

# **WAREHOUSING AND LOGISTICS AGREEMENT FOR CISCO GLOBAL HUBS**

EXECUTED BETWEEN \_\_\_\_\_ (HEREINAFTER REFERRED TO AS “CLIENT”) AND \_\_\_\_\_ (HEREINAFTER REFERRED TO AS “HUB OPERATOR”) IN ACCORDANCE WITH THE FOLLOWING DECLARATIONS, CLAUSES AND EXHIBITS.

## **DECLARATIONS**

### **A. HUB OPERATOR DECLARES THAT:**

1. It is a company legally incorporated and validly existing under the laws of the \_\_\_\_\_ and its principal place of business is \_\_\_\_\_.
2. It has entered into agreements with Cisco Systems, Inc. and Cisco Systems International BV (each hereinafter referred to as a “Cisco Entity”) to provide vendor managed inventory hub warehouses (each, individually, referred to as a “VMI Hub”) situated at (i) \_\_\_\_\_, and (ii) \_\_\_\_\_.
3. It is willing and able to provide logistics services at a VMI Hub as required by Client including (i) those services identified on Exhibit A hereto (the “Standard Services”), with respect to which the Cisco Entities will compensate Hub Operator pursuant to their agreements with Hub Operator; and (ii) such other services as may be agreed in writing between Client and Hub Operator (“Non-standard Services”), with respect to which Client shall compensate Hub Operator pursuant to said separate agreement(s).

### **B. CLIENT DECLARES THAT:**

1. It is a company legally incorporated and validly existing under the laws of \_\_\_\_\_ and its principal place of business is at \_\_\_\_\_.
2. It seeks to use the logistics services to be provided by Hub Operator at a VMI Hub, pursuant to this agreement.
3. It is a supplier of materials, components and/or assemblies to one or both Cisco Entities (and/or their authorized electronic manufacturing services provider(s) (“EMS Provider(s)”) for use in the manufacture of Cisco products (a “Cisco Commodity Supplier”).

**C. In Consideration of the above:**

1. Client and Hub Operator seek to execute this agreement in accordance with the terms described in the following clauses and exhibits. This agreement relates solely to Goods (as defined in Sec. 1.1 below) placed into a VMI Hub to facilitate the manufacture, bundling and/or assembly of final products bearing a Cisco Entity's part number or stock keeping unit ("SKU") (such final products, "Cisco Products").

**CLAUSES**

**1 OBJECTIVE**

- 1.1 Client agrees to contract and by means of this agreement (together with its exhibits, hereinafter referred to as "Agreement"), contracts Hub Operator, who agrees to provide various services related to the receipt, storage, handling, and dispatching of the materials, components, assemblies and other goods of Client (hereinafter referred to as "Goods").
- 1.2 There shall be the following exhibits to this Agreement that specify the site, location, tasks, pricing and other details of the services, namely:
  - Exhibit A - Standard Services Scope of Work
  - Exhibit B - Service Level Metrics
  - Exhibit C - Insurance Requirements
- 1.3 Any conflict between the terms and conditions of this Agreement and those of the exhibits shall be resolved in favor of this Agreement.

**2 SERVICES**

- 2.1 Hub Operator will provide the Standard Services as established and described in Exhibit A. Hub Operator shall be the exclusive provider of Services provided at a VMI Hub pursuant to this Agreement; provided however that Client and its authorized agents shall be permitted to conduct inventory audit and rework activities within a VMI Hub in accordance with terms of Section 11.1 below (Client Access to VMI Hubs). Hub Operator will provide the Services with professional skill and care and Client will provide Hub Operator with the information and assistance required for Hub Operator to provide the Services.
- 2.2 Hub Operator will provide Non-standard Services as established and described in a Non-standard Services Scope of Work signed by both Hub Operator and Client. Pricing and terms for such Non-standard Services will be commercially reasonable and consistent with market rates then prevailing for like services in the geography where the Non-standard Services are rendered.
- 2.3 For the avoidance of doubt, in the event of any dispute or payment issue with respect to Hub Operator's compensation for Standard Services, Hub Operator

shall address such dispute or issue solely with the Cisco Entities and shall not seek to collect such compensation from Client nor assert any lien on Goods or other property of Client in respect of such compensation. Payment for Non-standard Services will be the sole responsibility of Client and Hub Operator shall not seek to collect compensation related thereto from the Cisco Entities.

### **3 RELATIONSHIP BETWEEN THE PARTIES**

- 3.1 In connection with the supply of the Services, Hub Operator shall be an independent contractor.
- 3.2 To render the Services, Hub Operator shall employ the necessary personnel directly, and Hub Operator shall not, except as may be required by the terms of any Non-standard Services Scope of Work, be obligated to employ any employee, agent or subcontractor of Client. Hub Operator may subcontract third parties to provide the Services; provided that the use of third parties to provide the Services shall not relieve Hub Operator of any obligation or liability contained in this Agreement or any Statement of Work. Hub Operator shall have the ability to contract, supervise, compensate, order, or dismiss the persons who render the Services whether as employees, agents, independent contractors or subcontractors.

