MICROSOFT CHANNEL PARTNER TERMS AND CONDITIONS FOR DISTRIBUTORS

CORE TERMS

(the "**Core Terms**")

These Core Terms, together with any Program-Specific Terms referenced in or otherwise incorporated into the Enrollment accepted by Microsoft and Company, constitute the "**Agreement**" that will govern how the parties work together in the context of a specific Program. "**Microsoft**" and "**Company**" mean, respectively, the entities designated in an Enrollment. Capitalized terms used but not defined in these Core Terms have the meaning given in the Channel Terms.

1. DEFINITIONS

"**Affiliate**" means an entity that owns, is owned by, or is under common ownership with an entity. Ownership means control of more than 50% of the equity interests of, or the right to direct the management of, an entity for so long as such control exists. For clarity, the term "Microsoft Affiliate" refers to an Affiliate of Microsoft; the term "Company Affiliate" refers to an Affiliate of Company.

"**Confidential Information**" means a party's non-public information, know-how, or trade secrets that (a) the party designates as being confidential; or (b) given the nature of the disclosure or circumstances surrounding the disclosure, reasonably should be treated as confidential by the receiving party. Confidential Information does not include information that: (1) the receiving party already knew without an obligation to maintain the information as confidential; (2) the receiving party received from a third party without breach of an obligation of confidentiality owed to the other party; (3) the receiving party independently developed; or (4) becomes publicly known through no wrongful act of the receiving party.

"**Data Protection Laws**" means any and all Laws applicable to Company or Microsoft, relating to data security, protection, privacy, or the Processing of Personal Data, including (where applicable) Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to Processing of Personal Data and the free movement of that data ("**GDPR**"), and any implementing, derivative or related legislation, rule, regulation, and regulatory guidance, as amended, extended, repealed and replaced, or re-enacted.

"**Effective Date**" means, except as otherwise set forth in the Agreement, the date of acceptance of the Agreement by the parties.

"**Enrollment**" means a form, document, or online enrollment process through which Microsoft and Company accept and enter into the Agreement for purposes of that Program. If the Enrollment is a form, authorization form, or similar document, then Microsoft reserves the right to unilaterally modify any terms contained therein from time to time. Microsoft will provide Company no less than one-hundred and eighty (180) days' prior notice before such changes become effective; after such time such changes to the Enrollment will become effective without further action by the parties. Any such modification to the Enrollment will have prospective effect only.

"**Excluded License**" means any license that includes the following requirement as a condition of use, modification, or distribution of any material subject to that license: such software, or anything combined or distributed with such material, is required to be: (a) disclosed or distributed in source code form; (b) licensed for the purpose of making derivative works; or (c) redistributable at no charge.

"**Force Majeure Event**" refers to any event that (a) arises after the effective date of the Agreement, (b) is not caused by and is beyond the reasonable control of the affected party, (c) could not have been prevented and cannot be overcome through reasonable efforts of the affected party, and (d) materially affects the affected party's performance under this Agreement. Force Majeure Events may include fire, explosion, power blackout, earthquake, flood, severe storms, strike, embargo, labor disputes, acts of civil or military authority, war, terrorism (including cyber terrorism), acts of God, acts or omissions of Internet traffic carriers, actions or omissions of regulatory or governmental bodies (including the passage of or material change in Laws or other acts of government) that materially affect performance under this Agreement. A Force Majeure Event does not include theft or loss, or events caused by the negligent or intentional acts or omissions of the affected party.

"**Laws**" means any and all applicable international, national, and local laws (including regulations and binding judicial law) as amended, extended, repealed and replaced, or re-enacted. The terms "legal", "legal or regulatory", and "legally" shall be interpreted as relating to Law.

"**Partner Portal**" means, regarding a given Program, the website(s) through which Microsoft may provide Company access to tools, documents, and communications related to that Program.

"**Personal Data**" means any information relating to an identified or identifiable natural person ("Data Subject"). An identifiable natural person is one who can be identified, directly or indirectly, in particular by referencing an identifier such as a name, an identification number, location data, an online identifier, or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of that natural person.

SAMPLE

"**Processing**" means any operation or set of operations that is performed on Personal Data, whether or not by automated means, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination, or otherwise making available, alignment or combination, restriction, erasure, or destruction. "Process," "Processes" and "Processed" will have a corresponding meaning.

"**Products**" means online services, tools, software, hardware, or professional support or consulting services as defined in the Agreement.

"**Program**" means an engagement between Microsoft and Company under which either party may make available to the other certain rights or benefits related to using, interoperating with, integrating, sublicensing, distributing, re-selling, promoting, or marketing Microsoft's or Company's Products.

"**Representatives**" means the employees, agents, contractors, advisors and consultants (each acting in such respective capacity) of a party or its Affiliate.

2. GENERAL

2.1 Notice of Changes. Microsoft reserves the right to unilaterally modify these Core Terms from time to time. Microsoft will provide Company no less than one-hundred and eighty (180) days' prior notice before such changes become effective; after such time such changes to these Core Terms will become effective without further action by the parties. Any modification of these Core Terms per this provision will have prospective effect only.

2.2 Relationship of the Parties.

(a) Non-Exclusive relationship. The parties are working together on a non-exclusive basis. Engagements between the parties will not be interpreted to limit either party's right to obtain, promote, or distribute products or services from other sources, and will not restrict either party's freedom to set prices for its products or services.

(b) Right to independent development. Neither party is restricted from independently developing or acquiring new products or services, improving existing products or services, or marketing any new, improved, or existing products or services.

(c) Independent contractors. Any use of the term "partner" is for reference purposes only. The parties are independent contractors and do not intend to create an employer-employee relationship, partnership, joint venture, agency relationship, or fiduciary relationship. Neither party nor any of its Representatives may make any representation, warranty, or promise on behalf of the other party.

(d) Costs. Each party will bear its own costs of performance under the Agreement, unless otherwise specified.

(e) Publicity. Except as otherwise required by Laws or as otherwise expressly authorized under the Agreement, neither party will issue any press release, publicity, or other disclosure in any form that relates to the terms of the Agreement or to a party's relationship with the other party, including in client presentations or client lists, without the other party's prior written approval.

2.3 Microsoft AI Cloud Partner Program (MAICPP). Company must maintain its status as a registered member of the Microsoft AI Cloud Partner Program and maintain an active Microsoft AI Cloud Partner Program Agreement. Registered member status is available to Company free of charge.

3. BUSINESS INTEGRITY PRINCIPLES

3.1 Compliance with Laws. Each party will conduct its respective business activities under the Agreement in full compliance with all Laws. Without limiting the foregoing, each party will:

(a) comply with all applicable import and export laws and regulations, including but not limited to, trade laws such as the U.S. Export Administration Regulations or other end user, end use, and destination restrictions by the U.S. and other governments, as well as sanctions regulations administered by the U.S. Office of Foreign Assets Control ("trade laws"). Company will not take any action that causes Microsoft to violate U.S. or other applicable trade laws. Microsoft may suspend or terminate the Agreement immediately to the extent that Microsoft reasonably concludes that continued performance would violate trade laws or put it at risk of becoming subject to economic sanctions under trade laws;

(b) comply with all Laws (and pay the related fees and taxes that it owes) that govern environmental protection, including Laws related to use, import, collection, treatment, recovery, recycling, disposal, and reuse of Products (including packaging);

(c) comply with Laws that govern the rights to and protection of the other party's copyrights, Marks, patents, trade secrets, and other forms of intellectual property;

SAMPLE

(d) comply with Laws that govern labor practices, human rights, and health and safety;

(e) obtain and maintain any required local government approvals, each at its own expense; and

(f) timely provide information, assistance, and cooperation (at the requesting party's commercially reasonable request and expense) as necessary to comply with Laws, or to register (or renew registration) or report to any governmental agency or certification body that regulates or certifies the use, licensing or distribution of Products.

3.2 Business Conduct. Each party will:

(a) conduct its business activities with integrity;

(b) comply with anti-corruption Laws and other Laws prohibiting bribery, corruption, inaccurate books and records, inadequate internal controls, and money-laundering;

(c) ensure that none of its Representatives directly or indirectly pays or offers to pay anything of value (including gifts, travel, hospitality, charitable donations, or employment) to any candidate for political office or to any official or employee (including elected officials or any private person acting on behalf of a public sector entity) of any governmental entity, public international organization, or political party, to improperly influence any act or decision of such person for the purpose of promoting the business interests of either party. Company is prohibited from paying expenses for travel, lodging, gifts, hospitality, or charitable contributions for government officials on Microsoft's behalf;

(d) refrain from making any unauthorized representation or commitment on behalf of the other party;

(e) ensure that all communications to its customers and to the other party are complete, truthful, accurate, not misleading, and include any required disclosures; and

(f) refrain from retaliating against anyone who has, in good faith, reported a possible violation of the foregoing commitments.

3.3 Business Conduct Training.

(a) Microsoft will provide regular training on anti-corruption laws and business integrity principles to its employees who resell, distribute, or market Microsoft's Products. For additional information on Microsoft's commitment to anti-corruption, see http://www.microsoft.com/en-us/legal/compliance/anticorruption/default.aspx and https://www.microsoft.com/en-us/legal/compliance/anticorruption/reppolicy.aspx.

(b) For Company employees in a position to influence the pricing, terms, or conditions under which Microsoft's Products are distributed, resold, used, or marketed (but excluding employees engaged solely in distribution of Microsoft's Products to end consumers), Company will:

(i) provide regular training on anti-corruption laws and business integrity principles to its employees who use, resell, distribute, or market Microsoft's Products; or

(ii) ensure (and certify upon request) that such employees regularly complete online anti-corruption training made available free of charge by Microsoft at https://partner.microsoft.com/en-us/training/required-training/.

(c) Company will comply with the Microsoft Partner Code of Conduct located at https://assets.microsoft.com/Microsoft-Partner-Code-of-Conduct.pdf.

3.4 Monitoring and Reporting. If either party has a good-faith reason to believe that the other party is in violation of anti-corruption laws in connection with business or sales activity relating to the Agreement, it will notify the other party with a general description of the nature of the concern, and the reason for its belief. Company may contact Microsoft's Business Conduct Alias (BUSCOND@microsoft.com) with questions or requests for further information or guidance. The parties will confer in good faith on an appropriate and lawful approach to addressing the concern.

3.5 Privacy and Data Security.

(a) With respect to any Personal Data transferred under this Agreement, Company and Microsoft agree that both Company and Microsoft are data controllers of the Personal Data that each independently Processes and the Personal Data is being shared only in the context of the provision of or receipt of a Product to a party or a Customer.

(b) The nature, purpose, and subject matter of the Processing, including the types of Personal Data and categories of Data Subjects involved, are described in the Agreement. Company will not Process Personal Data under this Agreement for any other purpose.

SAMPLE

(c) Without limiting the foregoing, each party will:

(i) comply with the obligations imposed on it under Data Protection Laws applicable to the Personal Data being Processed;

(ii) prior to obtaining information from Data Subjects, obtain their legally valid permission or have another valid legal basis to Process their data and to transfer it to the other party. If obtaining user permission, such permission must comply with Laws as valid consent;

(iii) establish independent procedures for managing and responding to any communication from a Data Subject seeking to exercise its rights under Data Protection Laws, including where the other party is communicating the Data Subject request on behalf of the Data Subject;

(iv) provide commercially reasonable assistance to the other (at the latter's expense) in responding to any requests, investigation, consultation, or claims from a Data Subject, regulator, or supervisory authority concerning Data Protection Laws;

(v) take all measures that are required by Data Protection Laws, and in accordance with good industry practice relating to data security (including, if applicable, pursuant to Article 32 of GDPR) and the maintenance of the confidentiality of Personal Data;

(vi) provide prominent notice of its privacy practices to Data Subjects and maintain a prominent link to an online privacy statement on each page of its website and/or in a reasonable location within its application and will ensure that each notice and policy complies with this Agreement and Data Protection Laws;

(vii) upon termination of the Agreement, delete or return to the other all copies of Personal Data except to the extent the party has the right or obligation under applicable Data Protection Laws to retain Personal Data after termination; and

(viii) refrain from transmitting unsolicited commercial communications in any manner that would violate Laws or that would associate either party with the other in an unauthorized manner. .

