General Conditions for Procurement of Services

1. Acknowledgement of Order

1.1 Supplier shall either reject or confirm in writing ("Acknowledgement of Order") a purchase order of Cypress Semiconductor Mexico, S. de R.L. de C.V., Avenida Niños Heroes 2971 – 1 Jardines del Bosque Centro, 44520 Guadalajara, Mexico ("Cypress") within 5 (five) working days upon receipt of such purchase order. If Cypress receives from Supplier neither a confirmation nor a rejection within the time period set forth above, the purchase order shall be deemed to be confirmed by Supplier ("Deemed Acknowledgment of Order"). Cypress shall be entitled to cancel the purchase order within 5 (five) working days upon receipt of the purchase order by Supplier if Supplier fails to confirm or reject the purchase order within said time period. The purchase order together with the Acknowledgement of Order or Deemed Acknowledgement of Order shall constitute a final agreement by both parties to be bound by and comply with all terms and conditions set forth or referenced herein and on attachments hereto ("Agreement").

1.2 If the Acknowledgement of Order differs from the purchase order, it shall be binding on Cypress only if and to the extent he has accepted such Acknowledgement of Order in writing. Any general conditions of Supplier shall be binding on Cypress only insofar as they are consistent with Cypress' conditions or have been accepted by Cypress in writing. The acceptance of supplies or services of any nature ("Deliverables") or the making of payments shall not imply acceptance of any conditions.

1.3 Cypress is entitled to accept offers issued by Supplier within 3 (three) weeks from their receipt, unless Supplier specifies a longer time period for its offer.

2. Scope and Nature of Service

2.1 The Service to be provided, its nature and its requirements to be met shall be described in the purchase order.

i) Unless agreed otherwise in the purchase order, Supplier bears the risk that the Service meets all the requirements set forth in the purchase order and requires acceptance by Cypress.

ii) Should the purchase order explicitly specify that Cypress bears the risk of meeting the requirements of the Service and the remuneration is based on the provision of the agreed resources, the parties may specify Service levels in the purchase order with certain portions of such remuneration being based on bonus/malus principles.

2.2 Supplier, its employees and any subcontractors as per Section 2.4, is an independent contractor. Nothing contained in the Agreement or in any purchase order shall be deemed to create a relationship between Cypress and Supplier of employer and employee, of principal and agent or of a partnership. Further, Supplier is not authorized to and shall not at any time attempt to act, or act on behalf of Cypress and to bind Cypress in any manner whatsoever to any obligation whatsoever.

2.3 The Service shall be performed in a workmanlike and professional manner by Supplier having a level of skill in the area commensurate with the requirements of the Service to be performed and the applicable professional standards currently recognized by such profession. Supplier shall furthermore employ state of the art science and technology. While performing the Services, Supplier shall observe Cypress' Service related instructions, particularly those concerning the protection of Confidential Information, (personal) data or relating to site- or IT-security.

2.4 Supplier shall not transfer the performance of the contractual obligations to freelance subcontractors or to other third parties without prior written consent from Cypress. Supplier shall provide at its cost and be responsible for securing any labour permits or licenses required by applicable law for performing the Service.

3. Duties of Cypress

3.1 Upon Supplier's request, Cypress will provide Supplier with the information necessary to render the Services.

3.2 Apart from the provision of information as described in Section 3.1, any items not explicitly specified in the purchase order as an Cypress provided item, shall be regarded as an item to be provided by Supplier. Therefore, Cypress will provide items such as test data, documentation, computing time, software or hardware facilities only if and to the extent explicitly specified in the purchase order.

3.3 Any item identified in the purchase order as an Cypress provided item shall be deemed to be 'as is' without any warranty and Supplier shall not rely on it. However, a reasonable time extension shall be granted to Supplier, if Supplier's delay is attributable to the Cypress provided item.
Cypress reserves the ownership to any Cypress provided item. All Cypress provided items are to be returned to Cypress upon Cypress' request or upon completion or termination of the applicable Service, unless otherwise specified in the purchase order.

4. Rules of Cooperation

4.1 For each Service Supplier shall nominate in writing a representative who is well experienced to give information and support for the performance of the Service and who shall be in the position to take related decisions or to introduce them.