### **4 TERM AND TERMINATION**

- 4.1 This Agreement shall become effective beginning \_\_\_\_\_ and shall remain effective for a period of one (1) year. After the initial term, this Agreement shall be extended automatically by further terms of one (1) year each, unless either party gives ninety (90) days prior written notice to the other party expressing its intention not to extend the Agreement.
- 4.2 In the event of the expiry or early termination of this Agreement:
  - a. With respect to Goods, upon Hub Operator's receipt of payment of any then-due or past-due outstanding invoices for Non-Standard Services, Hub Operator shall (i) make all Goods available for pickup by a carrier designated by Client and shall so notify carrier and the Cisco Entities; or (ii) in the event Hub Operator and Client so agree, arrange for or provide shipment of such Goods to one or more destinations designated by Client.
  - b. With respect to all other documents, materials and other objects that they have obtained from the other party, where such items ("Incidental Items") are property of the other party and are related to the Services in this Agreement, both parties agree to use their best efforts to return to the other party, or, if not, then in any case to destroy and not to use, all such Incidental Items.
- 4.3 Either party may terminate this Agreement in the event that:

- 4.3.1 There is a material breach of the terms of the Agreement by the other party and that party does not remedy such breach within thirty (30) days after that party is served with written notice of the breach.
- 4.3.2 The other party ceases to conduct business (either in whole, or as to any part or division involved in the performance of the Agreement) or becomes insolvent, has a receiver, administrative receiver, or administrator appointed of the whole or any part of its assets or business, makes any composition or arrangement with its creditors, takes or suffers any similar action in consequence of debt or an order or resolution is made for its dissolution or liquidation or any equivalent or analogous event or proceeding occurs or is initiated in any jurisdiction.
- 4.4 Either party may terminate this Agreement for convenience by giving the other party ninety (90) days written notice.
- 4.5 Either party may terminate this Agreement by giving the other party thirty (30) days written notice in the event (i) the Cisco Entities' EMS Provider(s) cease to purchase Goods from Client for use in or bundling with Cisco Products; or (ii) the Cisco Entities and Hub Operator terminate the underlying agreements pursuant to which the Cisco Entities have agreed to pay for the Standard Services.

## **5 TITLE AND RISK OF LOSS; LIMITATIONS OF LIABILITY**

- 5.1 Client shall retain title to Goods while under Hub Operator's care, custody or control.
- 5.2 Liability for Loss or Damage of Goods while in a VMI Hub

Client shall retain risk of loss for Goods while under Hub Operator's care, custody and control; provided however that Hub Operator shall be liable to Client for one hundred percent (100%) of Client's Replacement Cost (as defined below) for any Goods lost, damaged or destroyed while in a VMI Hub, to the extent caused by the negligence, gross negligence or willful misconduct of Hub Operator, its employees or agents; provided, however, that Hub Operator's liability shall be subject to the following limitations:

- a. Hub Operator's liability shall be limited to \$1 million per Cisco Commodity Supplier per VMI Hub per year, subject to an aggregate per-VMI Hub cap of \$5 million per year to be shared among all Cisco Commodity Suppliers. The \$5 million cap will be applied to any and all such loss, damage or destruction in a given one (1) year period on a pro-rata, first-occurrence/first-claim basis across all Cisco Commodity Suppliers whose Goods are located in the relevant VMI Hub; and
- b. If Goods owned by a Cisco Entity are also located in such VMI Hub, each such Cisco Entity shall be treated as a Cisco Commodity Supplier for purposes of subsection a. above; and

- c. In no event will Hub Operator's liability for any loss, damage or destruction of Goods in excess of the \$1 million per Cisco Commodity Supplier cap and/or \$5 million annual aggregate cap as set forth above to be carried over to any subsequent year for the purpose of increasing the allowed recovery or otherwise avoiding the application of the per Cisco Commodity Supplier and/or aggregate caps on liability; and
- d. Client waives and releases, for itself and its insurers, any and all rights of recovery, claim, action or cause of action, against Hub Operator, for loss of or damage to the Goods in excess of the above liability cap, and agrees to waive any rights of subrogation against Hub Operator for such loss or damage. Client's failure to secure an appropriate clause in or an endorsement to its respective insurance coverage which waives the right of subrogation provided above, shall not in any manner affect the intended waiver and release; however if any insurance company of Client seeks subrogation against Hub Operator because of the absence of such waiver of subrogation in the insurance coverage, than Client will defend, indemnify and hold Hub Operator and its agents, contractors, officers and employees harmless from any such subrogation or other claim.

"Replacement Cost" shall mean Client's invoice price for such Goods as of the date of the loss or damage (i.e. the price the relevant EMS Provider would pay Client for the Goods if pulled from the VMI Hub and purchased on that date), plus such reasonable transportation costs and duties (if applicable) as are required to position replacement Goods into the relevant VMI Hub.

Notwithstanding the foregoing, in the event a Cisco Entity notifies Hub Operator and Client in writing that such Cisco Entity will pay the transporter directly for shipment of all Goods into the relevant VMI Hub, Hub Operator shall credit the transport and duties portion of the Replacement Cost to the applicable Cisco Entity rather than to Client.

For purposes of determining the "year" referenced in Section 5.2(a), the year shall be the same twelve month period as the Hub Operator's Warehouseman's Legal Liability insurance policy period, provided however, that any period beginning on the go-live date of the relevant VMI Hub until the first anniversary of the policy period which is less than twelve months shall be deemed for all purposes to be a full "year."

### 5.3 Claims Process for Lost, Stolen and Damaged Goods

In the event either Party learns of any loss, theft or damage to Goods in a VMI Hub (a "Loss"), such Party will notify the other Party within twenty four (24) hours.