4. PROPRIETARY RIGHTS

4.1 Excluded License. A party's rights to any of the other's Products under the Agreement do not include any license, right, power, or authority to subject the other's Products to any of the terms of an Excluded License. A party may use or distribute the other's Products with other material that is subject to an Excluded License only if such Products are used or distributed in a manner that does not subject, or purport to subject, such Products (or any intellectual property related to the Products) to the terms of an Excluded License.

4.2 Proprietary Notices. Neither party will remove any copyright, trademark, patent, or similar notices from the other party's materials without express written consent from the other party.

4.3 Use of Marks. Except as expressly provided in the Agreement, or any separate license agreement that is incorporated into the Agreement by reference, the Agreement does not grant either party any right, title, interest, or license in or to any of trademarks, trade names, trade dress, or logos (collectively, "**Marks**") of the other party. Company may use Microsoft's corporate name, Microsoft's Product names, and trademarks ("**Microsoft Marks**") in plain text (but not logos, trade dress, designs, or word marks in stylized form) to accurately identify and refer to Microsoft and its technology and services. However, in making such references, Company must refrain from use that is likely to cause confusion about Company's relationship with Microsoft and must comply with Microsoft's usage guidelines at: https://www.microsoft.com/en-us/legal/intellectualproperty/trademarks/usage/general.aspx. Company will promptly correct any misuse on notice from Microsoft.

4.4 No Reverse Engineering. Both parties agree not to reverse engineer, decompile, or disassemble any of the other party's Products, except and only to the extent expressly permitted by Laws.

4.5 Antipiracy. Each party will implement and enforce reasonable internal controls to prevent unauthorized access to (or manufacture, duplication, distribution, delivery, or use of) counterfeit, stolen, pirated, or unlicensed technology or products and services of the other party by the party's Representatives and Affiliates. Each party agrees to promptly report to the other party any suspected counterfeiting, theft, piracy, unauthorized access, or infringement of copyright, trademark, patent, or other intellectual property rights owned or licensed by the other party and agrees to promptly and reasonably cooperate with the other party in the investigation of such unauthorized activities.

4.6 Reservation of Rights. Except as otherwise expressly granted in the Agreement: (i) each party owns and retains all rights, title, or interest in and to its own respective intellectual and other proprietary rights, and neither party grants such rights to the other party whether by implication, statute, estoppel or otherwise; and (ii) all permitted use of Products is by license only, and is not subject to the "first sale" or any similar doctrine under copyright or other applicable intellectual

SAMPLE

property rights Laws. Except as otherwise expressly granted in the Agreement, any use in the Agreement of words such as "distribute," "sell," "price," "fees," or similar words is for convenience only, and not to be construed to mean that title to any underlying intellectual property rights in the Products is being transferred.

5. TERM; TERMINATION

5.1 Term. These Core Terms shall remain effective until terminated.

5.2 Termination without Cause. Either party can terminate these Core Terms at any time without cause, and without intervention of the courts, by giving the other party not less than thirty (30) days' prior written notice. However, if any underlying Program-Specific Terms require a longer period of prior notice prior to termination of such without cause (such being an "**W/O Cause Period**"), such W/O Cause Period shall apply here as well; provided that the prior notice period required to terminate without cause under this provision will not exceed one-hundred-and-fifty (150) days. Except as otherwise provided in the Agreement, neither party will have to pay the other party any costs or damages resulting from termination of these Core Terms without cause.

5.3 Termination for Cause. If a party breaches any term of these Core Terms and such breach is curable, then the breaching party shall have thirty (30) days' following written notice of such breach by the non-breaching party to cure. If the breaching party fails to cure the breach within such thirty-day period, unless otherwise mutually agreed, the non-breaching party may terminate these Core Terms upon written notice to the breaching party. A party will be allowed to cure a breach once; if a party breaches these Core Terms for the same reason as a prior breach then the other party may terminate these Core Terms immediately upon written notice to the breaching party. If the breach is not curable, then the non-breaching party may terminate these Core Terms immediately upon written notice to the breaching party. Either party may also terminate these Core Terms immediately upon written notice to the breaching party due to the other party's: (i) breach of the confidentiality terms, or (ii) failure to comply with the requirements and obligations outlined in the section entitled "Business Conduct". Microsoft may also terminate these Core Terms immediately upon written notice to Company (i) due to the infringement, misappropriation or violation of Microsoft's intellectual property rights, or (ii) in the event of Microsoft's termination of Company's Microsoft AI Cloud Partner Program for cause. Microsoft may, in its sole discretion, deem a termination for breach of the Core Terms of an agreement between Company and a Microsoft Affiliate, where Company is the breaching party, to be a breach of, and the basis of an immediate termination of, these Core Terms.

5.4 Effect of Termination. Company acknowledges that the termination of these Core Terms shall immediately, and without further action by the parties, terminate any underlying Program-Specific Terms.

6. CONFIDENTIALITY

6.1 General Obligations.

(a) If a separate nondisclosure agreement is in place between Microsoft and Company, such agreement will govern all Confidential Information exchanged between the parties under the Agreement.

(b) If no such nondisclosure agreement is in effect, the following provisions apply to the parties' exchange of Confidential Information under the Agreement:

(i) Each party will take reasonable steps to protect the other's Confidential Information and will use the other party's Confidential Information only for purposes of the parties' business relationship. Neither party will disclose that Confidential Information to third parties, except to its Representatives and then only on a need-to-know basis under nondisclosure obligations at least as protective as this Agreement. Each party remains responsible for the use of the Confidential Information by its Representatives and, in the event of discovery of any unauthorized use or disclosure, must promptly notify the other party.

(ii) Each party must not disclose any Confidential Information of the other for five (5) years following the date of initial disclosure; notwithstanding the foregoing, each party must not disclose any Confidential Information of the other that contains Personal Data.

(iii) Notwithstanding the parties' obligations set forth above, a receiving party may disclose the other party's Confidential Information if required by a court order or Laws to do so; provided that prior to disclosure, the receiving party must seek the highest level of protection available and must give the other party reasonable prior notice when possible to allow it to seek a protective order.

(iv) Neither party is required to restrict the work assignments of Representatives who have had access to Confidential Information. Neither party can control the incoming information the other will disclose in the course of working together, or what its Representatives will remember, even without notes or other aids. Neither party will bring a claim under trade secret Laws, or for breach of this Agreement, to the extent arising out of use of Confidential Information in such Representatives' unaided memories in the development or deployment of each party's respective products and services.

7. MISCELLANEOUS

7.1 Applicable Law and Venue.

(a) Each party consents to the exercise of personal jurisdiction by the applicable courts and the choice of law designated in the Enrollment.

(b) The United Nations Convention on Contracts for the International Sale of Goods does not apply to the Agreement.

(c) Either party may pursue injunctive relief against the other party in any forum (i) to protect its intellectual property rights; (ii) to enforce the confidentiality obligations of the other party; or (iii) for the enforcement or recognition of any award or order in any appropriate jurisdiction regarding its intellectual property rights arising out of or related to the Agreement.

(d) If either party employs attorneys to enforce any rights related to the Agreement, the prevailing party will be entitled to recover its reasonable attorneys' fees, costs and other expenses if permitted by Laws.

(e) Each party waives any right or obligation under any Laws to request or obtain intervention of the courts to terminate this Agreement.

7.2 Assignment. Microsoft may assign the Agreement (or delegate certain duties) to a Microsoft Affiliate at any time upon notice, provided that such assignment (or delegation) will not materially impair Company's rights and remedies under the Agreement. Except for such right, neither party may assign the Agreement (whether by merger, asset sale, operation of law, or otherwise) without the prior written approval of the other party (which shall not be unreasonably withheld), and any attempted assignment in violation of the Agreement shall have no effect. Company may be required to complete additional steps to effectuate its assignment of the Agreement.

7.3 Notices.

(a) Except as otherwise provided in the Agreement, notices must be in writing and sent to the receiving party at the contact information (which Company agrees to keep current) provided in the Enrollment. Notices from Company must be signed by Company's authorized representative. Parties may alternatively send notices electronically if permitted by Laws. Notices will be deemed received five (5) business days after having been sent via email, air express signed courier (charges prepaid), or postal service (postage prepaid, certified or registered, prepaid recorded delivery). Company may also send legal notices to Microsoft at legalnotices@microsoft.com; doing so does not waive any of Company's obligations to comply with legal notice and service of process requirements under Laws.

(b) If permitted by the Agreement, "business notices" may be subject to different notice requirements or delivery methods, including delivery on a Partner Portal. If Microsoft makes a Partner Portal available to Company in connection with a Program, Company will ensure that its relevant Representatives become familiar with the Partner Portal and consult it on a regular basis to receive communications and business notices from Microsoft. Company is solely responsible for managing which of its Representatives are authorized to access and act on the Partner Portal on Company's behalf.

7.4 No Waiver. Failure to enforce any provision of the Agreement will not constitute a waiver. Any waiver must be in writing and executed by the waiving party.

7.5 Entire Agreement. The Agreement shall constitute the entire agreement relating to the subject matter and engagements addressed therein and herein and shall supersede any prior or contemporaneous communications and agreements in such regard.

7.6 Order of Precedence, General. In the case of a conflict between any documents in the Agreement that is not expressly resolved therein, their terms will control in the following order, from highest to lowest priority: (1) terms of the Enrollment, (2) any Program-Specific Terms, excluding any Guide(s) (as may be defined in the Program-Specific Terms), (3) these Core Terms, and (4) any Guide(s), and (5) any terms or documents incorporated into the Agreement by reference or URL. Additional terms detailing the order of precedence for the documents that comprise the Program-Specific Terms will be set forth therein. The terms of an amendment control over the terms of the document subject to that amendment and any prior amendments concerning the same document..

7.7 Amendments. Except as otherwise expressly permitted in the Agreement, no amendment or modification of any provision of the Agreement will be effective unless it is in a writing accepted by authorized representatives of both parties. The Agreement may not be amended or modified by any Side Agreement. "**Side Agreement**" means any arrangement between Microsoft and Company, written or oral, that purports to modify the Agreement and is not accepted by an authorized representative of the Microsoft entity that accepted this Agreement. Side Agreements do not include Microsoft incentives, offers of rebates, promotions, discounts or extensions of payment terms offered by

SAMPLE

Microsoft when such are made available pursuant to a separate written agreement generally available to Microsoft's partners.

7.8 Force Majeure. Neither party will be liable for failing to perform under the Agreement to the extent that a Force Majeure Event caused the failure. The party subject to the Force Majeure Event must promptly notify the other party in writing and must perform the obligations that were not performed as soon as the Force Majeure Event stops. This section will not apply to any payment obligations under this Agreement.

7.9 Severability. If a court of competent jurisdiction finds any term of the Agreement illegal, invalid, or unenforceable, the remaining terms will remain in full force and effect.

7.10 References. The section headings and titles of the provisions of all parts of the Agreement are for convenience only and do not affect the interpretation of any provision. Unless specifically stated, the plural shall include the singular. URLs are understood to also refer to successor URLs, URLs for localized content, and information or resources linked from within the websites at the specified URLs. All references to days will mean calendar days unless otherwise specified. The use of the term "including" will always be interpreted to mean "including, but not limited to" unless expressly indicated otherwise.

