consent. The prohibitions of the preceding sentence also apply to the design, manufacture, construction, operation and maintenance activities associated with any Prohibited Use. "Life-Critical" devices or systems are defined as those (a) whose failure or malfunction may result in death or serious injury to people or environmental harm posing a serious risk to human health and safety or (b) which are designed to lose less than one life per billion hours of operation. Cognex disclaims any liability in connection with any Prohibited Use by Buyer, intermediary customers or end users, and any such Prohibited Use engaged in by a party contrary to this provision shall be entirely at such party's risk. Buyer shall include this provision in all terms of sale and contracts with its customers involving the use of the Products and require that this provision (or terms at least as strict as this provision) be further passed along to any intermediary customers and to end users.
17. **MISCELLANEOUS.** The illegality or unenforceability of any provision herein shall not affect the validity and enforceability of any other legal and enforceable provisions hereof unless such illegality or unenforceability destroys the underlying business purpose of the affected transaction. Except as prohibited by bankruptcy laws, in the event of Buyer's insolvency, inability to pay debts due, or voluntary or involuntary bankruptcy proceeding by or against Buyer, or appointment of a receiver or assignee for the benefit of Buyer's creditors, Cognex may elect to cancel any unfulfilled obligations to Buyer hereunder. Cognex shall have all rights and remedies of a secured creditor. This order and these Terms and Conditions shall constitute the security agreement. Buyer grants Cognex full authority to execute and file on Buyer's behalf such financing statements necessary for Cognex to perfect Cognex's security interest. Any dispute regarding these Terms and Conditions or relating in any manner to the Products or Services sold hereunder shall be governed by the laws of P.R. China, irrespective of its choice of law principles and the United Nations Convention on Contracts for the International Sale of Goods, and subject to arbitration by China International Economic and Trade Arbitration Commission Shanghai Sub-commission (CIETAC), in accordance with CIETAC's Arbitration Rules" in effect at the time of the arbitration. The arbitration will be conducted in English. The Arbitration award shall be final and binding on both parties. Notwithstanding the foregoing, Cognex may, without limiting its other rights and remedies, be entitled to seek equitable relief, including but not limited to injunctive relief, in any court of competent jurisdiction.