Hub Operator will investigate the cause and extent of the Loss and will notify Client in writing of its conclusions within five (5) business days after learning of the Loss (a "Loss Report"). The Loss Report will include a statement of the

quantity and type (by Cisco SKU number) of Goods subject to the Loss, and whether Hub Operator believes it bears financial liability for the Loss pursuant to Section 5.2 above (Liability for Loss or Damage of Goods while in Hub Operator Facilities).

If the Loss Report indicates that Hub Operator has financial liability, or if Client otherwise believes that Hub Operator has financial liability, Client shall provide a written notice to Hub Operator stating the Replacement Cost of the Goods subject to the Loss, together with reasonable documentation supporting such valuation (a "Valuation Report").

Hub Operator will pay all undisputed amounts to Client promptly and in keeping with good industry practice for insurance claims in the warehouse industry. In the event of any dispute as to liability, valuation or the facts surrounding any Loss, the Parties will apply the dispute resolution procedures set out in Section 15 below (Contract Disputes and Applicable Law).

- 5.4 Except as otherwise provided in this Agreement, Hub Operator shall not be liable to Client for any losses, damages or costs arising from loss, damage or destruction of Goods that Client may incur as a result of Hub Operator's non-performance of or failure to perform the Services.
- 5.5 UNDER NO CIRCUMSTANCES SHALL ANY PARTY (INCLUDING THIRD PARTY BENEFICIARIES) BE LIABLE TO ANOTHER PARTY FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES OF ANY KIND OR NATURE, REGARDLESS OF WHETHER SUCH LOSS WAS REASONABLY FORESEEABLE OR THE PARTY WAS ACTUALLY TOLD OF THE POSSIBILITY OF SUCH LOSS.

## **6 INDEMNIFICATION AND INSURANCE**

- 6.1 Hub Operator agrees to indemnify, defend and hold harmless Client and its officers, directors, shareholders, employees and agents from and against any claims, suits, demands and actions brought against them or tendered to them for defense or indemnification (collectively "Client Claims") and for all resulting damages, losses, expenses (including reasonable attorneys' fees), settlements, judgments and liabilities (collectively, "damages and expenses") that are based upon, result from or arise out of Client Claims for (i) bodily injury (including death), (ii) or physical damage to tangible property (other than Goods) suffered by a third party, to the extent caused by or arising from the negligence or wilful misconduct of Hub Operator, its employees or agents.
- 6.2 Client agrees to indemnify, defend and hold harmless Hub Operator and its officers, directors, shareholders, employees and agents, from and against any claims, suits, demands and actions brought against them or tendered to them for defense or indemnification (collectively, "Hub Operator Claims") and for all resulting damages, losses, expenses (including reasonable attorneys' fees) settlements, judgments and liabilities (collectively "damages and expenses") that

are based upon, result from, or arise out of Hub Operator Claims for (i) bodily injury (including death), or (ii) physical damage to tangible property (other than Goods) suffered by a third party, to the extent caused by or arising from the negligence or wilful misconduct of Client, its employees or agents.

- 6.3 In the event that an indemnified party's negligence or wilful misconduct contributed to cause the injury or damage for which a claim of indemnity is being asserted against Hub Operator or Client hereunder, the damages and expenses shall be allocated or reallocated, as the case may be, between the indemnified party and indemnifying party in such proportion as appropriately reflects the relative fault of the parties and the liability of indemnifying party shall be proportionately reduced. For the avoidance of doubt, the indemnification obligations set out in Sections 6.1 and 6.2 above (a) do not extend to loss or damage to Goods and (b) are not subject to the limitations of liability set out in Section 5.2 above.
- 6.4 The indemnified party shall promptly notify the indemnifying party of any Third Party Claim in respect of which either party intends to claim such indemnification. A delay in notifying the indemnifying party shall not relieve indemnifying party from any obligation unless (and then solely to the extent) the indemnifying party is prejudiced by such delay. The indemnifying party shall have the right to assume the defense of any Third Party Claim, provided such defense is not adverse to the interests of the indemnified party. If the indemnifying party fails to assume the defense, the indemnified party shall have the right to defend or settle such Third Party Claim. The indemnifying party may not settle the Third Party Claim or otherwise consent to an adverse judgment in such action that diminishes the rights or interests of the indemnified party without the express written consent of the indemnified party. The indemnified party shall provide reasonable cooperation to the indemnifying party and its legal representatives, at the expense of the indemnifying party, in the investigation of any Third Party Claim covered by Sections 6.1 or 6.2.
- 6.5 Hub Operator shall maintain insurance from reputable insurance companies sufficient to cover its liabilities under this Agreement and that will comply with all those requirements set forth in Exhibit C to this Agreement.

## **7 ACT OF GOD OR FORCE MAJEURE**

- 7.1 Neither party shall be responsible for non-compliance with any of the obligations under this Agreement, if, and only to the extent that said non-compliance is due to an act of God or force majeure, including but not limited to, invasion, fire, war, terrorism or any other similar act of nature or man (including act of government) that is outside the reasonable control of the parties and for which no blame or fraud can be imputed.
- 7.2 If the act of God or force majeure continues for more than ninety (90) days, either party may terminate this Agreement by giving the other party a further thirty (30) days written notice.

- 7.3 Any party that claims act of God or force majeure shall promptly notify the other party and the Cisco Entities of such act of God or force majeure, the effects on its compliance with its obligations, the estimated duration thereof and when the act of God or force majeure ends.