7.11 English Language. Unless required by Laws or as otherwise provided in the Agreement, the English language version of all parts of the Agreement controls, and communications and notices under the Agreement must be in the English language to be effective. Any translations of the Agreement, in whole or in part, that Microsoft may provide as a courtesy are not official or binding.

7.12 Survival. Except as otherwise expressly provided, the provisions of the Agreement requiring performance (or applying to events that may occur) after termination will survive termination of the Agreement, including any and all terms pertaining to confidentiality, indemnification, allocation and limitation of risk and liability, any perpetual licenses, and ownership.

7.13 Microsoft Affiliates as Third-Party Beneficiaries. Microsoft Affiliates are third-party beneficiaries of the Agreement. If the doctrine of third-party beneficiaries is not recognized in the applicable jurisdiction, the parties agree that while Microsoft's Affiliates are not parties to the Agreement, Microsoft is a trustee of Microsoft's Affiliates for the limited purpose of holding in trust those rights in favor of Microsoft's Affiliates. The parties agree that a Microsoft Affiliate may enforce such rights without being required to add Microsoft as a party to any proceedings for such enforcement.

7.14 Counterparts. The Agreement may be accepted in counterparts, which together constitute one instrument.

SAMPLE

MICROSOFT CHANNEL PARTNER TERMS AND CONDITIONS FOR DISTRIBUTORS

CHANNEL TERMS

(the "**Channel Terms**")

These Channel Terms apply to Company's participation in a Channel Authorization (as defined herein).

1. DEFINITIONS

"**Channel Authorization**" means the terms and conditions arising under these Channel Terms applicable to an engagement between Microsoft and Company pursuant to which Microsoft makes available to Company certain rights or other benefits related to using, interoperating with, integrating, sublicensing, distributing, re-selling, promoting, or marketing Products.

"**Claim**" means an action, cause of action, suit, or judicial claim brought by any third party (excluding Company Affiliates).

"**Customer**" means an individual or legal entity within the Territory that meets the qualifying customer criteria set forth in a Channel Authorization.

"**Customer Agreement**" means an agreement between a Customer and Microsoft, or a Microsoft Affiliate, that is used to grant rights to Products to such Customer, and the associated Microsoft license terms that govern the Customer's use of a Product.

"**Customer Purchase Commitment**" means a legally binding commitment from Customer to purchase Products from Company that specifies issue date, Products, quantities, and price (per Product unit, Product subtotal, and order total), and agreement term. Products, quantities, and agreement term listed on the Customer Purchase Commitment must be consistent with the order submitted by Company to Microsoft. For Microsoft Azure Services, the Customer Purchase Commitment must also specify payment terms, including (i) whether the purchase is prepaid or pay-as-you-go, and (ii) how Company will charge Customer for consumption, including overages, and for Subscriptions extending beyond the initial Subscription term, that are consistent with the order submitted by Company to Microsoft.

"**Education Customer**" means any Customer that meets the education customer eligibility requirements found at http://www.aka.ms/academiceligibility.

"**Government Customer**" means, except as otherwise provided in a Channel Authorization, any "Eligible Entity" under Microsoft's Qualifying Government Eligibility Definition found at www.aka.ms/governmenteligibility.

"**Guide**" means a document delivered to Company or published on a Partner Portal that specifies the execution and operational details, policies, and requirements applicable to a Channel Authorization.

"**Material Discrepancy**" means either (i) a material breach of the Agreement; or (ii) amounts revealed to be owed by Company to Microsoft with respect to a Channel Authorization in excess of the specific percentage or fee amount threshold set forth in that Channel Authorization.

"**Offset**" means the withholding or deduction from the payment of any invoice amount or amount due by offset, counterclaim, or otherwise.

"**Price List**" means the then current list of Products from which Company may order Products for a Product Fee under a Channel Authorization.

"**Products**" as used herein, means the Microsoft online services, tools, software, hardware, or professional support or consulting services with respect to which Microsoft has granted Company certain rights or other benefits pursuant to a Channel Authorization, as further defined therein.

"**Product Fee**" means the royalty, commission, fee, or price charged for a Product on a Price List under a Channel Authorization.

"**Product Materials**" means the materials, disclosures, and Customer Agreements associated with a specific Product.

"**Product-Specific Terms**" means the additional terms, conditions, or restrictions that apply to specific Products in connection with a Channel Authorization.

"**Program-Specific Terms**" means, collectively, these Channel Terms, an underlying Channel Authorization, any associated Product-Specific Terms, and any associated Guide(s).

"**Public Customer**" means any Customer that is either an Education Customer, Government Customer, or State-Owned Entity.

"**Reseller**" has the meaning, if any, set forth in a Channel Authorization.

"**Reseller Purchase Commitment**" means a binding written commitment from a Reseller to pay for the Products that specifies product, quantity, pricing, and date consistent with the order submitted by Company to Microsoft.

SAMPLE

"**State-Owned Entity**" means an entity for which any of the following conditions exist: (a) a government entity or apparatus clearly controls the company; (b) employees of the company are considered to be public officials or civil servants; (c) the company is financed through governmental appropriations; (d) the company is financed through revenues obtained from government-mandated taxes, licenses, fees, or royalties; (e) the company pays its profits to a government entity or apparatus; (f) a government entity or apparatus is the largest single shareholder; (g) a government entity or apparatus controls the board of directors; (h) a government entity or apparatus can appoint the majority of the company's administrative or managerial body or supervisory board; (i) a government entity or apparatus can appoint less than a majority of the board but has negative veto powers; (j) minister-level officials sit on the board; (k) the company performs governmental functions; (l) a government entity or apparatus owns 30% or more of the company, directly or indirectly.

"**Taxes**" means any national, federal, state, provincial or local taxes, fees, charges, surcharges, or other similar fees or charges arising as a result of or in connection with the transactions contemplated under the Agreement and include, sales and use taxes, value added, gross receipts taxes, utility user's fees, municipal occupation and license taxes, excise taxes, business and occupations taxes, 911 taxes, franchise fees, universal service fund fees or taxes, regulatory cost recovery and other surcharges, taxes imposed or based on or with respect to or measured by any net or gross income or receipts (other than taxes based upon Microsoft's net income and any gross receipts taxes imposed in lieu of taxes on the income or profits of Microsoft), franchise taxes, stamp taxes, taxes on doing business, duties, tariffs, levies, withholding taxes and any taxes that arise on the distribution or provision of products or services by Company.

"**Territory**" means the geographic region designated in the Enrollment, or in a Channel Authorization, in which Company is authorized to exercise its rights in connection with a Channel Authorization.

"**Unauthorized Disposition**" means theft, loss, transfer, sale, or distribution of a Product other than as expressly permitted by a Channel Authorization, including transfer, sale, or distribution of a Product outside of the Territory or to an unauthorized party.

2. GENERAL RIGHTS, RESTRICTIONS, AND OBLIGATIONS

2.1 General Restrictions.

(a) Third-Party Rights. Except as required by Laws, Microsoft grants no rights to Company to sublicense Products, or any rights under the Agreement, to any third parties (including Company Affiliates) unless such rights are expressly provided in a Channel Authorization.

(b) No Internal Use Rights. Except as otherwise provided in the Agreement, Company may not (i) use Products acquired under the Agreement for its own internal use or (ii) distribute or otherwise transfer Products acquired under the Agreement to any Company Affiliates for their internal use.

(c) No Modifications. Company may not modify any Product (or any packaging or Product Materials) unless Microsoft directs or permits Company to do so in writing.

(d) No Conflicting Commitments. Company may not make any representation, warranty, guarantee, or promise with respect to any Product that would conflict with or expand Microsoft's obligations to a Customer or end user. Company's instructions to Customers on the use of Products must be consistent with any Product-Specific Terms, the Customer Agreement, and any relevant warranty document, services terms, or end user documentation provided by Microsoft.

2.2 General Obligations.

(a) Technology. Company agrees to, as required to perform its obligations under the Agreement, possess the necessary equipment, technology, and infrastructure needed and take necessary steps, on an ongoing basis and as applicable, to access and use Microsoft online tools and Partner Portals.

(b) Security and Unauthorized Disposition. Company will take commercially reasonable measures to protect Products and Product Materials under its possession or control from any damage, destruction, or Unauthorized Disposition, and will comply with any additional security requirements otherwise set forth in a Channel Authorization and any associated Guide. Each party agrees to (i) promptly notify the other party if it becomes aware of any material Unauthorized Disposition; and (ii) reasonably cooperate to investigate the suspected activities, and to share relevant information in furtherance of the Agreement.

(c) Support. Company agrees to use commercially reasonable efforts and professional care and skill in providing any required service and support to its Resellers and Customers, as applicable.

3. PRODUCT FEES AND ORDERING, GENERAL

3.1 Available Products and Price Lists. Microsoft will designate one or more Price Lists for each Channel Authorization. The Price List(s) will include the Product Fee for each Product. The Channel Authorization or an associated Guide will set forth the process for ordering Products from Microsoft, and how Microsoft will make such Products available to Company under the related Channel Authorization. Price Lists and Product Fees and any conclusions, deductions, or inferences that may be reasonably derived from such must be treated as Confidential Information..

SAMPLE

3.2 Ordering.

(a) Company agrees to submit orders only in quantities that Company can distribute in the normal course of its business. Microsoft will have no obligation to accept orders or liability to Company due to lack of Product availability, any Product shortage, or any delay in fulfillment. Fulfillment times are estimates only. Microsoft may allocate Products or limit the amount of Product available for order, including in advance of new releases or price changes. Any purported terms or conditions that Company includes with its orders, invoices or web portals, or otherwise provides to Microsoft in connection with this Agreement, are hereby excluded and will be deemed void and will not amend or modify this Agreement.

(b) Company may only submit orders to Microsoft in alignment of its credit capacity and credit limit, if any, as established by Microsoft. Microsoft may reject any order that has, or may have, the effect of exceeding the Company's credit capacity or credit limit.

(c) Prior to making an offer to a Reseller or Customer that would necessitate an order that would exceed Company's credit capacity and credit limit, as established by Microsoft, Company must seek and obtain additional credit limit from Microsoft for such order.

(d) Microsoft reserves the right to reject any order for legal or regulatory reasons or if Microsoft reasonably determines that the provisioning of such order would create additional risk of (i) liability for Microsoft, including as a result of alleged violations of anti-corruption Laws, or (ii) fraud or piracy of Products.

3.3 Purchase Commitment Obligations. Company must obtain a Customer Purchase Commitment prior to submitting an order or order revision and provide it to Microsoft upon request. If use of a Reseller is permitted in the Channel Authorization, Company may obtain a Reseller Purchase Commitment in lieu of a Customer Purchase Commitment prior to submitting an order or order revision and provide it to Microsoft upon request; however, Company must then obtain a Customer Purchase Commitment after submitting an order and provide it to Microsoft upon request. By submitting an order or order revision, Company (i) represents that the corresponding Customer Purchase Commitment and Reseller Purchase Commitment, if applicable, are complete and accurate; and (ii) agrees to pay Microsoft for the order or order revision.

3.4 Customer Discount & Customer Special Offer Transparency, Passthrough.

(a) "**Customer Discount**" means a Product Fee reduction (x) including but not limited to promotional or negotiated discounts offered by Microsoft to Company solely for the benefit of a Customer; or (y) made to a Product Fee prior to its inclusion on a Price List specifically designated for and available only to Education Customers. Company must pass along any Customer Discount intended for a Public Customer to Reseller for the benefit of Public Customer. "**Maximum Resale Price**" or "**MRP**" means the following:

(i) for the period of time up to and including July 6, 2025, either the estimated retail price for each Microsoft Product less the applicable Customer Discount under (x) above, or the estimated retail price for each Microsoft Product under (y) above.