4.2 Cypress shall provide Supplier's named representative with all information and instructions necessary to perform the Service. Should Supplier require additional information, Supplier shall inform Cypress immediately.

4.3 Supplier shall at Cypress' request and at any time:

i) report to Cypress the computing resources used;

ii) give Cypress the opportunity to inspect all organizational and technical security measures concerning personal data, should the purchase order relate to such data;

iii) report to Cypress in writing to a reasonable extent on the current status of the Services to be rendered;

iv) allow Cypress to review all records concerning Services already rendered as well as Services to be rendered;

v) provide Cypress with the opportunity of meeting Supplier's employees working on the purchase order for an exchange of information and experience.

5. Dates, Timelines and Liquidated Damages

5.1 Supplier shall perform all Services in accordance with the dates and time limits set forth in the purchase order. Supplier shall inform Cypress without delay in writing if Supplier anticipates or becomes aware of any failure to meet any date or timeline.

5.2 Supplier acknowledges that time is of the essence and, therefore,

i) Cypress may at any time request Supplier to assign without additional charge such additional resources as necessary to come in line again with the agreed dates and timelines;

ii) the following liquidated damages for each failure of Supplier to meet a date or timeline shall apply, unless otherwise agreed in the purchase order: Except for delays caused solely by Cypress, Supplier shall be subject to liquidated damages in the amount of 1 % (one percent) of the value of the associated purchase order for each week of the delay of any date or timeline. Total liquidated damages shall not exceed a maximum amount of 10 % (ten percent) of the value of the associated purchase order. Supplier shall have the right to prove that no damage or less damage is caused by the delay.

6. Rights to the Results

6.1 All results (regardless of their form) achieved in the course of and/or in connection with Supplier's Services including all intellectual property rights (including copyrights) ("Results") shall become the sole property of Cypress at the moment the Results are created. Supplier transfers and assigns to Cypress and Cypress accepts all right, title and interest in and to the Results. If and to the extent the Results are protected by copyright and if for legal reasons Cypress cannot become the owner of such copyright, Supplier grants to Cypress and Cypress accepts a worldwide, exclusive, transferable, unrestricted and timely unlimited right of use (including the right to sublicense) for all known types of use. If and to the extent the Results make use of preexisting intellectual property rights (including copyrights) of Supplier, its subcontractors and/or any other third party participating in performing the Services as per Section 2.4, Supplier grants to Cypress and Cypress accepts a worldwide, non-exclusive, transferable, timely unlimited right of use (including the right to sublicense) with respect to such intellectual property rights as part of and/or in connection with the Results.

6.2 Results shall be delivered by Supplier upon request of Cypress or upon completion or termination of Service.
Supplier shall safeguard Cypress' ownership and/or license rights in the Results as per Section 6.1 towards its employees, subcontractors and/or any other third party participating in performing the Services as per Section 2.4.

7. Confidentiality, Site-Security, Data Protection and IT-Security

7.1 All information provided by Cypress to Supplier as well as any advice, data and information including but not limited to the Results developed by Supplier under the Agreement ("Confidential Information") shall be treated by Supplier as confidential and shall not be disclosed by Supplier to a third party or published without the prior written consent of Cypress. Supplier will limit the disclosure of Confidential Information to those of its employees who have a reasonable need to know that Confidential Information for the performance of the Service and who shall be bound to confidentiality by their employment agreements or otherwise. The obligations as per this Section 7.1 shall survive any termination or completion of the Services, however, shall not apply to any Confidential Information which

i) Supplier can demonstrate, is already in the public domain or becomes available to the public through no breach by Supplier of this item;

ii) was rightfully in Supplier's possession without confidentiality obligation prior to receipt from Cypress as proved by Supplier' written records;

iii) can be proved to have been rightfully received by Supplier from a third party without confidentiality obligation;

iv) is independently developed by Supplier as proved by its written records.

v) is required to be disclosed by law or the rules of any governmental organization.