## **8 MANAGEMENT INFORMATION SYSTEM**

- 8.1 Hub Operator may supply, or provide access to, management information services (hereinafter "MIS Services") when providing the Services to Client. Such MIS Services may include reports, management or supply chain management computer systems (hardware and software) owned by Hub Operator or a third party. If a third party's MIS Services are required in order to obtain the Services, Client will, if required by such third party, promptly reach agreement with such third party for the use of such MIS Services.
- 8.2 At all times during the term of this Agreement Hub Operator will use best commercial efforts to maintain all required connectivity to any third party MIS Services necessary for the provision of Services to Client.
- 8.3 Client agrees that as between Client and Hub Operator, Hub Operator's supply chain management computer hardware and applications are the sole and exclusive property of Hub Operator and that any compensation paid to Hub Operator under this Agreement does not confer any right or title to such computer hardware or applications to Client other than for Client's use of such hardware or applications as an end-user in connection with the Services contemplated in this Agreement.

## **9 CONFIDENTIALITY**

- 9.1 Hub Operator and Client agree not to disclose to third parties information in connection with costs (including Hub Operator's pricing for Non-standard Services), expenses, ways of doing business or techniques, nor any other information or document received from the other party identified in writing as confidential or as exclusive property, or otherwise received under circumstances in which the recipient would reasonably apprehend such information to be confidential, except to persons, attorneys, employees, auditors, consultants, agents, subcontractors or other persons, with whom they have a confidential relationship or agreement (collectively, "Representatives"); provided however that each of Hub Operator and Client may, at its discretion, disclose any such information to any Cisco Entity and/or to any EMS Provider or agent of any Cisco Entity. Hub Operator and Client shall each be responsible for any breach of the provisions of this Section 9.1 by any of its respective Representatives. Subject to the preceding, under no circumstances may confidential information or documents be disclosed to a third party, affiliate or person who is or is liable to be a competitor of the other party. During the term of this Agreement and for a period of two (2) years after the expiry or early termination of this Agreement,

each party shall take all reasonable precautionary measures possible in order to avoid disclosure of said confidential or proprietary information to third parties.

## 10 HAZARDOUS PRODUCTS

- 10.1 Client agrees that no Goods for which Hub Operator is asked or required to render the Services are hazardous, unless the parties agree otherwise in writing. For the purposes of this Agreement, “hazardous goods” include any hazardous substance or material, hazardous waste, radioactive material or waste, medical waste, ecologically hazardous waste, or any other substance whose transport, storage, handling or disposal are regulated by law due to such substance’s designation or classification as hazardous pursuant to such law.
- 10.2 In the event Hub Operator agrees to render the Services for hazardous Goods, it is Client’s responsibility to provide Hub Operator with all documentation necessary to comply with the laws and regulations related to the handling, warehousing or transporting of such Goods, and to cover all costs related to all insurance policies required by law for the handling, storage and transportation of hazardous goods. Client shall also indemnify Hub Operator from and against any charge, loss, damage, claim, expense, fine, or other expenses arising from any Service in respect of hazardous goods to the extent such charge, loss, damage, claim, expense, fine, or other expense arises as a result of the hazardous nature of such Goods.

## 11 WAREHOUSE OPERATIONS

- 11.1 Client Access to VMI Hubs. Client or its authorized agents will be permitted to access any VMI Hub in which Client’s Goods are stored for the purposes and on the terms set out below, subject to Client’s or such agents’ compliance with Hub Operator’s reasonable procedures designed to ensure safety, security and efficiency of operations, as in effect at the relevant VMI Hub.

Observation of VMI Hubs and Services. Upon twenty (24) hours prior written notice to Hub Operator, (which may take the form of email delivered to the applicable Customer Service Center identified in Exhibit A (“CSC”)) Client or its authorized agents may visit a VMI Hub to observe such VMI Hub and Hub Operator’s conduct of Services.

Audit of Physical Inventory. No more frequently than once per calendar quarter and upon five (5) business days written notice to Hub Operator (which may take the form of email delivered to the applicable CSC), Client or its authorized agents may visit a VMI Hub for the purpose of conducting a physical inventory count of Client’s Goods located in such VMI Hub.

Inspection and Rework Activities. Upon twenty-four (24) hours prior written notice to Hub Operator (which may take the form of email delivered to the applicable CSC), Client or its authorized agents may (i) conduct materials inspection (on an exceptions-only basis) of specific Goods using Hub Operator-

provided electro-static discharge (ESD) workstations; and (ii), subject to the Cisco Entities' consent, may use the rework facilities located in any VMI Hub for the purpose of reworking Goods stored in such VMI Hub. The inspection and rework activities referenced above are Non-standard Services and the Client shall bear all costs related thereto.

- 11.2 No Functional Inspections. Hub Operator will not perform quality or functional inspection on the Goods unless expressly set forth in a Non-standard Services Scope of Work.
- 11.3 Authority to Forward Goods. Client acknowledges that for the efficient and effective operation of a VMI Hub, Hub Operator shall have Client's full authority to forward the Goods to the EMS Provider(s) identified for such VMI Hub in accordance with instructions from such EMS Provider(s) or from a Cisco Entity. Client may revoke such authority by providing written notice of such revocation to Hub Operator and the Cisco Entities. In the event of any such revocation, Client may reinstate such authority by providing written notice of such reinstatement to Hub Operator and the Cisco Entities.

## 12 COMPLIANCE WITH LAWS

The parties will comply with all compulsorily applicable laws, regulations and other governmental requirements in performing their obligations under this Agreement and any Non-standard Service Scope of Work. With respect to any VMI Hub located in a tax-exempt zone or any VMI Hub (or portion thereof) participating in a bonded warehouse or similar customs-related program, Hub Operator shall use commercially reasonable efforts to maintain compliance by such VMI Hub (or portion thereof) and its operations with such government requirements as are necessary to participate in such tax-exempt zone or customs-related program.