(ii) for the period of time beginning July 7, 2025, either the Product Fee plus eight (8) percent of the Product Fee less the applicable Customer Discount under (x) above, or the Product Fee plus eight (8) percent of the Product Fee under (y) above.

Maximum Resale Price is determined at the time either Microsoft provides an approved Customer Discount to Company under (x) above; or Company submits an offer containing Customer Discount to Customer under (y) above. For pricing that includes a Customer Discount, the resale price for each Product to a Public Customer may not exceed the Maximum Resale Price, and the total resale price for each order may not exceed the total Maximum Resale Price of all Products.

(b) "**Customer Special Offers**" means any credits or other benefits (current or future) including previews and trials offered by Microsoft to Company for the sole benefit of a Customer or Customers. If Microsoft provides Company with a Customer Special Offer for a Public Customer, then Company must ensure that the Customer Special Offer is passed through by the transference of the full value of such Customer Special Offer to the Public Customer, as directed by Microsoft.

(c) All discounts, credits, or other benefits provided by Microsoft to Company, unless otherwise expressly communicated by Microsoft, shall be presumed to be Customer Discounts or Customer Special Offers, as appropriate.

(d) By leveraging a Microsoft provided Customer Discount or Customer Special Offer for a Public Customer, Company agrees to disclose all Customer Discount and Customer Special Offer information, to the Public Customer, as may be further detailed in a Guide. Microsoft reserves the right to disclose Customer Discounts and Customer Special Offers directly to a Public Customer. The absence of a disclosure by Microsoft of a Customer Discount or Customer

SAMPLE

Special Offer to the relevant Public Customer will have no impact on the Company's obligation to pass through the full Customer Discount or Customer Special Offer.

(e) Company agrees to provide accurate contact information of the authorized representative of a Public Customer receiving a Customer Discount or Customer Special Offer in order to enable Microsoft's communication to it of information regarding such.

(f) Microsoft encourages the Company employees to take Microsoft's Ethics & Integrity Training and Microsoft Contract Requirements and Compliance training for MAICPP members in Partner University (located at https://learningportal.microsoft.com/ethics and https://partner.microsoft.com/en-US/training/assets/collection/microsoft-contract-requirements-and-compliance-18552#/).

3.5 Company Pricing. Except as otherwise provided in the section entitled "Customer Discount & Customer Special Offer Transparency, Passthrough" in these Channel Terms, Company has full discretion to set its own pricing for the resale or distribution of Products.

3.6 Advance Payments. Company will maintain accurate books and records related to the receipt of payments made by Public Customers for anticipated future Product purchases ("**Advance Payments**"), including the amount and timing of Advance Payments received and how Advance Payments are drawn down over time. Such books and records are considered Relevant Records subject to the requirements of Section 5 below entitled "Audit, General." Advance Payment must be accompanied by documentation from the Public Customer that identifies with reasonable specificity the type and quantity of any anticipated future Product purchases consistent with the Customer Purchase Commitment requirement.

4. REPORTING, INVOICING AND PAYMENT, GENERAL

4.1 Reporting. Company will comply with any reporting obligations described in the Channel Authorization and any associated Product-Specific Terms or Guide. If Company fails to timely or completely report, Microsoft may, and without waiving any other rights it may have, suspend Company's orders or withhold amounts that may be due to Company until Microsoft receives all past due reports. Microsoft will not invoke its right to remedies in this regard if Company reporting is late solely due to a Microsoft reporting systems issue.

4.2 Payment.

(a) Microsoft will invoice Company for Product Fees owed to Microsoft, less any applicable discounts and credits provided by Microsoft to Company, if any, and Company must pay Microsoft all amounts due on the due date and in the currency specified on the invoice, in accordance with the payment and invoicing process set forth below, or in the relevant Channel Authorization or Guide. Company will decide whether to extend credit to its Customers or Resellers, as applicable. Customer's or Reseller's failure to pay Company will not relieve Company of its payment obligations to Microsoft, even in the case of insolvency. Company is obligated to pay Microsoft all amounts due, including without limitation amounts due for any Extended Term permitted under a Customer enrollment.

(b) All payments to Microsoft by Company must be made by electronic funds transfer. Company must provide payment remittance details at or before the time of payment. Remittance detail must indicate the Microsoft invoice number(s) and credit memo number(s) issued which are being paid and claimed respectively. Any remittance sent to Microsoft's bank after the cut-off time will not be considered received until the following day and may become subject to late payment penalties.

(c) Microsoft may assign any of its rights to receive payment under the Agreement to any financial institution or Microsoft Affiliate without the consent of Company. In such event, Company will use commercially reasonable efforts to facilitate such assignment (e.g. by acknowledging it in writing if needed, or by paying the invoices directly to the assignee, if instructed by Microsoft).

4.3 Offsets.

(a) Company Offsets. Except as otherwise provided in the Agreement with respect to Taxes, Company may not take any Offsets before Microsoft issues a credit under a Channel Authorization (and then only in the amount of such credit communicated by Microsoft). This includes returns, rebates, credits, price adjustments, billing errors, shipping claims, handling fees, allowances, remittance costs, commissions, disputes, and other charges.

(b) Microsoft Offsets. Microsoft may Offset accruals for any credits, incentives or investments that Company is due to amounts owed by Company to Microsoft under the Agreement.

4.4 Invoice or Payment Discrepancies. If Company identifies a discrepancy between any quantity, Product Fee, or other amount (a) as invoiced or payable by Microsoft, versus (b) as reported by Company or reflected in Company's records, then Company must report that discrepancy to Microsoft within twenty-five (25) days after the invoice issue date (or as otherwise stated in the Channel Authorization or Guides) and must provide adequate and timely assistance to Microsoft to investigate and resolve the discrepancy. Microsoft reserves the right to correct non-material errors on invoices by sending a courtesy corrected invoice, provided that the due date reflected on the original invoice will remain applicable.

SAMPLE

If Microsoft issues an invoice with a material error, then Microsoft will issue a new invoice to Company, and the due date reflected by that subsequent invoice will apply. If Microsoft determines that Company has overpaid, Microsoft will give Company a credit. Any payment disputes will be treated separately from Company's obligation to pay invoices and other amounts when due, and Company may not withhold or Offset any amounts due before the dispute is resolved and any related credits are issued (and then only in the amount of such credit).

4.5 Late Payment. If (i) Company fails to cause the full invoice payment to be received by Microsoft by the payment due date, (ii) an audit reveals an underpayment, or (iii) Company takes an unauthorized Offset, Microsoft may take any (or any combination) of the following actions to the maximum extent permitted by Laws, and without waiving any other right or remedy it may possess, after notice to Company of any failure to make timely payment:

(i) charge a recurring late charge on the past due amount equal to 1% per month (or the legal maximum, if less). The recurring late charge will accrue daily from the payment due date through the date of actual payment;

(ii) suspend all pending orders, further shipments, or Company's access to Products under the Agreement or one or more Channel Authorization;

(iii) require the prepayment of Product Fees on future orders, place Company's account on hold, reduce Company's credit limit, or require that Company provide a bank guarantee or other form of security; or

(iv) withhold the past-due amount from any other amounts payable by Microsoft to Company under the Agreement.

4.6 Taxes. Company is responsible for Taxes and will pay to Microsoft any applicable Taxes that Company owes solely from entering into the Agreement and which are permitted to be collected by Microsoft under Laws. Microsoft will not collect any Taxes covered by a valid exemption certificate that Company provides. If any Taxes are required to be withheld on payments made by Company to Microsoft, Company may deduct such Taxes from the amount owed to Microsoft and pay them to the appropriate taxing authority, but only if Company promptly secures and delivers an official receipt for those withholdings and other documents reasonably requested by Microsoft to claim a foreign tax credit or refund. Company must deliver the receipt within sixty (60) days of payment of the Tax, or maximum time allowed for delivery of the receipt under Laws. Company will use reasonable efforts to ensure that any Taxes withheld are minimized to the extent possible under Laws. The withholding taxes referred to in this section apply to withholding taxes required by the taxing authorities on payments to Microsoft only and do not include any withholding taxes suffered by Company for payments made to Company by its Customers. For clarity, Company will be responsible for Taxes withheld on payments to or between Company and any Company Affiliates. If Company does business in a jurisdiction that collects VAT, GST, or other similar Tax, Company must provide a tax ID or business number, as applicable, upon request.

4.7 Company's Financial Condition.

(a) Microsoft is under no obligation to extend credit to Company, and Microsoft reserves the right to impose or adjust at any time the limits on any line of credit granted to Company. If not publicly available, Company will provide financial statements audited by an independent third party to Microsoft upon Microsoft's request to verify Company's financial condition.

(b) If Company does not provide the requested financial statements or comply with its obligations under Section 4.7(c) below, Microsoft may: (a) request advance payment for any pending or future order; (b) suspend acceptance of orders until Microsoft receives the financial statements or Company complies with its obligations under Section 4.7(c) below; or (c) place the account on hold or reduce the credit limit to levels deemed appropriate by Microsoft. If Company receives credit from Microsoft, Microsoft may, at any time during the Term, require one or more bank guarantees or other forms of security, in amounts, in a form, and with a bank acceptable to Microsoft.

(c) Company agrees to promptly notify Microsoft in case of any significant changes in the structure of its organization that will materially impact how Microsoft and Company engage under the Agreement, including: (a) significant changes in ownership; (b) changes in company name (both legal name, trade name and/or business name); (c) mergers/amalgamations/divestments; (d) location changes; and (e) changes in the operational activities of the organization. Changes in relation to the legal name or registered address of the Company must be supported by an updated tax certificate showing the tax/VAT registration numbers after the change and any other information or documentation reasonably requested by Microsoft. Company must also promptly notify Microsoft of any change of any Company notice contact name, email or other address, or other information required by a Guide. If a Microsoft agreement number has been assigned, the notice must also reference the applicable Microsoft agreement number. The notification obligations set forth in this section do not create an exception to any requirements for amending the Agreement set forth in Sections 7.2 (Assignment) and 7.7 (Amendments) of the Core Terms.

(d) A "**financial statement**" means a balance sheet as of the last day of the calendar quarter or fiscal year, an income statement, statement of cash flows, and any related notes for the quarter and year-to-date, prepared in accordance with "GAAP", international financial representation standards, or other generally accepted accounting principles in Company's jurisdiction. Company must clearly note any departure in the quarterly statements from these principles.

Company's authorized officer must sign the statements as being legitimately representative of Company's books and accounts.

5. AUDIT, GENERAL

5.1 Duty to Maintain Records. Company must maintain complete and accurate records relating to its performance under the Agreement (including the books, documents, data, records, papers, and other information and materials related to transactions and obligations contemplated by the Agreement) for the shorter of (a) the five (5) most recent years of Company's participation under a Channel Authorization, or (b) the duration of Company's participation under a Channel Authorization ("**Relevant Records**") during the term of its participation under a Channel Authorization and for five (5) years after the later of either (y) the termination of Company's participation under the Channel Authorization, or (z) the date of issuance of final payment between Microsoft and Company in connection with such participation (collectively, the "**Audit Period**"). Relevant Records include, but may not be limited to, complete financial statements, Advance Payment records, and all documents related to acquisition, reproduction, installation, distribution, and other disposition of each unit of Product. The Relevant Records must not contain any false, misleading, incomplete, inaccurate, or artificial entries. If Relevant Records are co-mingled with Company's other non-relevant information, Company may redact the Relevant Records with respect to such non-relevant information.