7.2 Supplier's access to Cypress sites, networks and computing facilities requires Cypress' prior written consent. Any such access may be used only for the purpose of performing the Services. Supplier shall comply with all Cypress security and access requirements and shall request to be informed of the current version of such requirements before such access is being granted. Supplier shall avoid and take all reasonable steps to avoid any close integration of its employees or subcontractors into the Cypress organization and daily work processes. Supplier shall comply with Cypress' Supplier IT Security Guide available under http://www.infineon.com/dbwi. Cypress will notify Supplier in written or electronic form (e.g. through a web tool) of any updated applicable version of the Supplier IT Security Guide. Such update shall be deemed to have been agreed by Supplier unless Supplier sends the objection to such update (including an explanation of such objection) in written or electronic form to Cypress within 15 (fifteen) working days upon its receipt.

7.3 In as much as Supplier has access to data of personal nature in connection with its Service, Supplier shall observe the applicable data protection laws and shall enable Cypress to obtain information and reports about Supplier's compliance with these requirements at no additional cost. In case Supplier processes data of personal nature for Cypress as part of the Service, Cypress may request from Supplier to stipulate a separate written agreement on the processing of data of such personal nature.

7.4 Where applicable law requires Cypress to certify security of Cypress data (with or without personal nature) and the Infineon IT-processes, Supplier shall upon Cypress' and without additional costs to Cypress provide Cypress with information and reports demonstrating that Supplier has controls and safeguards in place designed to achieve the applicable requirements and objectives.

7.5 Supplier shall impose obligations according to this section upon its employees and upon those subcontractors or third parties who are involved in the performance of the Services as per Section 2.4.

8. Indemnification for Infringement of Proprietary Rights

Supplier guarantees that the Services and/or any Result (including its application by Cypress) do not infringe any third party intellectual property rights (including copyrights).

9. Remuneration, Invoicing and Payment Terms

9.1 The type of pricing and type of effort (e.g. fixed price, time and expense) will be specified in the purchase order.

9.2 For Services, which are remunerated on time and expense basis, only such working hours shall be compensated for as is documented on Supplier's monthly activity sheets or via other documentation as may be specified in a purchase order, and countersigned by Cypress' project manager or his representative. Overtime (defined as working hours in excess of 8 (eight) hours per week day) requires prior written permission of Cypress. Specific charges, e.g. for work on Sundays or public holidays, shall not be compensated. Travel time resulting from journeys by a Supplier's employee of between the employee's workplace/residence and the location of work is not considered to be working time.

9.3 Unless agreed otherwise, payment shall be effected within 60 (sixty) days net from receipt of a written invoice or acceptance, whichever occurs later. In case the parties provide for in such purchase order for any payment prior to any acceptance of Cypress, such payment shall be regarded as advance payment and be subject to refund, in case Cypress refuses acceptance. Supplier shall have no right to receive any advance payment, unless explicitly agreed in the purchase order. In the event that Cypress is using an electronic invoicing system, Supplier is obliged to use this invoicing system for the invoices on its own costs. In such a case, Cypress will inform Supplier about all requirements of electronic invoicing.

9.4 The remuneration agreed upon in the purchase order covers all Services to be rendered by Supplier according to the purchase order.

9.5 Any prices and charges include all taxes, customs duties or other charges levied against the prices or charges by governmental authorities unless otherwise specified in a purchase order. Cypress shall not be required to pay for travel and accommodation expenses to Supplier, unless such expenses agreed upon by Cypress in writing and conform to Cypress' current corporate travel guidelines. The invoices shall list travel/accommodation expenses separately when applicable.

10. Export Control and Customs

10.1 Supplier shall inform Cypress before or upon delivery about export control classification numbers applicable to all goods and services supplied by Supplier, and provide necessary documentation and data together with the goods or services. This includes, e.g., without limitation, identification of applicable export control classification numbers as well as customs declaration information, such as Incoterms, clear product descriptions, harmonized system codes, country of origin, and itemized values, on each invoice, especially in case of consigned materials, equipment or the like. Supplier shall further comply with agreed Incoterms, and also provide preferential treatment declarations conforming to pertinent preferential or free trade agreements, where applicable. Supplier shall further implement effective measures to comply with applicable anti-terrorism and trade regulations.

10.2 Cypress has the right to audit Supplier's export control and customs procedures and measures at Supplier's expense. Should Cypress identify deficiencies, Cypress has the right to, in its sole discretion, either (i) terminate the agreement, cancel all pending orders, and demand return of delivered products; or (ii) require implementation of additional measures at Supplier's expense. Supplier shall indemnify and reimburse Cypress for all audit costs and all damages caused by identified deficiencies.