## 13 NOTICES

All notices or communications to be made and related to this Agreement must be in writing and sent by one party to the other party by courier, registered mail, hand or fax, and addressed to:

CLIENT:

ATTN: \_\_\_\_\_

TEL: +

FAX: +

HUB OPERATOR:

## HUB OPERATOR

ATTN: \_\_\_\_\_  
TEL: +  
FAX: +

Notices required to be sent to the Cisco Entities shall be sent by courier, registered mail, hand, and addressed to:

CISCO SYSTEMS, INC.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
Attn: VP, Supply Chain Operations

CISCO SYSTEMS INTERNATIONAL BV  
Haalerbergpark, Haarlerbergweg  
13-19, 1101 CH Amsterdam  
Attn: Director, Finance

Any notice served by hand or fax shall be deemed to have been served on the date of actual service. Any notice sent by courier or registered mail shall be deemed to have been served two (2) working days after the date of sending.

Either party may indicate a new address to which any subsequent communication will be sent, by giving written notice to the other party seven (7) days prior to the date of the change.

### **14 GENERAL PRINCIPLES**

- 14.1 This Agreement, including all its exhibits, contains the entire agreement between the parties with respect to the Services rendered, and cancels all prior agreements and understandings.
- 14.2 The parties agree that if any clauses, obligations or rights set forth in this Agreement are declared illegal, invalid or unenforceable by the laws or competent authorities, the other clauses, obligations and rights shall continue in full force.
- 14.3 Any modification, addition or change to this Agreement shall be done by amendments or additional exhibits duly agreed upon and signed by both parties and approved by Cisco.
- 14.4 This Agreement sets forth the full extent of each party's obligations and liabilities in respect of the performance of the Services. In particular, there are no conditions, warranties, representations or terms, express or implied, which are binding on either party except as specifically stated in this Agreement. Any condition, warranty, representation or term concerning the performance of the

Services which might otherwise be implied into or incorporated in this Agreement, or any collateral contract, whether by statute, common law or otherwise, is hereby excluded.

- 14.5 Neither party may assign this Agreement to a third party without the written consent of the other party, whose consent shall not be unreasonably withheld.
- 14.6 No waiver of any term or condition of this Agreement is valid unless it is in writing and signed by an officer (Director level or above) of the party charged with the waiver. A party's failure to insist on performance of any term or condition, or to exercise any right or privilege included in the Agreement, shall not constitute a current or future waiver of the same. No waiver of any breach of any term of the Agreement constitutes a waiver of a subsequent breach.
- 14.7 The provisions of Sections 9, 13, 14 and 15 shall survive for a period of two (2) years after the expiration or earlier termination of this Agreement.

**15 CONTRACT DISPUTES AND APPLICABLE LAW**

- 15.1 In the event a dispute should arise between the parties, the parties shall attempt to resolve it amicably as soon as possible. If the dispute has not been resolved within ten (10) business days of the date on which the dispute first arose, each party shall notify the Cisco Entities in writing and request the Cisco Entities' assistance in resolving the matter. In the event the dispute has not been resolved with ten (10) business days after the parties have provided such notices, either party shall have the right to submit the dispute to a court for resolution.
- 15.2 Any and all claims of negligence, gross negligence or willful misconduct in the operation of any VMI Hub will be determined according to the laws of China.
- 15.3 For any other dispute related to this Agreement, including all its exhibits, the governing law shall be Chinese Law, without regard to choice of law provisions.

IN WITNESS WHEREOF, the Parties execute this Agreement through their duly authorized representatives on the day and year first above written.

**HUB OPERATOR**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **Exhibit A**

### **Standard Services Scope of Work**

#### **General**

- The Hub Operator will store and control Client's Goods at the VMI Hub and dispatch the Goods as required.
- All Goods will be tracked using the Cisco part number (SKU).
- Client will send shipments to the VMI Hub on appropriate pallets or as sealed cartons. No less than carton receipts allowed.
- Mixed SKU pallets will be sorted upon receipt into single SKU pallets.
- All incoming cartons (palletized or loose) should arrive at the VMI Hub sealed. Cartons arriving unsealed will be segregated and placed 'on hold'. These cartons will be released from hold once Client verifies quantities contained in the cartons and resealed
- Except as otherwise agreed among Client and Hub Operator or the Cisco Entities and Hub Operator, incoming pallet dimensions must not exceed the dimensions set forth in Section 2 below. No over-hang is allowed. Pallets exceeding the stated dimensions will be broken down and re-palletized to regular dimensions.
- Inventory control within Hub Operator's Warehouse Management IT system ("WMS") will be at the pallet or carton level, as determined by Client's directions, made in conjunction with the Cisco Entities, to Hub Operator.
- Hub Operator will monitor and report inventory levels as described in this Scope of Work. In no event will Hub Operator have the obligation or authority to determine the level of Goods inventory to be ordered into, or maintained in, the VMI Hub. The Parties acknowledge that this obligation and authority is allocated among EMS Providers, the Cisco Entities and Client pursuant to separate agreements between such parties.

#### **1. Services**

##### **1.1 Inbound Goods Receipt**

1.1.1 For all Client shipments to the VMI Hub, Client will transmit an advanced shipment notice ("ASN") to Hub Operator via EDI or web interface (such EDI or web interface may be provided by a third party) within twenty four (24) hours after Client ships Goods (for international shipments) or within one (1) hour (for domestic deliveries). The reference number for the ASN and PO/SA number will be marked on the paperwork or physical freight to allow users to pull the proper WMS ASN for proper receipt into the WMS.