5.2 Right to Audit.

(a) Microsoft may use a third-party auditor, or an audit related agent, ("**Auditor**") to review Relevant Records and audit Company's premises, operations, processes, and Relevant Records during the Audit Period, to verify performance under the Agreement. Any third-party Auditor will (i) be independent and internationally recognized, certified or chartered, (ii) not be hired on a contingent fee basis; and (iii) be instructed by Microsoft to treat Company's Confidential Information in accordance with applicable professional standards and the confidentiality requirements set forth in the Agreement. Except as otherwise provided in the Agreement, unless a prior audit has revealed a Material Discrepancy or Company's non-compliance with the section entitled "Business Integrity Principles" set forth in the Core Terms, or Microsoft has credible and reliable evidence of Company's non-compliance with the section entitled "Business Integrity Principles" set forth in the Core Terms, Microsoft will not audit Company more than one time per calendar year under this section. In the exercise of Microsoft's audit rights, Microsoft may require Company to provide electronic downloads of relevant data and may require Company to complete a self-assessment questionnaire.

(b) Notwithstanding the foregoing, upon Microsoft's request, Company agrees to provide promptly Relevant Records reasonably necessary to demonstrate Company's compliance with the Microsoft Partner Code of Conduct and Company's obligations outlined in those subsections entitled "Purchase Commitment Obligations," "Customer Discount & Customer Special Offer Transparency, Passthrough" and "Advance Payments" under that section of these Channel Terms entitled "Product Fees and Ordering, General"; Microsoft's exercise of this right shall not be deemed an exercise of its right to otherwise review and audit Company's Relevant Records under Section 5.2(a) above. Any information shared by Company in connection with this subsection will be treated as Confidential Information.

5.3 Audit Procedure.

(a) Microsoft will provide not less than thirty (30) days' prior notice to Company before beginning an audit. Audits will take place during Company's regular business hours, and the Auditor will use commercially reasonable efforts to avoid disrupting Company's operations. Company personnel may escort the Auditor on Company's premises. Company will have all Relevant Records and operations available to the Auditor at the beginning of the audit. Microsoft may have the Relevant Records audited at multiple sites to verify performance under the Agreement. At Microsoft's option, Company will make all Relevant Records, available to Auditor at one location. Company will provide reasonable access to the Auditor to facilitate the audit and permit the Auditor to copy records. At Microsoft's request, Company will make relevant employees available to the Auditor during the audit. Microsoft will provide Company with a summary of the audit findings upon request.

(b) If Microsoft has credible and reliable evidence that counterfeiting, piracy or corruption may have occurred, Company must promptly cooperate with Microsoft or its Auditor to carry out an investigation of the suspected activities. If an investigation results in a referral to law enforcement agencies, or if Microsoft initiates other legal action to enforce its rights against responsible parties, Company agrees to provide reasonable and timely cooperation and information.

5.4 Payment of Audit Costs and Amounts Due. Microsoft will pay the cost of audit expenses for verifying Company's compliance with the Agreement; provided, however, that if the audit reveals a Material Discrepancy, then Company must promptly reimburse Microsoft for the reasonable costs of the audit. If the audit reveals any discrepancy, Company must promptly pay Microsoft any unpaid amounts due, together with any applicable late fees and interest, calculated from the date on which such amount became due to Microsoft from the Company, and promptly correct any errors or omissions disclosed by the audit.

6. WARRANTIES AND DISCLAIMERS, GENERAL

6.1 Company Warranties to Customers. Company is solely responsible for any independent or extended warranties or other offers or services it makes to Customers (specifically excluding any extended warranty products or similar services that Microsoft may make available on a Price List).

6.2 NO IMPLIED WARRANTIES OR REPRESENTATIONS. EXCEPT AS EXPRESSLY PROVIDED IN A CHANNEL AUTHORIZATION, ALL PRODUCTS ARE PROVIDED TO COMPANY "AS IS." THE FOREGOING "AS IS" WARRANTY, AND ANY WARRANTIES EXPRESSLY SET FORTH IN A CHANNEL AUTHORIZATION, ARE THE ONLY WARRANTIES MADE BY EITHER PARTY TO THE OTHER. NEITHER PARTY MAKES ANY OTHER WARRANTIES, REPRESENTATIONS, CONDITIONS OR GUARANTEES TO THE OTHER RELATED TO THE AGREEMENT. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH PARTY DISCLAIMS ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE.

6.3 HIGH RISK USE WARNING. UNLESS OTHERWISE EXPLICITLY STATED IN THE AGREEMENT, THE PRODUCTS ARE NOT DESIGNED OR INTENDED FOR HIGH RISK USE SCENARIOS WHERE FAILURE OR FAULT OF ANY KIND OF THE PRODUCT COULD REASONABLY BE SEEN TO LEAD TO DEATH OR SERIOUS BODILY INJURY, OR TO SEVERE DAMAGE TO TANGIBLE OR INTANGIBLE PROPERTY OR THE ENVIRONMENT.

6.4 NO WARRANTIES FOR THIRD-PARTY PRODUCTS OR SERVICES. EXCEPT AS EXPRESSLY PROVIDED IN A CHANNEL AUTHORIZATION, MICROSOFT MAKES NO WARRANTIES, REPRESENTATIONS, OR CONDITIONS, AND ASSUMES NO LIABILITY AS TO ITEMS DISTRIBUTED UNDER A THIRD-PARTY NAME, COPYRIGHT, TRADEMARK OR TRADE NAME THAT MAY BE OFFERED OR COMBINED WITH OR INCORPORATED INTO THE PRODUCTS. TO THE MAXIMUM EXTENT PERMITTED BY LAW, MICROSOFT WILL HAVE NO LIABILITY IN CONNECTION WITH THE THIRD-PARTY ITEMS (SUCH AS IN CONNECTION WITH ANY SUPPLY OR FAILURE TO SUPPLY THEM).

7. DEFENSE OF THIRD-PARTY CLAIMS, GENERAL

(a) Each Channel Authorization will identify what, if any, specific indemnity or defense obligations apply to that Channel Authorization and any related terms. In the event that a Channel Authorization requires a party (a "**Defending Party**") to defend at its own expense the other party (the "**Tendering Party**") in a Claim, and to pay a judgment or settlement in such Claim, such requirement will be subject to the conditions and limitations set forth below and in the relevant Channel Authorization.

(b) The Tendering Party must promptly notify the Defending Party in writing of the Claim, specifying the nature of the Claim and the relief sought, provided that any failure by the Tendering Party to provide such notice to the Defending Party reasonably promptly will not relieve the Defending Party of any obligation or liability to the Tendering Party, except and only to the extent that the Defending Party demonstrates that it has been materially prejudiced by such failure by the Tendering Party to provide such notice to the Defending Party reasonably promptly.

(c) Except as set forth below, the Defending Party will have sole control over the defense of the Claim, and the Tendering Party must provide the Defending Party with reasonable assistance in the defense of the Claim (for which the Defending Party will reimburse the Tendering Party's reasonable out of pocket expenses). The Tendering Party will have the right to employ separate counsel and participate in the defense at its own expense. The Defending Party may not settle the Claim without the Tendering Party's prior written consent (which will not be unreasonably withheld, conditioned or delayed). Neither party will acknowledge or admit fault or liability on the other's part nor publicize any settlement without the other's prior written consent (which will not be unreasonably withheld, conditioned or delayed).

(d) In a multi-party action that includes Claims for relief directed to both Microsoft and Company, each party will reasonably cooperate on a defense strategy to limit the overall liability for both parties across all Claims in the action. Such cooperation will include providing specific information, witnesses, and evidence to support Microsoft and Company's legal theories.

(e) If Microsoft receives information concerning a covered intellectual property Claim, Microsoft may, at its option and expense, and in addition to its other rights and obligations under the Agreement, undertake further actions to mitigate or resolve the Claim such as: (i) procure the copyright, trademark, or patent rights, or licenses to address the Claim; (ii) replace the Product or Mark with a non-infringing functional equivalent or modify the Product or Mark to make it non-infringing while remaining functionally equivalent; or (iii) if Microsoft reasonably determines, after the exercise of commercially reasonable efforts, that neither of the foregoing are feasible, refund all, or a portion of, the Product Fees paid for affected Products, as appropriate. Except as otherwise provided in the Agreement, this subsection provides Company's only remedy for third party infringement and trade secret misappropriation Claims.

8. LIMITATIONS ON LIABILITY, GENERAL

(a) THE TOTAL CUMULATIVE LIABILITY (IF ANY) OF EITHER PARTY TO THE OTHER UNDER THE AGREEMENT IS LIMITED TO DIRECT DAMAGES IN AN AMOUNT NOT TO EXCEED (I) 100% OF THE PRODUCT FEES PAID, DUE OR OWING BY COMPANY TO MICROSOFT UNDER THE CHANNEL AUTHORIZATION DURING THE 12-

SAMPLE

MONTH PERIOD PRIOR TO THE DATE ON WHICH THE RIGHT TO ASSERT A CLAIM FIRST AROSE, MINUS ANY AMOUNTS PAID BY THE LIABLE PARTY DURING THE SAME PERIOD FOR ANY PRIOR LIABILITY UNDER THE AGREEMENT, OR (II) THE AMOUNT AS MAY OTHERWISE BE INDICATED IN THE CHANNEL AUTHORIZATION. UNLESS OTHERWISE PROVIDED IN A CHANNEL AUTHORIZATION, IF THE CHANNEL AUTHORIZATION HAS BEEN IN EFFECT FOR LESS THAN 12 MONTHS, DIRECT DAMAGES WILL NOT EXCEED THE AVERAGE MONTHLY PRODUCT FEES PAID, DUE OR OWING MULTIPLIED BY 12. IF A PRODUCT DOES NOT REQUIRE PAYMENT OF PRODUCT FEES, THE AMOUNT USED FOR CALCULATING THE CAP WILL BE (I) $10.00 PER UNIT OF PRODUCT USED OR DISTRIBUTED BY COMPANY DURING THAT PERIOD, OR (II) AS MAY OTHERWISE BE SET FORTH IN THE RELEVANT CHANNEL AUTHORIZATION.

(b) TO THE EXTENT PERMITTED BY LAW, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY DAMAGES FOR LOSS OF PROFITS OR REVENUES, BUSINESS INTERRUPTION, OR LOSS OF BUSINESS INFORMATION OR DATA, OR FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, INDIRECT, OR PUNITIVE DAMAGES.

(c) THE LIMITATIONS ON LIABILITY AND ALLOWABLE DAMAGES DESCRIBED ABOVEWILL NOT APPLY TO EITHER PARTY'S (I) LIABILITIES FOR UNAUTHORIZED USE OR UNAUTHORIZED DISPOSITION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY; (II) VIOLATION OF ANY LICENSE GRANTS AND LIMITATIONS, OR CONFIDENTIALITY OBLIGATIONS IN THE AGREEMENT; (III) OBLIGATIONS TO DEFEND AND PAY CLAIMS (INCLUDING THOSE ARISING FROM PERSONAL INJURY OR DEATH); (IV) BREACH OF THOSE OBLIGATIONS SET FORTH IN ITEMS "(B)" AND "(C)" OF THAT SUBSECTION OF THE BUSINESS INTEGRITY PRINCIPLES ENTITLED "BUSINESS CONDUCT" SET FORTH IN THE CORE TERMS; OR (V) FRAUD OR GROSS NEGLIGENCE. MICROSOFT AND COMPANY AGREE THAT ALL LIMITATIONS ON LIABILITY AND EXCLUSIONS ON ALLOWABLE DAMAGES SHALL APPLY EVEN IF ANY REMEDIES FAIL OF THEIR ESSENTIAL PURPOSE.

