



## **STANDARD TERMS AND CONDITIONS**

**1. APPLICABILITY.** These terms and conditions of purchase (the "**Contract**") are the only terms which govern the purchase of goods and products ("**Products**") and services ("**Services**") by SACOMA INTERNATIONAL, LLC ("**Sacoma**") from the [INSERT NAME OF SUPPLIER] ("**Supplier**"). This Contract, together with any documents incorporated herein by reference, constitutes the sole and entire agreement of the parties with respect to the purchase and sale of Goods and Services, and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, with respect to the subject matter hereof. The terms and conditions contained in this Contract prevail over any terms or conditions contained in any other documentation and expressly exclude any of Supplier's general terms and conditions of sale or any other document issued by Supplier in connection with the purchase and sale of Goods or Services.

**2. PURCHASE ORDERS.** Sacoma shall issue purchase orders to Supplier [in written form via facsimile or email (each a "Purchase Order"). Each Purchase Order shall contain the basic terms specified by Sacoma: (a) the Goods to be purchased, including any unique identifier; (b) the quantity of each of the Goods ordered; (c) the Delivery Date; (d) the unit Price for each of the Goods to be purchased; (e) the Delivery Location. In each case, any additional terms and conditions attached to such Purchase Order (whether by Sacoma or Supplier) shall not affect the terms and conditions contained in this Contract or otherwise apply. Supplier's acceptance of a Purchase Order shall be accomplished by the earlier of (i) execution of the Purchase Order, (ii) commencement of performance of any performance; (iii) commencement of any ordering of materials or fabrication of the Goods, or (iv) shipment of any Goods specified in the Purchase Order, whether partial or complete.

**3. SHIPMENT.** Shipments of Products must equal the exact quantity ordered and requested delivery date, unless otherwise agreed to in writing. In the event of an over-shipment, Sacoma, at its sole option, may return the over-shipment to Supplier at Supplier's expense, including Sacoma's administration fee for handling the over-shipment.

Supplier agrees to provide Sacoma a return material authorization for over-shipments, and Supplier will not charge any restocking fees.

In the event only part of the delivery can be used by Sacoma, and Sacoma accepts partial delivery, Supplier shall be entitled to be paid for the partial delivery. In determining the price of the partial delivery, the parties shall take into consideration Supplier's cost related to the partial delivery and the value of the partial delivery. In the event Sacoma does not accept any part of the delivery, Sacoma shall, at Supplier's cost, return to Supplier any Goods already delivered, and Supplier shall reimburse the purchase price received.

If Supplier at any time has reason to believe that deliveries will not be made as scheduled, Supplier must immediately notify Sacoma in writing, and provide the cause of the anticipated delay.

Supplier shall pay, for any delay in the delivery or the performance of supply, a late delivery charge equal to three-tenths of one percent (0.3%) of the total amount, net of taxes, of the delayed delivery

per working day of delay, beginning with the due date for such Product and/or Services.

If Sacoma determines that Supplier's deliveries are behind schedule and Sacoma seeks express shipments, then Supplier will pay such express shipment charges. If Supplier's deliveries are behind schedule resulting in Sacoma using material not according to Sacoma's specification, or at a higher cost, then Supplier will pay whatever additional costs, expenses, losses, or damages that Sacoma sustains.

The provisions of this Section 3 are not intended to limit any other rights and remedies that Sacoma may have against Supplier.

**4. TITLE AND RISK OF LOSS.** Unless otherwise specified by Sacoma on a Purchase Order, Goods shall be delivered to Sacoma's facility, at which time title and risk of loss on the Goods shall pass to Sacoma. If any of the Goods ordered are destroyed or damaged prior to the time risk of loss passes to Sacoma, Sacoma may cancel the Purchase Order as to the damaged or destroyed Goods or require the prompt delivery of substitute Goods of equal quantity and quality.