1.1.2 Hub Operator will promptly receive all Goods delivered to the VMI Hub with service level targets as set out in Exhibit B hereto. The Goods will be received in by chronological order by time of delivery. For Goods identified by Client as priority Goods, Hub Operator will expedite receipt (the “Hot Lot Process”). Hub Operator will perform inbound shipment reporting based on ASN information and other ASN information management.

1.1.3 Hub Operator will perform goods receipt process based on information contained in ASN (i.e. PO number, SKU, number, quantity, etc.). Process will include carton inspection for visible damages. Hub Operator will notify Client and relevant EMS Provider of any material discrepancy and any visible damage within twenty four (24) hours of Goods’ arrival at the VMI Hub. Such notification may be made via a third party. In the case of damage, notice will include digital pictures of damaged boxes. Goods that appear to be damaged upon receipt will be placed in ‘hold’ status in WMS pending Hub Operator and Client’s determination of extent of damage and resolution. Hub Operator will not be liable for any material discrepancies inside of cartons.

1.1.4 Hub Operator will enter at least the following information into WMS with respect to each receipt of Goods:

- Delivery Order number
- PO#
- PO line #
- Airway Bill (AWB) #(House AWB & Master AWB) or Bill of Lading (B/L)#
- Cisco Part number (SKU)
- Quantity (at minimum unit level)

1.1.5 Hub Operator will receive product in the volume types “box quantity” and “pallet quantity”. Client shall label each shipment in accordance with such packaging labelling requirements as Cisco makes available to Client from time to time. Hub Operator shall place ‘on hold’ any shipment that does not meet the following minimum requirements:

The physical delivery unit label must include the Cisco SKU (in text and barcode format), the PO# (in text and barcode format), Client’s name, and Quantity (at minimum unit level)

1.1.6 Upon successful Goods receipt, Hub Operator will notify Client and EMS Provider via EDI message or web portal (3-in-1 Report as defined in Section 1.2.3 below, or equivalent reports) and will update the VMI Hub’s inventory records accordingly. Such EDI message or web portal access may be provided by a third party.

1.1.7 For received Goods, Hub Operator will perform put-away into the VMI Hub warehouse. Goods will be available for pull within eight (8) business hours after delivery to the VMI Hub. Hub Operator will provide a Hot Lot process for Goods receipt,

pursuant to which Goods will be available for pull within two Business Hours (as defined below) after delivery to VMI Hub. "Business Hour" means an hour during the VMI Hub's normal hours of operation.

1.1.8 Upon put-away of Goods designated by the Cisco Entities as high security product value ("High Security Goods"), Hub Operator will place the High Security Goods in the high-security section of the VMI Hub.

## **1.2 Warehouse Storage and Inventory Management**

1.2.1 Hub Operator will manage material transactions within the WMS system environment.

1.2.2 Inventory will be managed on a first-In-first-out basis where the 'in' date is deemed to be the later of (i) the delivery date requested in the relevant Goods order issued to Client by EMS Provider or the relevant Cisco Entity; and (ii) the date the Goods actually arrived at the VMI Hub ("Modified FIFO").

1.2.3 Hub Operator will provide visibility of all inventory and inventory transactions to the EMS Provider via Hub Operator's web tool (within one (1) hour of data entry in the VMI Hub) A "3-in-1 Report," an automated daily report (or equivalent daily reports) that sets out Goods received into a VMI Hub, Goods shipped from the VMI Hub and Goods inventory remaining in the VMI Hub as of the end of day, will be available via the applicable web tool.

1.2.4 Hub Operator will store all Goods in the VMI Hub, which VMI Hub meets the then-current security standards promulgated by the Technology Asset Protection Association ("TAPA"); provided that Hub Operator shall not be required to obtain certification of its security measures from TAPA. Security measures at the VMI Hub will include (without limitation):

- Security cage-enclosed rack environment for High Security Goods;
- Closed-circuit television monitoring;
- Monitored warehouse entry security system with access control;
- Photo ID required for all VMI Hub employees, and
- Background check required for all VMI Hub employees.

1.2.5 Hub Operator will provide temperature and humidity environmental control for temperature-sensitive and humidity-sensitive Goods. Determination of which Goods will be stored in temperature and humidity sensitive environment will be by mutual agreement among Client and the Cisco Entities with direction to Hub Operator to

be provided by the Cisco Entities through SKU master data to be provided by the EMS Provider(s).

1.2.6 To place inventory on hold Hub Operator must receive instruction in writing (from Client or Cisco entity) through the applicable CSC.

1.2.7 All inventory will be subject to a full cycle count once per quarter. Cycle count procedures will conform to the following:

1.2.7.1 Inventory Counts. Hub Operator's inventory controls will include, at a minimum, either periodic cycle counts or full physical inventory counts or both.

1.2.7.2 Periodic Cycle Counts. If only periodic cycle counts are performed at the VMI Hub, Hub Operator will ensure that every inventory item is counted at least one (1) time per quarter; provided, however, that High Security Goods inventory shall be counted at least one (1) time per month.

1.2.7.3 Full Physical Inventory Counts. If only full physical inventory counts are performed at the VMI Hub, Hub Operator will conduct a full physical inventory count at least one time per quarter and ensure that every inventory item is counted during each full physical inventory count.