(d) MICROSOFT AND COMPANY AGREE THAT A PARTY'S LIABILITY FOR ANY DAMAGES OR INDEMNITY SHALL BE REDUCED TO THE EXTENT THAT THE OTHER PARTY OR ITS AGENTS CAUSED OR CONTRIBUTED TO THE HARM GIVING RISE TO THE DAMAGES OR INDEMNITY OBLIGATION.

9. NOTICE OF CHANGES; TERMINATION; ORDER OF PRECEDENCE

9.1 Notice of Changes. Microsoft reserves the right to unilaterally modify these Channel Terms from time to time. Microsoft will provide Company no less than one-hundred and eighty (180) days' prior notice before such changes become effective; after such time such changes to these Channel Terms will become effective without further action by the parties. Any modification of these Channel Terms per this provision will have prospective effect only.

9.2 Term. These Channel Terms shall remain effective until terminated.

9.3 Automatic Termination. Company acknowledges that termination of the Core Terms shall immediately, and without further action by the parties, terminate these Channel Terms.

9.4 Termination without Cause. Either party can terminate these Channel Terms at any time without cause, and without intervention of the courts, by giving the other party not less than thirty (30) days' prior written notice. However, if an underlying Channel Authorization requires a longer W/O Cause Period, such W/O Cause Period shall apply here as well; provided that the prior notice period required to terminate without cause under this provision will not exceed one-hundred and fifty (150) days. Except as otherwise provided in the Agreement, neither party will have to pay the other party any costs or damages resulting from termination of these Channel Terms without cause.

9.5 Termination for Cause. If a party breaches any term of these Channel Terms, the breaching party shall have thirty (30) days' following written notice of such breach by the non-breaching party to cure the breach if the breach is curable. If the breaching party fails to cure the breach within such thirty-day period, unless otherwise mutually agreed, the non-breaching party may terminate these Channel Terms upon written notice to the breaching party. A party will be allowed to cure a breach once; if a party breaches these Channel Terms for the same reason as a prior breach then the other party may terminate these Channel Terms immediately upon written notice to the breaching party. If the breach is not curable, then the non-breaching party may terminate these Channel Terms immediately upon written notice to the breaching party. Either party may also terminate these Channel Terms immediately upon written notice to the breaching party due to the other party's breach of the confidentiality terms. Microsoft may also terminate these Channel Terms immediately upon written notice to Company due to its (i) infringement, misappropriation or violation of Microsoft's intellectual property rights or (ii) insolvency, bankruptcy or undergoing other similar proceedings. Microsoft may, in its sole discretion, deem a termination for breach of the Channel Terms of an agreement between Company and a Microsoft Affiliate, where Company is the breaching party, to be a breach of, and the basis of an immediate termination of, these Channel Terms.

9.6 Effect of Termination. Company acknowledges that the termination of these Channel Terms shall immediately, and without further action by the parties, terminate any underlying Channel Authorizations.

SAMPLE

9.7 Order of Precedence, Program-Specific Terms. In the case of a conflict between the terms of the documents composing Program-Specific Terms that is not expressly resolved therein, their terms will control in the following order, from highest to lowest priority: (1) any Product-Specific Terms, (2) the Channel Authorization, and (3) these Channel Terms. With respect to the Program-Specific Terms, any Guides will hold the lowest position of precedence; with respect to the Agreement generally, any Guides will hold the position of precedence described in that subsection of the "Core Terms", under that section entitled "Miscellaneous", entitled "Order of Precedence, General". The terms of an amendment control over the terms of the document subject to that amendment and any prior amendments concerning the same subject matter.

SAMPLE

MICROSOFT CHANNEL PARTNER TERMS AND CONDITIONS FOR DISTRIBUTORS

DISTRIBUTOR CHANNEL AUTHORIZATION

(the "**Channel Authorization**")

1. DEFINITIONS

"**Additional Terms**" means any portion of the Agreement relevant to a Reseller in its resale of Products to Customers, including portions of a Guide and relevant Product-Specific Terms. Additional Terms include, but are not limited to, (i) those sections of the Channel Terms entitled "Customer Discount & Customer Special Offer Transparency, Passthrough" and "Purchase Commitment Obligations," and (ii) those sections of this Channel Authorization entitled "Customer Related Terms and Conditions," "Warranty and Defense Obligations," and "Customer Data and Privacy Obligations," and "Change of Reseller for a Customer Agreement."

"**Administrative Access Credentials**" means any administrative log-in credentials Microsoft provides for accessing or managing a Product.

"**Channel Partner Authorization Form**" means an Enrollment that Microsoft and Company signs which contains list of documents included in this Agreement, Company's contact information, authorized Customer Agreement programs, authorized Territories, duration of the term (if different than as described herein), and regional terms if any.

"**Customer**" means any legal entity (other than Company or Company Affiliates or any Reseller or its Affiliates) within the Territory that acquires Products for use as an end user, and not for distribution or resale.

"**Customer Data"** has the meaning assigned to it in the Customer Agreement, or, in the absence of a definition in the Customer Agreement, means all data, including all text, sound, software, image or video files that are provided to Microsoft or its Affiliates by, or on behalf of, Customer and its Affiliates through the use of Online Services.

"**Distributor**" means an entity that distributes Products directly to a Reseller.

"Full Packaged Product" means physical, shrink-wrapped, single-user Software and personal computing accessories.

"**Program Partner Guide**" means the Guide that includes information about specific licensing programs that is available through the Microsoft Readiness Portal or its successor sites.

"Hardware" means the hardware on the then-current price list for the applicable licensing program, including any hardware-related software and user documentation (in hard copy or electronic form).

"**Independent Customer Agreement**" means that agreement between Company and Customer governing the former's access to and management of Customer Data.

"**Licensed Offering**" or "**Product**", as used herein, means the Online Services, Software, Hardware, or Professional Services, Software Assurance that Microsoft makes available to Company for its distribution or resale under this Channel Authorization and any Product-Specific Terms, as listed on the Price List. Product availability may vary by region. "Product" does not include Non-Microsoft Products.

"**Licensed Software**" or "**Software**" means licensed copies of Microsoft software identified on the then-current Price List. Software does not include Online Services, but Software may be part of an Online Service.

"**Non-Microsoft Product**" means any third-party (or third-party branded) software, data, service, website or other product.

"**Online Services**" means Microsoft-hosted services identified on the then-current Price List. Online Services do not include Software or professional services provided under separate license terms.

"**Partner Portal**" means explore.ms, Microsoft Readiness Portal and any other and successor portals Microsoft uses to post information necessary for partners to conduct resale activities.

"**Product Terms**" means the use rights and other terms, as updated from time to time, which are published at https://www.microsoft.com/licensing/terms or a successor site.

"Reseller" means an entity (other than Company Affiliates) within the Territory that purchases Products from Company for resale to Customers.

"Software Assurance" means an annuity offering that provides new version rights and other benefits for Software purchased under an eligible Customer Agreement.

2. AUTHORIZATION.

2.1 General. This Channel Authorization, as supplemented by Company's Channel Partner Authorization Form, authorizes Company to distribute Products to Resellers within the Territory, and details the terms and conditions of the rights granted by Microsoft to the Company in connection with such authorization. Company's failure to comply with the terms

SAMPLE

and conditions of this Channel Authorization, Company's Channel Partner Authorization Form, any Guide, and any Product-Specific Terms will constitute a breach of the Agreement. Company must have a valid and executed Channel Partner Authorization Form in order to distribute Products to Resellers in the Territory.

2.2 Territory. Company may not (i) resell, distribute or market Products outside the Territory or (ii) collect orders or receive payments for Products from any Reseller located outside the Territory.

2.3 Distribution Through Resellers.

(a) General. Company's right to distribute is limited to the use of Resellers, through to the final sale to the Customer, that have agreed to act as Company's Reseller within the scope of this Agreement. Company may not distribute or resell Products directly to Customers unless Microsoft pre-approves such distribution or resale in writing.

(b) Reseller Compliance.

(i) Company must (i) direct its Resellers to accept the MAICPP Agreement, and (ii) provide each of its Resellers any Additional Terms (collectively with the MAICPP Agreement, the "**Reseller Terms**"). Company must advise its Resellers that they must comply with the Reseller Terms as an ongoing condition of its being able to resell Products under their agreement with Company.

(ii) Microsoft reserves the right to reject the participation of a Reseller in the distribution of Products if Microsoft reasonably determines that the participation of such Reseller creates additional risk of legal liability for Microsoft, including as a result of alleged violations of anti-corruption laws. Notwithstanding anything otherwise provided in the Agreement, Microsoft reserves the right to reject any purchase order based on the participation of a Reseller or proposed Reseller that Microsoft has rejected in accordance with this section.

(c) Additional Terms. Company must provide the Additional Terms to any Reseller that it distributes to. A Reseller may be required to meet additional eligibility and competency requirements in order to be eligible to resell certain Products.

(d) Reseller Monitoring. Company must (A) use commercially reasonable efforts to monitor its Resellers' performance and compliance with the Reseller Terms, (B) promptly notify Microsoft if it has reason to believe that a Reseller has materially breached the Reseller Terms, and (C) give Microsoft reasonable assistance if Microsoft chooses to investigate such breach.

2.4 Additional Resellers.

(a) Subject to the review and reasonable approval of Microsoft and the requirements set forth below, Company may authorize its Resellers to provide Products on an order-by-order basis to other entities (other than Company Affiliates) within the Territory for resale or distribution to Customers (such entities being "**Additional Resellers**"). For clarity, Company's use of an Additional Reseller must be specifically authorized in advance by Microsoft.

(i) Company will be responsible for the Additional Reseller's compliance with Company's obligations under this Agreement;

(ii) Company must ensure that the Additional Reseller only resells academic, government or nonprofit offers to Customers who meet the respective eligibility requirements listed at the following sites:

a. For academic offers, the requirements for educational institutions (including administrative offices or boards of education, public libraries, or public museums) listed at www.aka.ms/academiceligibility;

b. For government offers, the requirements listed at www.aka.ms/governmenteligibility and

c. For nonprofit offers, the requirements listed at www.aka.ms/nonprofiteligibility.

(iii) Company agrees to make any agreement between Company and its Additional Reseller related to the distribution of Products under this section available to Microsoft upon Microsoft's request.

(iv) Company must comply with any additional requirements about the reporting and participation of Additional Resellers as may be detailed in a Guide.

(b) Notwithstanding the foregoing, Microsoft reserves the right to reject an Additional Reseller if Microsoft reasonably determines that such Additional Reseller creates additional legal liability for Microsoft, including as a result of alleged violations of anti-corruption laws.

(c) Any authorization for the use of an Additional Reseller will be one-time, only for the initial term of a Customer Agreement, and will not apply to any renewals, modifications, amendments, or be extended by other agreements between Company and the Customer or the Additional Reseller and the Customer. Any such authorization will automatically terminate upon the termination or expiration of this Agreement or the Customer Agreement. Further, Microsoft may immediately terminate Company's authorization to use an Additional Reseller in the event of Company's breach of any obligation set forth in this Agreement.

SAMPLE

(d) Company must accompany any request for authorization with details about the proposed Additional Reseller and the relevant Customer.

2.5 Company Affiliates. Company Affiliates listed in the "Channel Partner Affiliate Addendum," and who meet the qualifications to participate in this Agreement, will be authorized to act on Company's behalf under this Channel Authorization. Company agrees that Company and each Affiliate will be jointly and severally liable for the Affiliate's compliance with the terms of the Agreement. Any "Channel Partner Affiliate Addendum" shall remain effective until it is terminated or until the updated addendum is accepted by Microsoft.