10.3 Upon request of Cypress Supplier shall provide Cypress with a long term shippers declaration concerning the requested supplies and services. Supplier shall be liable for the correctness of all provided data. If through governmental anti-dumping measurements penalty duties are imposed on supplies of products upon the import in the receiving country, Supplier shall not be entitled to deliver such products, unless Cypress expressly agreed to such deliveries in advance.

10.4 In case the Services require the shipment of goods, the shipping-address is different to the billing address and the goods are subject to export authorization when being exported out of the relevant country, Supplier shall inform Cypress upon delivery accordingly and provide all relevant shipping data, as in such case Cypress shall act as Exporter of Records (EOR) according to the applicable customs and export control laws.

10.5 Unless the Incoterm DDP is agreed, Cypress is responsible for the performance of the import customs clearance. In such case, Cypress will not refund Supplier or Supplier's service provider any customs duties or service fees when importing or exporting goods. In case the Incoterm DDP is agreed, Supplier is responsible for the export and the import customs clearance and shall bear all related costs.

10.6 In case the purchase order refers to the delivery of goods and services, the customs invoice of Supplier shall show the value of goods separately from the value of the services performed or to be performed. In the customs invoice, the services and goods shall be described in detail, including the place of performance.
In case Supplier cannot show the value of goods and services separately in the customs invoice, Supplier shall supply the goods according to the Incoterm DDP.

11. Compliance with Laws; Corporate Social Responsibility; Audit

11.1 Supplier shall comply with all laws, rules and regulations applicable (including in the country of origin, country of receipt, country of shipment, and in the Infineon-identified country of destination, if provided) to the Services to be performed under the Agreement, including without limitation laws, rules, and regulations regarding labor standards, safety and health, and protection of the environment. In addition, Supplier shall ensure that third parties according to Section 2.4 comply with these laws, rules, and regulations.

11.2 Supplier shall ensure that
- i) Supplier timely pays statutory minimum wages;
- ii) Supplier does not use any subcontractor that does not timely pay statutory minimum wages;
- iii) Neither Supplier nor its subcontractor uses a temporary employment agency that does not timely pay statutory minimum wages; and
- iv) Neither Supplier nor its subcontractor is excluded from public procurement procedures.

Upon Cypress' request Supplier has to provide documentation in this regard. In case of a breach of any of the above mentioned obligations Cypress is – notwithstanding any other rights - entitled to request Supplier to fulfill the above mentioned obligations within a reasonable time period determined by Cypress and upon unsuccessful expiration of such deadline terminate the Agreement.

11.3 Furthermore, Supplier shall comply with the currently applicable version of the Supplier Code of Conduct of Cypress available on Cypress' website through the following link: www.infineon.com/contact-us/procurement, which might be amended from time to time based on applicable legal requirements. Supplier shall respect the principles of the UN Global Compact.

11.4 Cypress and/or any third party authorized by Cypress shall be entitled to conduct audits at Supplier's premises and production sites in order to verify Supplier's compliance with the requirements according to this Section 11.

11.5 In addition to Section 11.4 Supplier shall support any review, audit or investigation duly requested by the European Commission, European Court of Auditors and/or the European Anti-Fraud Office.

12. Termination of Agreement

12.1 Cypress may, in its sole discretion, terminate each contract at any time in whole or in part upon at least 5 (five) days prior notice to Supplier, even if the purchase order specifies a certain term.

12.2 Cypress shall remunerate only those efforts of Supplier that were made until the termination becomes effective.

12.3 In addition to all of the other rights which Cypress may have to cancel the purchase order, Cypress shall have the further right, without assigning any reason therefore, to terminate any work hereunder, in whole or in part, at any time. Cypress will not be liable to Supplier for any costs for completed items, items in process or materials acquired or contracted for, if such costs were incurred more than the permitted number of days prior to the delivery dates as stated on the face of the purchase order or, if none is stated, thirty (30) days. If Cypress cancels the purchase order within such time as specified on the face of the purchase order or, if none is stated, thirty (30) days, and if the parties cannot agree within a reasonable time upon the amount of fair compensation to Supplier for such termination:
- i) Cypress will pay the price for all items reasonably completed in accordance with the purchase order and not previously paid for unless said item(s) is part of Supplier's standard commercial items; and
- ii) Cypress will pay a fair and proper proportion of the price for items in process and for all materials acquired or contracted for in anticipation within the time specified on the face of the purchase order for the purpose of fulfilling the purchase order which Supplier is unable to cancel, return or otherwise use in Supplier's operations.