**5. LEAD-TIME; FORECASTS.** Time is of the essence. Supplier will meet a lead-time of no more than four (4) weeks for Products unless otherwise agreed to in writing in advance by Sacoma.

Supplier and Sacoma agree that Sacoma's forecasted volumes, which may or may not be provided, are based on past usage and projected market forecasts. Any forecast is for information purposes only. Any product quantities cited in or pursuant to this Agreement, except for quantities cited in a Purchase Order as firm, are preliminary and non-binding only. Sacoma makes no representation or warranty as to the quantity of products that it will purchase, if any. The parties agree that no minimum purchase quantities are implied, or otherwise required, by any term of this Agreement, and no penalties or liabilities shall be imposed on Sacoma for volumes of Products actually ordered by Sacoma below those quantities forecasted.

**6. PRICING; INVOICING; PAYMENT.** The price for Products and Services will be stated in the Purchase Order and will be a fixed price, including all duties, levies, fees, taxes and other regulatory charges, unless otherwise agreed to in writing. All agreed upon price adjustments must also be reflected in the export invoices prepared for Customs purposes, if applicable. Supplier expressly assumes the risk of any event or cause (whether or not foreseeable) affecting such prices including but not limited to any changes in Supplier's costs for labor, raw material and/or energy. Except as specifically provided in a Purchase Order or in this Contract, the pricing set forth in a Purchase Order is firm and shall only be modified as provided herein and only with advance written agreement by Sacoma.

Supplier will provide a cost breakdown (including but not limited to labor, material, and overhead) and the price of all the basic components of any Product, which in the aggregate will not exceed the price of the Product it together constitutes.

Supplier and Sacoma will jointly pursue cost reduction opportunities for the duration of this Contract and will reflect the achievement of such opportunities in price reductions to Sacoma.

Supplier shall issue periodic invoices to Sacoma for all Goods and Services ordered hereunder, in no event later than ninety (90) days after delivery of such Goods or completion of such Services, as applicable. Each invoice must set forth in reasonable detail the amounts payable by Sacoma under

this Agreement and contain the following information, as applicable: a reference to this Agreement; Purchase Order number, amendment number, and line-item number; Supplier's name; Supplier's identification number; carrier name; ship-to address; weight of shipment; quantity of Goods shipped; number of cartons or containers in shipment; bill of lading number; country of origin and any other information necessary for identification and control of the Goods; and a detailed line-item description of any Services rendered. Sacoma reserves the right to return and withhold payment for any invoices or related documents that are inaccurate or incorrectly submitted to Sacoma. Standard payment terms are thirty (30) days from date of the later of (i) Sacoma's receipt of a proper invoice from Supplier, (ii) the date of receipt of the Products by Sacoma or the date of completion of Services, unless otherwise agreed to in writing. Sacoma shall notify Supplier of any dispute with any invoice within [NUMBER] business days from Sacoma's receipt of such invoice. The parties shall seek to resolve all such disputes expeditiously and in good faith. Notwithstanding anything to the contrary, Supplier shall continue performing its obligations under this Agreement during any such payment dispute.

Notwithstanding anything to the contrary in this Agreement, and without prejudice to any other right or remedy it has or may have, Sacoma may, without notice, set off or recoup any liability it owes to Supplier against any liability for which Sacoma determines Supplier is liable to Sacoma or the Sacoma Indemnified Parties, whether either liability is matured or unmatured, is liquidated or unliquidated, or arises under this Agreement.

**7. TOOLING.** In the absence of an executed Tooling and Bailment Agreement, the following terms apply: "Tooling" means, collectively, all tooling, dies, test and assembly fixtures, gauges, jigs, patterns, casting patterns, cavities, molds, and documentation (including engineering specifications and test reports) used in connection with the manufacture and sale of the Goods, together with any accessions, attachments, parts, accessories, substitutions, replacements and appurtenances thereto. All Tooling, whether referred to specifically in a Purchase Order, is owned by Sacoma. In the event Tooling is transferred to Supplier's facility or control, such Tooling will remain the property of Sacoma.