1.2.7.4 Minimum Standards. If both periodic cycle counts and full physical inventory counts are performed at the VMI Hub, Hub Operator will ensure that it meets the minimum standards described above with respect to either the periodic cycle counts or the full physical inventory counts.

1.2.7.5 Blind Counts; Segregation of Duties. Hub Operator will ensure that all counts are blind counts; that is, the persons conducting the counts shall not be aware of the quantities of Inventory shown in Hub Operator's WMS system for the items being counted. In addition, Hub Operator shall ensure that there is a segregation of duties and that, at a minimum, the person who conducts the count does not also enter the count results into the WMS system.

1.2.7.6 Retention of Documentation. Hub Operator will retain all documentation generated as part of the periodic cycle counts and the full physical inventory counts for at least two (2) years following completion of the applicable count.

1.2.7.7. Exceptions or Adjustments. Any exceptions or adjustments to the inventory count shall be subject to a clear and adequate approval process established by Hub Operator.

1.2.8 Hub Operator will provide special handling for boxes marked "Cisco" on outside (i.e. Hub Operator will apply no labels, markings, etc. to such boxes). If boxes marked "Cisco" on outside are received in damaged condition, normal procedures for handling of damaged Goods will be followed.

### **1.3 Outbound Packing and Delivery to EMS Provider**

1.3.1 Hub Operator will allocate inventory and quantities required in EMS Provider pull requests on behalf of Client both physically and within Hub Operator's WMS.

1.3.2 Goods inventory will be consumed according to Modified FIFO except in the case where (x) more than one supplier provides a specific item to the VMI Hub; and (y) in the VMI Hub pull order, EMS Provider requests Goods supplied by a specific supplier.

1.3.3 Hub Operator will 'pick' Goods from warehouse and 'pack' for delivery to the relevant EMS Provider. All transactions will occur within Hub Operator's WMS environment. Hub Operator will be responsible for picking cartons to pallet and pallets.

1.3.4 Hub Operator will prepare pallets for delivery to EMS Provider in a manner designed to prevent loss or damage, consistent with good industry practice. A packing slip will be included with each delivery order. At a minimum, each packing slip will include supplier, Cisco SKU and Purchase Order Number.

1.3.5 Hub Operator will generate appropriate documentation for shipment (e.g. Pack List; Truck Manifest, including DN#).

1.3.6 Hub Operator will provide EMS Provider with on-line visibility of inventory transactions upon inventory leaving VMI Hub dock. This will include a unique delivery notice number for each inventory transaction.

1.3.7 Hub Operator will perform handoff to carrier for delivery to EMS Provider.

### **1.4 Exceptions Process Management / Reporting**

1.4.1 Client will have visibility of all inventory and inventory transactions via a third party's InView web tool.

1.4.2 Hub Operator will provide inventory quarantine capability as requested by Client or an EMS Provider as part of the Standard Services, subject to approval by the Cisco Entities. Hub Operator will also provide ESD stations for material inspection on an exception-only basis.

1.4.3 In the event Client wishes to perform rework activities on Goods in the VMI Hub, Client shall provide to Hub Operator (through the applicable CSC), and to the relevant Cisco Entity, a rework request and detailed description of the work to be performed, including instructions and material requirements. To the extent directed by the Cisco Entities, Hub Operator will provide rework space and warehouse labor in support of the rework activities as part of the Standard Services. With respect to any rework space or warehouse services that the Cisco Entities do not designate Standard

Services, Hub Operator will make such space and services available as Non-Standard Services, subject to negotiation of a Non-Standard Services agreement with Client. Hub Operator and Client will schedule rework times via the applicable CSC.

1.4.4 Inventory aging tracking capability will be provided to Client in InView for freshness process management. Information in Inview will be available for download by Client.

1.4.5 Dedicated customer service will be provided through the applicable CSC via email and a twenty four (24) hour hotline to address any questions or concerns from Client.

1.4.6 Hub Operator will notify Client promptly upon discovery of any damage to Goods while in the VMI Hub.

**2. Hours of Operation**

a. General Operating Hours:

Monday---Saturday  
6:00am ~ 6:00am (6 Days\*24 Hours)  
Sundays: Closed

b. Goods Receiving Hours:

Monday---Saturday  
6:00am ~1:00am  
Sundays and Fertile Observed Holidays: Closed

c. VMI Hubs Observed Holidays:

Date Observed	Holiday

- d. Customs services (e.g. bonded warehouse): Bonded warehouse, customs clearance is processed by \_\_\_\_\_, when required.
- e. Maximum Pallet Dimensions: 120cms x 120cms x 180cms

**3. Customer Service Centers**

All Goods' issues, except visibility:

Hub Operator CSC: \_\_\_\_\_

Phone number:

**Exhibit B  
Cisco Global Hubs Service Level Metrics**

**Inbound Goods Receipt**

<b>Metric</b>	<b>Target service level</b>
Damaged Shipments - quantity and percentage	n/a
Goods Receipt Discrepancy - quantity and percentage (incl reason codes)	n/a
Time from Goods delivery to Goods' reflection on WMS and availability for EMS Provider pull request: <ul style="list-style-type: none"> <li>- Priority Goods ("Hot Lot")</li> <li>- Standard Goods</li> </ul>	<ul style="list-style-type: none"> <li>- 2 Business Hours</li> <li>- 8 Business Hours</li> </ul>
Time from Goods delivery to notice to Client of any receiving discrepancy	- 24 hours