Should Cypress so desire, cancellation charges shall be subject to Cypress' audit at Cypress' expense.

12.4 Cypress' ability to terminate the purchase order for cause shall be immediate and without prior written notice, in the event of any of the following by Supplier:
- i) a breach of any covenant, representation or warranty hereunder;
- ii) in the event of (a) any change in the active management or ownership of Supplier or (b) the sale, transfer or other disposition of all or substantially all of the assets of Supplier or any affiliate, division or unit of Supplier, either of which Cypress, in its sole discretion, believes may have an adverse effect on Supplier's ability to fulfil its obligations under the purchase order; or
- iii) (a) any proceeding in bankruptcy, reorganization or arrangement for the appointment of a receiver or trustee to take possession of Supplier's assets or any other proceeding under any law for relief from creditors shall be instituted by or against Supplier (and such proceeding is not dismissed within sixty (60) days from the filing date); or (b) if Supplier shall make an assignment for the benefit of its creditors. In such a case Cypress shall be entitled to use available equipment or Deliverables and services which have already been provided by Supplier in order to continue the work, in return for appropriate payment.

13. Indemnity

13.1 Supplier shall indemnify Cypress against any and all losses, damages, costs, claims, demands, expenses and liabilities whatsoever which Cypress may incur whether directly, or as a result of:
- i) personal injury or death of any person or in respect of any loss or destruction or damage to property arising out of or in connection with a damage or accident whether or not such damage or accident was solely caused by the Services or achieved results or Supplier has contributed thereto, as long as the damage or accident was not caused solely by Cypress;
- ii) any action, claim or demand of any third party by reason of any breach by Supplier of the Agreement or of any terms or obligations of any applicable law or regulation or contractual provision on the part of Supplier relevant to the purchase order or to the Services; and/or
- iii) any breach by Supplier of applicable laws in the performance of the purchase order. In case any performance of the purchase order is required within the Cypress' premises, Supplier shall not use or hire anyone in contravention of any applicable laws and regulations in force and shall comply with all safety and security directives of the Cypress at all times.

14. Withholding Tax

15. Venue, Applicable Law

15.1 The Agreement shall be governed by and construed in accordance with the law in force in Mexico without reference to its conflict of law provisions. The application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 shall be excluded.

15.2 The exclusive place of jurisdiction for all legal disputes arising out of or in connection with the Agreement shall be in the competent courts located in Mexico City. However, nothing in the Agreement shall preclude either Party from seeking interim measures of protection in any court of competent jurisdiction.

16. Miscellaneous

16.1 Supplier may not assign the Agreement, transfer its obligations or assign its rights hereunder without the prior written consent of Cypress.

16.2 Supplier understands that Cypress relies on the uninterrupted availability of the Service and the immediate delivery of Results, reports or information. Therefore, Supplier may only exercise any right of retention, if and to the extent
- i) its counterclaims are not disputed by Cypress or are finally awarded by a court of competent jurisdiction, and
- ii) Supplier has notified such retention in writing at least ten days in advance.

Additionally, Supplier may exercise any rights or remedies it may have in connection with or as a result of any dispute with Cypress only in relation to such individual Service, which gives cause to any such dispute.

16.3 None of the rights and remedies granted to Cypress under the Agreement shall be exclusive and prevent Cypress from rights and remedies granted under the Agreement or governing law.

16.4 Supplier shall not make any public announcement, press release, industry trade magazines announcement or other form of communication to the press regarding the collaboration between Cypress and Supplier without Cypress' prior written consent.

16.5 The provisions of the Agreement may not be modified, amended, nor waived, except by a written instrument duly executed by the parties. The requirement of written form itself can only be waived by mutual written agreement.

16.6 The effectiveness of the Agreement shall not be impaired if any provision of the Agreement should be completely or partially invalid or unenforceable. In this case, the parties shall agree on a provision that meets the economical intention of the invalid or unenforceable provision.

16.7 The Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all previous communications, discussions, understandings, agreements and negotiations between the parties with respect to such subject matter hereof.