2.6 Use of Others. Company may not (i) delegate any of its obligations under the Agreement to any third party (which includes Company Affiliates) except as otherwise authorized in this Agreement; or (ii) hire or use any third party to engage with any Public Customer relative to a purchasing decision unless the third party is a Reseller. Company may only hire and use third parties to perform ancillary services in support of Company's performance of its obligations under this Channel Authorization. Company guarantees such third parties' compliance with the Agreement and will be liable for the acts and omissions of each such third party. If Company hires or uses a third party to interact with Customers, Company will, in it's agreement with such third party, reserve for Microsoft the right to audit (in accordance with that section of the Channel Terms, entitled "Audit, General") the third party's compliance with this Agreement.

3. GENERAL REQUIREMENTS AND OBLIGATIONS.

3.1 "**Material Discrepancy**" for purposes of this Channel Authorization means amounts revealed to be owed by Company to Microsoft in excess of 2% of Product Fees paid to Microsoft for the applicable Products during the period subject to the audit.

4. CUSTOMER RELATED TERMS AND OBLIGATIONS

4.1 Customer Agreement Acceptance.

(a) Except with respect to the distribution of Full Packaged Products, each Customer must accept the Customer Agreement when purchasing Products from Reseller; Customer's acceptance must be in a manner that creates a legally enforceable contract between Microsoft and the Customer. Neither Company, nor Reseller, may revise the Customer Agreement in any way.

(b) By placing an order with Microsoft, Company agrees to pay Microsoft for all Products reflected in the order. Microsoft may, at its discretion, reject any proposed Customer

4.2 Reservation of Rights.

(a) Microsoft may reject any proposed Customer for legal or regulatory reasons or if Microsoft reasonably determines that engaging the proposed Customer would create additional risk of liability for Microsoft. Microsoft may terminate any Reseller's or Customer's status as such at any time in compliance with Law. Microsoft will promptly notify Company of the termination of any of its Resellers or Customers. Following such notice, Company will promptly stop collecting orders from the terminated Reseller and instruct its Resellers to stop collecting orders from the terminated Customers; Microsoft may refuse to provision any orders submitted after the termination of a Customer or Reseller made in connection with such terminated Customer or Reseller. Company will also stop delivery of any program information and materials to the terminated Reseller or Customer. Termination will not affect the Customer's obligation to file the next required order or report, if any. Termination will not affect Microsoft's right to invoice Company for any orders, or Company's obligation to pay Microsoft. Company will not have any claim against Microsoft for damages or lost profits resulting from Microsoft's rejection of a proposed Customer or termination of a Reseller or a Customer. Company will be entitled to invoice the Reseller for the Products that the Customer ordered before termination. Except for in connection with Company's breach of its obligations under the Agreement, Company will not be liable to Microsoft in connection with Microsoft's termination of a Customer or a Reseller.

(b) Microsoft may provide any Products directly to Resellers or Customers; Microsoft may also authorize other entities to do so.

5. PROOF OF LICENSE; OTHER COMPLIANCE.

5.1 Proof of License. Microsoft may issue license confirmations to Customers or provide them with access to a secure website with Customer licensing information. Company will only deliver or facilitate the delivery of license confirmations to Customers who are entitled to receive them under a Customer Agreement. Company will not change any written confirmation of a license that Microsoft provides to a Customer.

5.2 Compliance with Collection, Recovery, Disposal and Copyright Levy Laws. Company will comply with all applicable Laws relating to its import of Licensed Software and Hardware in the country in which the Company is introducing such Licensed Software and Hardware for resale. This includes all Laws regarding the collection, treatment, recovery, recycling, disposal and reuse of hardware, batteries, software, media carriers (such as CDs and DVDs) and/or

SAMPLE

packaging materials as well as Laws pertaining to copyright levy fees. Company agrees that, as between Company and Microsoft, Company will be solely financially and legally responsible to pay all fees, levies, taxes and costs in connection with its import and delivery of Licensed Software and Hardware in countries in which Company is reselling such Products. Company agrees to provide Microsoft with information and any documentation that are reasonably necessary for Microsoft to determine that Company is in compliance with all Laws relevant hereunder, including those related to copyright levy collection, reporting and payment, upon request.

6. PAYMENT, ORDERING, REPORTING, AND FULFILLMENT

6.1 Price. Product Fees will be communicated via the Price List posted on the Partner Portal.

6.2 Payment Terms. Payments are due on the date and in the currency stated in the invoice. If Company does not receive an invoice within ten (10) days after placing its order, Company must promptly notify Microsoft, and Microsoft will promptly send a new invoice. Company must manage its own credit risk. Company's payment to Microsoft is not dependent on receipt of payments from Resellers or Customers even in the case of Reseller or Customer insolvency.

6.3 Ordering.

(a) General. Company will submit orders for Products to Microsoft according to the Program Partner Guide. All order revisions are subject to the restrictions outlined in the applicable Program Partner Guides.

(b) Essential Element. The Agreement is essential to any agreement Company enters into with a Reseller or Customer. Company may only collect orders and payments for Products and purchase and deliver welcome kits and/or any additional program information and materials if the Channel Authorization is in full force and effect.

(c) Eligibility for Academic, Government and Nonprofit versions. Company must use reasonable measures to ensure that its Resellers only resell academic, government or nonprofit offers to Customers who meet the respective eligibility requirements listed at the following sites:

(i) For academic offers, the requirements for educational institutions (including administrative offices or boards of education, public libraries, or public museums) listed at www.aka.ms/academiceligibility;

(ii) For government offers, the requirements listed at www.aka.ms/governmenteligibility and

(iii) For nonprofit offers, the requirements listed at www.aka.ms/nonprofiteligibility.

6.4 Purchase Commitment Obligations. Notwithstanding the section entitled "Purchase Commitment Obligations" in the "Channel Terms", Company is not required to obtain Customer Purchase Commitment evidence for any tangible Licensed Offerings, such as Full Packaged Products or Hardware.

7. WARRANTY AND DEFENSE OBLIGATIONS

7.1 Warranty. Microsoft warrants its Products to Customers as described in the Customer Agreement.

7.2 No Alterations. Company will not change the packaging of any Software or Hardware. Company will not make copies of any media. If the Program Partner Guide for a licensing program provides for the distribution of Full Packaged Products or Hardware, Company will distribute them in unopened packages.

7.3 Defense of Infringement Claims.

(a) Microsoft Obligations. Subject to the conditions set forth in that section entitled "Defense of Third Party Claims, General" of the Channel Terms, Microsoft will defend Company (including by paying external attorneys' fees and costs and expenses of defense), and pay any resulting adverse final judgment or settlement to which Company consents, from a Claim to the extent that such Claim:

(i) arises from Microsoft's gross negligence, or from intentional acts or omissions hereunder;

(ii) alleges that the Product alone, without combination or modification, either (1) directly infringes an asserted patent claim; or (2) embodies all the essential inventive elements of an asserted patent claim;

(iii) alleges that the Product, or Company's use of Microsoft Marks in connection with promotion of Products, infringes a third party's trademark;

(iv) alleges that the Product infringes a third party's copyright;

(v) alleges that the Product misappropriates a trade secret (as "misappropriates" and "trade secret" are defined in the Uniform Trade Secrets Act. If the Agreement is governed by the laws of a jurisdiction outside the United States, "misappropriates" will mean "intentionally unlawful use" and "trade secret" will mean "undisclosed information" as specified in Article 39.2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods (TRIPS Agreement), or the terms "misappropriation" and "trade secret" will have the meanings defined in the Unfair Competition Prevention Law; or

SAMPLE

(vi) arises from a claim for which Microsoft is obligated to defend Customer under the section entitled "Customer Copyright Commitment" in the Product Terms, unless one or more acts or omissions by Company has (x) disqualified Customer from its right to that defense; or (y) independently created a cause of action included in the Claim.

(b) Limitations on Microsoft's Defense Obligation. Microsoft will not be liable for any Claim to the extent that the Claim or adverse final judgment is based on Company's: (a) distribution or use of any Product or Mark after Microsoft notifies Company to stop distribution or use of the Product or Mark due to such a Claim; (b) combination of a Product with any Non-Microsoft Product, data or business process; (c) damages attributable to the value of the use of a Non-Microsoft Product, data or business process; (d) alteration of any Product; (e) use of Microsoft's Mark(s) without Microsoft's written consent to do so; or (f) for any trade secret Claim, Company's acquiring a trade secret (1) through improper means, (2) under circumstances giving rise to a duty to maintain its secrecy or limit its use, or (3) from a person who had a duty to maintain its secrecy or limit its use. Company will reimburse Microsoft for any costs or damages that result from these actions.

(c) Microsoft's Options. If, in connection with an infringement Claim, Microsoft replaces a Product or Mark with, or modifies a Product or Mark such that it is, a non-infringing functional equivalent, then Company must immediately stop distribution of the allegedly infringing Product or use of the allegedly infringing Mark. Company will work with Microsoft to recall all Products that are the subject of a Claim and replace them with the non-infringing alternative. If any other type of Claim is brought against Company regarding Microsoft's intellectual property, it must notify Microsoft promptly in writing. Microsoft may, at Microsoft's option, choose to treat these Claims as being covered by this section and that subsection (e) of that section of the "Channel Terms" entitled "Defense of Third-Party Claims, General". This section supplements that subsection (e) of that section of the "Channel Terms" entitled "Defense of Third-Party Claims, General".

(d) Company's Defense Obligations. Subject to the conditions set forth in Section entitled "Defense of Third Party Claims, General" of the Channel Terms, Company will defend Microsoft (including by paying external attorneys' fees and costs and expenses of defense) from, and will pay any resulting adverse final judgment or settlement (to which Microsoft consents) associated with, a Claim that arises out of or is connected with any default or breach or alleged default or breach of the Agreement by Company, Company's sale or distribution of any Product, or any other act or omission by Company. Notwithstanding anything otherwise provided in this Channel Authorization, Microsoft will not amend Company's indemnification obligations in this Channel Authorization through the introduction of new Product-Specific Terms, except that Microsoft may introduce new Product-Specific Terms that supersede or modify such terms solely as applicable to new Products. Microsoft will not amend Company's indemnification obligations in this Channel Authorization with retroactive effect, or with prospective effect across all Products.

8. CUSTOMER DATA AND PRIVACY OBLIGATIONS

8.1 Privacy. Privacy. Before obtaining Personal Data from Data Subjects, Company must obtain their legally valid permission or have another valid legal basis to permit the Processing and transfer of the Personal Data by Company, Microsoft and Microsoft Affiliates, and each parties' respective Representatives and service providers as contemplated under this Channel Authorization. Microsoft may collect, use, transfer, disclose, and otherwise Process each Customer's Personal Data or Customer Data. If obtaining Data Subject permission, such permission must comply with Laws as valid consent.

8.2 Customer Data.

(a) The security, privacy and data protection commitments made by Microsoft in any Customer Agreement only apply to the Products and not to any services or products provided by Company. Except as Company and Customer may otherwise agree, Company shall not delegate administrative privileges to a Product provided to Customer or otherwise provide access to Customer Data to a third party (other than Customer) without Customer's prior consent or in violation of any Laws, including Data Protection Laws.

(b) Except as Company and Customer may otherwise agree, Company shall use Customer Data only to provide Customer with the Products and to assist Customer in the proper administration of the Products. Additionally, Company shall not disclose Customer Data, including the content of communications, to law enforcement or other government authorities without the prior written consent of Customers, unless required to do so by Law.

(c) If Company receives a request for Customer Data either directly from a law enforcement agency or as redirected to Company by Microsoft, then Company shall redirect the law enforcement agency to request that Customer Data directly from Customer. If compelled to disclose Customer Data to law enforcement, then Company shall immediately (i) notify Customer; (ii) cooperate fully with Customer in any reasonable efforts to intervene, quash or limit, or otherwise respond to, such requests; and (iii) after consultation with Customer, only disclose the minimum amount of data necessary to comply with Laws or judicial process.