**Warehouse Storage and Inventory Management**

<b>Metric</b>	<b>Target service level</b>
Pallet In/Out Count/Velocity	n/a
Stockout Rate / Material Availability Percentage	n/a
Cycle Count Frequency <ul style="list-style-type: none"> <li>- High Value Goods</li> <li>- All Goods</li> </ul>	<ul style="list-style-type: none"> <li>- At least once per month</li> <li>- At least once per quarter</li> </ul>
Cycle Count Accuracy	99.8%

**Outbound Packing and Delivery to EMS Provider**

<b>Metric</b>	<b>Target service level</b>
Time from EMS Provider Pull Order to Ship	2 to 4 business hours – specifics determined per

	agreement between Hub Operator and relevant EMS Provider.
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### Exceptions Process Management/Reporting

Metric	Target service level
Expedite Requests	n/a
CSC Available Hours	24X7X365
CSC Acknowledgement of Issue	1 hour
CSC Resolution of Issue	24 hours for Hub Operator root cause issues

## EXHIBIT C INSURANCE REQUIREMENTS

1. Hub Operator shall, at its own expense, at all times during the term of this Agreement and after the termination of this Agreement provide and maintain in effect those insurance policies and minimum limits of coverage as designated below, and any other insurance required by law in any jurisdiction where Hub Operator provides Services under this Agreement, through reputable and financially sound insurance companies authorized to do business in the jurisdiction where the work is to be performed, and will comply with all those requirements as stated herein. In no way do these minimum requirements limit the liability assumed elsewhere in this Agreement, including but not limited to Hub Operator's defense and indemnity obligations.

**1.1. Workers' Compensation, Social Scheme and Employer's Liability Insurance.** Workers' Compensation insurance shall be provided as required by any applicable law or regulation and in accordance with the provisions of the laws of the nation, state, territory or province having jurisdiction over Hub Operator's employees. If any such jurisdiction has a social scheme to provide insurance or benefits to injured workers, Hub Operator must be in full compliance with the laws thereof. Employer's Liability insurance shall be provided in amounts not less than the local currency equivalent of US\$1,000,000 (one million United States Dollars), provided that such coverage is reasonably available in the nation, state, territory or province having jurisdiction over Hub Operator's employees. If there is an exposure of injury to Hub Operator's employees under the U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or under the laws, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.

**1.2 General Liability Insurance.** Hub Operator shall carry Commercial General Liability, Public Liability, and/or third party accident insurance, written on an occurrence (not claims-made) basis, covering all operations by or on behalf of Hub Operator arising out of or connecting with this Agreement, providing coverage for bodily injury, property damage and claims by one insured against another insured, and Hub Operator's indemnity obligations for bodily injury and property damage under this Agreement, with limits of liability of not less than the local currency equivalent of US\$2,000,000.00 (two million United States Dollars) for each occurrence and US\$2,000,000.00 (two million United States Dollars) in the annual aggregate.

**1.3 Automobile Liability Insurance.** Hub Operator shall carry Automobile Liability insurance, including bodily injury and property damage, for all vehicles used in the performance of Hub Operator's Services under this Agreement, including but not limited to all owned, hired (or rented) and non-owned vehicles. The limits of liability shall not be less than the local currency equivalent of US\$1,000,000 (one million United States Dollars) combined single limit for each accident or whatever is required by local law or statute, whichever is higher. |

**1.4 Warehouseman's Liability Insurance.** Hub Operator shall carry Warehousemen's Legal Liability Insurance covering warehoused commodities with

limits sufficient to cover Hub Operator's risk of loss for the commodities as set forth in section 5 of the Agreement.

**1.5 Property Insurance.** Hub Operator shall ensure that owner of the facility maintains shall maintain All Risk Property insurance, including but not limited to coverage for earthquake and sprinkler leakage, sufficient to cover the replacement cost of its premises, Equipment (other than commodities), personal property and facilities used by Hub Operator in the performance of Services under this Agreement. Such property insurance shall not cover Commodities located within Hub Operator's warehouse facilities. If Hub Operator uses leased premises to provide the services, then Hub Operator may provide evidence that the landlord or owner of the premises maintains all risk insurance on the premises to satisfy the requirement that it maintains such insurance on the premises.

2. Certificates of Insurance or other formalized evidence of the coverages required above shall be furnished by Hub Operator to Client within a reasonable time after a written request from Client. The Hub Operator shall provide Client with thirty (30) days prior written notice in the event of cancellation or non-renewal of coverage. Any acceptance of insurance certificates or other formalized evidence of the coverages required hereunder, or Client's failure to receive certificates, shall not limit or relieve Hub Operator of the duties and responsibilities with respect to maintaining insurance assumed by it under this Agreement or constitute a waiver or modification of the provisions set forth above.

3. The policy(ies) required under this Agreement shall provide, by endorsement or otherwise, that Hub Operator's insurance shall be primary insurance and that any other insurance maintained by otherwise afforded to Client, its corporate affiliates, and their respective officers, directors, employees, agents, successors and assigns shall be excess only and non-contributing. Except where prohibited by law, Hub Operator and its insurers waive all rights of recovery or subrogation against Client, its corporate affiliates, and their respective officers, directors, employees, agents, successors, assigns and insurers.

4. Hub Operator shall require all subcontractors to maintain appropriate types and limits of insurance, commensurate with the services to be performed in the jurisdictions where the services are to be performed. Client reserves the right to request copies of subcontractor certificates of insurance. Hub Operator shall remain responsible for all acts or omissions of subcontractors.