



CONTRACTOR SECURITY REQUIREMENTS

- I. Policy Statement. Cree, Inc. ("Cree") is committed to providing a safe, healthy, productive and efficient work environment for the benefit of its employees, customers and every individual who comes into contact with its employees and/or uses its products and services. Cree recognizes alcohol, drug and illegal substance misuse and abuse as a health, safety and security problem in the workplace. Accordingly, Cree maintains zero tolerance for illicit drug use or alcohol abuse by any individual assigned to work at Cree's premises. This statement of Contractor Security Requirements ("Statement") shall be applicable to all contractor employees assigned to work on Cree's premises, without exception. As used herein, "contractor" generally refers to any individual or firm that has been engaged to perform services for Cree under a written service agreement, purchase order or other contractual arrangement, including any employee or subcontractor working for the contractor, as applicable.
- II. Definitions. For purposes of this Statement, the following definitions shall apply:
- A. "Cree's premises" collectively refers to all buildings, facilities and parking areas owned or leased by Cree and all places where Cree conducts business.
 - B. "Illicit drug" collectively refers to any drug, controlled substance or intoxicant (other than alcohol) for which the use or possession is regulated by federal, state and local law or regulation, and includes prescription medications for which the individual does not have a valid prescription or which the individual is not using in accordance with a valid prescription.
 - C. "Alcohol abuse" refers to the presence of .04 percent or more blood-alcohol content in an individual's system during working hours. Notwithstanding any language herein to the contrary, this Statement does not require contractor to test for alcohol abuse other than at the beginning, during or at the end of the individual's work shift, and any positive test performed other than at such times shall not be deemed to be alcohol abuse for purposes hereunder. Pre-employment drug Screenings by contractor should not include testing for alcohol abuse.
 - D. "Screening" collectively refers to verifiable evidence that a criminal background check or a controlled substance examination, as applicable, the nature and scope of which is acceptable to Cree, was conducted in accordance with all applicable state or federal laws or regulations for every individual performing services for Cree on Cree's premises (i.e., "on-site services").
- III. Contractor Security Requirements. The undersigned contractor represents that it has obtained, or as provided in Section III(B) that it will obtain, a background check (the minimum consisting of a national background investigation for U.S. citizens and permanent residents and/or an international background investigation for foreign contractors and non-permanent residents) and illicit drug test, the nature and scope of which is acceptable to Cree, for each of its employees assigned to work on Cree's premises. Cree reserves the right to modify the scope of the background investigation based on the nature and extent of work to be performed at Cree's headquarters in Durham, North Carolina or at one of its subsidiary locations. The undersigned contractor represents that in obtaining such Screenings it has complied with all applicable federal, state and local laws, including without limitation the federal Fair Credit Reporting Act, 15 U.S.C.

§§ 1681-1681u ("FCRA"); additional information about the FCRA is available at the Federal Trade Commission's web site (<http://www.ftc.gov>).

The undersigned contractor agrees not to assign any individual to work on Cree's premises who has ever been convicted of (or pled guilty to, including a plea of "nolo contendere") any misdemeanor relating to fraud, battery, drug possession, breaking and entering, larceny, theft, embezzlement or any similar crimes that indicate unsuitability for employment (unless such misdemeanor conviction is more than seven (7) years old) or any felony of any type (regardless of the conviction date). Notwithstanding the foregoing, if the contractor believes after evaluation of certain relevant factors that the individual's criminal history does not make him/her unsuitable for employment on Cree's premises, the contractor will request Cree to evaluate and reconsider the assignment of such individual to work on Cree's premises. The relevant factors are: the type of offense(s) (including the nature and gravity of the offense, mitigating circumstances surrounding the offense, and the individual's age at the time of the offense); the time lapsed since the offense; whether the offense has any bearing on the individual's job duties or qualifications and traits necessary for the job; rehabilitation efforts; and the individual's pre- and post-incident employment history.

The undersigned contractor further agrees not to assign any individual to work on Cree's premises who has tested positive for any illicit drug use or alcohol abuse within the prior twelve (12) months, unless the individual has successfully completed drug/alcohol rehabilitation, has demonstrated that he/she is no longer using illicit drugs or abusing alcohol and agrees to periodic testing to ensure continued refrain from the use of alcohol at work and/or the illegal use of drugs.

To establish compliance with these security requirements, the undersigned contractor shall comply with "A" **OR** "B below **AND** "C":