SAMPLE

(d) Company shall require in its agreements with Customer that, as and to the extent required by Laws, Customer shall (i) notify the individual users of the Products that their Personal Data may be Processed for the purpose of disclosing it to law enforcement or other governmental authorities when required by Laws as determined by Company; and (ii) obtain individual users' consent to the same.

(e) (e) With respect to the Personal Data transferred hereunder, Company and Microsoft agree that both Company and Microsoft are data controllers of the Personal Data that each independently Processes, provided, however that this characterization does not apply to Customer Data for which each party is an independent processor of the mutual Customer. Notwithstanding the foregoing or anything otherwise provided in the Agreement, with respect to the Processing of Customer Data, Company and Microsoft agree that each Company and Microsoft are independent processors for the mutual Customer.

(f) In the event Company becomes aware of (i) any unlawful access to any Customer Data, (ii) unauthorized access to any facilities or equipment resulting in loss, disclosure or alteration of any Customer Data, (iii) any actual loss of or suspected threats to the security of Customer Data, (iv) any unauthorized access to a Partner Portal through Company access accounts, or (v) any other instance of unauthorized or non-compliant access that affects end user experience of, or otherwise impacts, Products (each, a "Security Incident"), Company must notify Microsoft at msrc.microsoft.com/report promptly and without undue delay, but in no event more than 72 hours after having become aware of a Security Incident. Company's notification should include, to the extent available, any information known regarding the cause or source of the incident and any misuse of or interference with Microsoft Products; provided, however, that reports must be made promptly regardless of the availability of such information; Company must supplement any incomplete report as soon as possible. Company must cooperate with any ensuing investigation by Microsoft, including timely provision of requested information. Company acknowledges that any information that it provide under this Agreement regarding the cause, methods, impact, indicators of compromise, or origins of a Security Incident ("Security Information") will not be deemed Company Confidential Information and that Microsoft may share such information with Microsoft's Representatives, any affected parties, and any governmental authority for the limited purposes of the investigation and remediation of a Security Incident or the prevention of further incidents; provided, however, that Microsoft will otherwise treat Security Information as Company Confidential Information.

8.3 Administrative Access. Administrative Access Credentials are the property of the Customer; Company must provide Customer with any Administrative Access Credentials Microsoft provides with respect to a Product purchased by Customer. Company must cooperate with and facilitate the transference of any Administrative Access Credentials to Customer or any other Microsoft reseller at a Customer's direction. If Company (i) retains or obtains any Administrative Access Credentials of a Customer for any purpose, including the fulfillment of its Technical Support Obligations, or (ii) otherwise has access to or processes Customer Data, then Company must enter into an Independent Customer Agreement with Customer with terms consistent with Data Protection Laws governing Company's use of Administrative Access Credentials.

9. NOTICE OF CHANGES

9.1 Changes to this Channel Authorization. Microsoft reserves the right to unilaterally modify the terms of this Channel Authorization from time to time. Microsoft will provide Company no less than one-hundred and eighty (180) days' prior notice before such changes become effective; after such time such changes to this Channel Authorization will become effective without further action by the parties. Any modification of this Channel Authorization per this provision will have prospective effect only.

9.2 Changes to Price List.

(a) Microsoft may increase Product Fees listed on the Price List at any time, provided however, that Microsoft will provide Company with no less than thirty (30) days' prior preview of an updated Price List before such becomes effective. Notwithstanding the foregoing, Microsoft reserves the right to make changes to the previewed Price List up until ten (10) days before the effective date of such Price List. Notices given under this provision may be treated as a business notice.

(b) Notwithstanding the foregoing:

a. Microsoft may decrease Product Fees listed on the Price List at any time, without providing prior notice to Company; provided, however, that Microsoft will produce an updated Price List to reflect the changes in Product Fees;

b. the prices for Microsoft Azure Services may change without notice; and

c. Microsoft will not be required to provide any prior notice before the effectiveness of a decrease or increase in Product Fees that relates to a currency fluctuation event.

(c) Pricing for certain Microsoft online services and Hardware may change without notice as set forth in the applicable Program Partner Guide. Microsoft may provide Products under different licensing programs described by different Program Partner Guides.

(d) Microsoft may add new Products (or a form factor, version or SKU (including a promotional SKU) of a Product) to the Price List at any time and without notice.

(e) Microsoft may update, or otherwise modify, an existing Product to add new features or functionality at any time. Microsoft will provide Company with no less than thirty (30) days' prior notice before discontinuing a Product or removing any existing features or functionality of a Product (or SKU of a Product), unless such discontinuance or removal relates to a currency fluctuation event. Notices given under this provision may be treated as a business notice.

9.3 Changes to Product-Specific Terms. Microsoft may change the terms and conditions of the Product-Specific Terms at any time. Microsoft will provide Company with no less than thirty (30) days' prior notice before such changes become effective. Notices given under this provision may be treated as a business notice.

9.4 Changes to Non-Microsoft Products. Microsoft may change the prices for Non-Microsoft Products and may add or remove Non-Microsoft Products from the price lists at any time on notice to Company.

9.5 Changes to Territory. Microsoft may change the Territory at any time by providing Company no less than sixty (60) days prior notice. Notices given under this provision may be treated as a business notice.

9.6 Changes to Customer Agreement. Microsoft may change Customer Agreement at any time. Microsoft will provide no less than thirty (30) days' prior notice before such change becomes effective. Notices given under this provision may be treated as a business notice.

9.7 Changes to Guides.

(a) Microsoft may change a Guide at any time. Microsoft will provide Company with no less than thirty (30) days' prior notice before such changes become effective. Notices given under this provision may be treated as a business notice.

(b) Microsoft may withdraw at any time from any licensing program described by a Program Partner Guide. Microsoft will provide Company with no less than thirty (30) days' prior notice before such changes become effective. Notices given under this provision may be treated as a business notice.

(c) Except as otherwise provided in a Program Partner Guide, Microsoft may terminate Company's authorization to participate in any licensing program described by a Program Partner Guide according to the conditions and procedures detailed below in those subsections, under that section below entitled "Term and Termination", entitled "Termination Without Cause", "Termination for Cause", and "Effect of Termination" as of references to "Channel Authorization" in those subsections refers to Company's authorization to participate in a given licensing program described by a Program Partner Guide.

9.8 Change of Reseller for a Customer Agreement. Except for with respect to the distribution of Full Packaged Products, a Customer may elect to change its Reseller during the term of a Customer Agreement. To change its Reseller, Customer must give notice to Company before submitting Microsoft's applicable change form. The form requires the Customer to provide the Reseller notice before signing the form. The change becomes effective at the time specified in the change form. If a Customer elects to terminate its relationship with a Reseller and the new Reseller elects to work with a new Distributor, Company will not have any claim against Microsoft for damages or lost profits resulting from the termination including any lack of notice provided by either the Customer or Reseller to Company of such termination.

9.9 Change of Distributor for a Customer Agreement. Except for with respect to the distribution of Full Packaged Products, Company may terminate its rights and obligations related to any Customer Agreement it administers with the prior written approval of Microsoft. The termination is subject to any restrictions in the applicable Customer Agreement. Company's rights and obligations will terminate ninety (90) days from the date the notice is delivered. Company must pay any invoices dated before the termination date.

9.10 Changes in Distribution Structure. Microsoft agrees to give Company at least thirty (30) days advance written notice of any change that would require Company to obtain Licensed Offerings from an authorized entity other than Microsoft or its Affiliates. If Microsoft notifies Company of a change, any and all Licensed Offerings obtained by Company from another entity will be acquired on the terms and conditions Company and the designated entity agree. Microsoft and Company agree that for all Licensed Offerings acquired prior to the change in distribution structure, Company will continue to pay Microsoft under the terms of this Agreement or any applicable Channel Partner Authorization and Program Partner Guide.

10. SUSPENSION; TERMINATION; SERVICE CONTINUITY

SAMPLE

10.1 Term. Company will continue to be authorized under the Channel Authorization until this Channel Authorization is terminated.

10.2 Automatic Termination. Company acknowledges that termination of either the Core Terms or the Channel Terms shall immediately, and without further action by the parties, terminate this Channel Authorization.

10.3 Termination Without Cause. Either party may terminate this Channel Authorization at any time without cause and without intervention of the courts by giving the other party not less than thirty (30) days' prior written notice. Neither party will have to pay the other party any costs or damages resulting from termination of this Channel Authorization without cause.

10.4 Termination for Cause. If a party breaches any term of this Channel Authorization, the breaching party shall have thirty (30) days' following written notice of such breach by the non-breaching party to cure the breach if the breach is curable. If the breaching party fails to cure the breach within such thirty-day period, unless otherwise mutually agreed, the non-breaching party may terminate this Channel Authorization upon written notice to the breaching party. A party will be allowed to cure a breach once; if a party breaches this Channel Authorization for the same reason as a prior breach then the other party may terminate this Channel Authorization immediately on written notice to the breaching party. If the breach is not curable, then the non-breaching party may terminate this Channel Authorization immediately upon written notice to the breaching party. Either party may also terminate this Channel Authorization immediately upon written notice to the breaching party due to the other party's breach of the confidentiality terms. Microsoft may also terminate this Channel Authorization immediately upon written notice to Company due to the infringement, misappropriation or violation of Microsoft's intellectual property rights. Microsoft may, in its sole discretion, deem a termination for breach of the Distributor Channel Authorization of an agreement between Company and a Microsoft Affiliate, where Company is the breaching party, to be a breach of, and the basis of an immediate termination of, this Channel Authorization.

10.5 Suspension. Microsoft may, without terminating this agreement, suspend Company's access to any online tools or systems, including any Partner Portals, that Microsoft has made available to Company in connection with this Channel Authorization during any period of Company's material breach. Microsoft will give Company notice before suspending such access when reasonable.

10.6 Effect of Expiration or Termination.

(a) If this Channel Authorization is terminated, all rights granted under this Channel Authorization immediately automatically terminate and Company must pay Microsoft any amounts due under this Channel Authorization.

(b) Except as otherwise provided in the Agreement, termination of this Channel Authorization terminates all Guides under this Channel Authorization, any Product-Specific Terms, and any appurtenant amendments or addenda.

(c) If Microsoft terminates a Channel Authorization, Microsoft will ask each of Company's Resellers to choose a new Distributor. Company will not receive incentive, or other similar compensation, for any Customer orders for which payments are received after the date of Company's termination.

(d) If Microsoft terminates this Channel Authorization for cause, Microsoft may require Company to return all Full Packaged Product or that is in resalable condition within forty-five (45) days after the termination effective date. Microsoft will give Company a credit for properly returned Software or Hardware.

(e) Excluding Full Packaged Product, if Microsoft terminates this Channel Authorization or the Agreement without cause, Microsoft may allow Company to continue to collect orders and receive payments for Products from Company's existing Resellers until their respective Customer Agreements expire, Resellers choose a new Distributor, or a date specified by Microsoft as long as Company abides by the terms and conditions of this Agreement. If Company continues to collect orders and receive payments from existing Customers after termination or expiration of the Agreement, the terms and conditions of the Agreement shall continue to govern Company's rights and obligations.

10.7 Continuity of Service to Customers. If Microsoft reasonably determines that Company is noncompliant with the terms of the Agreement and has put continuity of service for Customers at risk, Company agrees that Microsoft may:

(a) disclose to Customers, Company's Resellers, or other Microsoft resellers information necessary to ensure continuity of service to Customers, including without limitation the existence, terms, and status of Company's Agreement with Microsoft; and

(b) provide Customers the option to purchase Products directly from Microsoft or other Microsoft resellers.

SAMPLE