- A. Subject to the provisions in Section III(B) below, contractor shall promptly provide Cree with an acceptable Screening of all individuals presently assigned to perform on-site services for Cree. Subject to the provisions of Section III(B) below, for individuals assigned to perform on-site services for Cree in the future, the undersigned contractor shall provide an acceptable Screening to Cree prior to the start of the individual's assignment on Cree's premises. To be acceptable, the initial background check Screening may not be more than nine (9) months old and the initial illicit drug screening may not be more than three (3) months old; **OR**
- B. In lieu of the foregoing, contractor may submit verification to Cree on its company's letterhead, signed by an officer (or designee) of the company, that an employee or employees scheduled to perform services at a Cree site has/have complied with all security requirements set forth in this Statement. Such letter shall be in substantially the form attached hereto as Attachment A. Notwithstanding the foregoing, Cree reserves the right in its sole discretion to request a copy of the results of any employee's Screening. In addition, this Section III(B) shall not apply to any contractor requiring access to areas of Cree's premises where chemicals are stored; all such contractors must provide Cree with an actual copy of the Screening results for all individuals assigned to such areas.
- C. The undersigned contractor shall immediately remove any individual assigned to work on Cree's premises who is convicted of (or pleads guilty to, including a plea of "nolo contendere") any misdemeanor relating to fraud, battery, breaking and entering, larceny, theft, embezzlement or any similar crimes that indicate unsuitability for employment or any felony of any type, or who has tested positive for illicit drug use or alcohol abuse.

- IV. Confidentiality. Cree acknowledges that all information received in accordance with this Statement is the confidential and proprietary information of the undersigned contractor (including its employees and subcontractors, if applicable) and shall not be released outside Cree without the written consent of the tested individual, except as otherwise may be required by law. Cree shall use all reasonable efforts to protect and hold the same in confidence, shall not use the information other than for the purposes expressly described herein and shall only disclose such information to its Security Manager and/or his designee(s) on a need-to-know basis. Contractor may send all required information by hand delivery, secure facsimile, electronic mail, reputable overnight courier or certified or registered mail, as follows:

Cree, Inc.
4600 Silicon Drive
Durham, North Carolina 27703
Attn: Security Manager
Phone: (919) 313-5351
Facsimile: (919) 287-7898
E-mail: Contractor_Access@cree.com

Any questions pertaining to this Statement should be directed to Cree's Security Manager.

- V. Violations of this Statement. The undersigned contractor will ensure that its employees and subcontractors are aware of the requirements set forth in this Statement, that they comply with such requirements at all times while on Cree's premises and that they sign a consent, either in the form attached hereto or in such other form of consent as has been pre-approved by Cree, agreeing that Screening information will be provided to Cree. A copy of the signed consent shall be provided to Cree along with the initial Screenings. This form is solely for the purpose of authorizing Contractor to release background check and substance abuse testing results to Cree pursuant to this Statement. It is not intended to be sufficient to comply with Contractor's requirements under the FCRA or any applicable drug screening laws. Strict adherence to this Statement by the undersigned contractor is expected, and any refusal or failure to comply with this Statement shall be a sufficient basis for the immediate termination of a contractor's services and/or contractual arrangement with Cree. In the event Cree has reason to believe that an individual is performing on-site services in violation of this Statement, Cree reserves the right to immediately remove the individual from Cree's premises until the contractor verifies that neither the contractor nor the individual is in violation of this Statement.

[Signature Page to Follow]

RECEIVED AND ACKNOWLEDGED BY:

(Print Name of Contractor)

By: _____
Name: _____
Its: _____
Date: _____

Screening information received on behalf of Cree:

By: _____
Name: _____
Its: _____
Date: _____

CONSENT

I, _____, am a current employee of _____ (“Contractor”) in a position that will require me to work on the premises of Cree, Inc. (“Cree”) in Durham, North Carolina. I understand that as a condition for my being considered for work on Cree’s premises, I must agree to undergo a background check and a test for illicit drug use. I understand that the results of all such tests will be released to Cree in accordance with its Contractor Security Requirements Policy (the “Security Policy”), a copy of which will be made available to me upon request. I understand that if my substance abuse screening is positive and/or if my background check produces a criminal record not acceptable to Cree in accordance with the Security Policy, that Contractor’s employment policies will be followed with regard to such results, and I will be not allowed access to the Cree jobsite.

I hereby authorize any consumer reporting agency, physician, laboratory, hospital or medical professional retained by Contractor for such screening purposes to conduct the required screenings and to provide the results to Contractor. I hereby authorize Contractor to release all such results to Cree solely for the purposes provided in its Security Policy.

To the fullest extent permitted by applicable law, I hereby release Contractor, Cree and all credit reporting agencies, institutions or persons involved in conducting such screenings from all liability therefor.

**Note: Use a separate form for each employee assigned to work on Cree premises.*

Please print: **Employee Information**

First Name _____ MI _____ Last Name _____

Date of Birth _____ Home Phone Number (____) _____ - _____

Current or Most Recent Home Address _____

Employee’s Signature

Date

Witness

Date

ATTACHMENT A

[COMPANY LETTERHEAD]

[Date]

Cree, Inc.
Attention: Security Manager
4600 Silicon Drive
Durham, North Carolina 27703

RE: [Company Name and Address]

To: Cree Security Manager

This letter shall serve as notification to Cree that [Company Name] has complied with all requirements set forth under CFH-030i - “Cree Security Requirements” and has obtained an acceptable criminal background check and controlled substance examination for each of the following employee(s), which allows such employee(s) unescorted access to a Cree site:

Name of Employee(s)

Should you have any questions or concerns, please do not hesitate to contact my office.

Thank you.

Regards,

[COMPANY NAME]

[Name]

[Title]