If Supplier has participated in the preparation of Tooling, Supplier may not issue an invoice to Sacoma for Tooling until such Product has been through the Production Part Approval Process ("PPAP") by Sacoma unless otherwise agreed to in writing. Supplier may not charge Sacoma for the cost of manufacturing or procuring any Tooling or other materials used in the production and sale of the Goods unless Sacoma agrees in writing to reimburse Supplier for Supplier's actual reasonable costs of manufacturing or procuring such Tooling or other materials (a "**Reimbursement Authorization**"). Payment for such Tooling or materials will be due only after (a) Buyer has successfully completed all testing of such Tooling or materials required by Sacoma, including, but not limited to the PPAP, which will be conducted at Supplier's sole cost and expense, (b) Sacoma has successfully conducted a tooling audit in accordance with its customer's requirements, and (c) Supplier has provided to Sacoma detailed invoices documenting the actual costs incurred by Supplier for such Tooling or materials, including copies of any invoice issued to Supplier by any third party with respect thereto, and other any other information reasonably requested by Sacoma with respect to such Tooling or materials (which may include CAD models and drawings). Sacoma shall pay Supplier only the actual cost of such Tooling or materials, not to exceed the authorized amount, if any, stated in the applicable Reimbursement Authorization.

Supplier agrees, upon receiving any Tooling, to promptly affix, and to continuously keep and maintain, plainly and distinctly, permanently and conspicuously upon the Tooling the following words: "Property

of Sacoma International, LLC” and to keep the Tooling free from other “Property of” markings or labeling which might be interpreted as a claim of ownership by a party other than Sacoma. In addition, within ninety (90) days of receiving any Tooling, Supplier shall affix to it the Sacoma Tooling Identification Number.

Supplier agrees to use the Tooling for the sole and exclusive benefit of Sacoma in the production of the Products for Sacoma, and for no other purpose without Sacoma’s express prior written consent, which consent may be withheld in Sacoma’s sole discretion. Supplier agrees to operate the Tooling within its rated capacity, restrict the use and operation to safe, careful personnel selected and employed or controlled by Supplier, and prohibit anyone other than duly authorized personnel of Supplier to make any repairs or adjustments to the Tooling otherwise permitted hereunder (unless otherwise previously authorized in writing by Sacoma).

After the initial PPAP, and completion of any additional testing, Supplier agrees, at its expense, to service, maintain and repair the Tooling: (i) so as to keep it in good operating condition throughout the program life, normal tooling wear is expected, (ii) in accordance with the terms of any manufacturers’ warranties, specifications, bulletins or service descriptions, (iii) in a manner consistent with standard industry practice, and (iv) in accordance with applicable laws, regulations, governmental approvals and permits. Supplier will not be required to perform any Capital Improvements (as defined below) to the Tooling. “Capital Improvements” shall mean (a) the purchase of additional machinery, equipment and/or tooling which is required for a new product line, increasing capacity, a design change, or a cost reduction project, and (b) the cost to rebuild or overhaul the Tooling which materially increases its value or expected useful life. To the extent Sacoma wishes to perform Capital Improvements, however, Supplier shall cooperate and work with Sacoma, or with any contractors used by Sacoma, so that Sacoma may make any such Capital Improvement that it deems necessary in its sole discretion.

Tooling will be free of all advertising or insignia placed thereon by Supplier, and free and clear of all mortgages, liens, security interests, charges, encumbrances, and claims and in the same operating order, repair, condition, and appearance as when received (except for ordinary and expected wear). Supplier will be solely responsible to Sacoma for any damage to or loss of the Tooling, except any damage or loss created by Sacoma or its agents, until it has been returned to Sacoma.

Tooling may not be removed, destroyed or scrapped without Sacoma’s express prior written consent, which can be withheld in Sacoma’s sole discretion. Tooling that is the subject of intellectual property right(s) may furthermore not be copied without the consent of the owner of such intellectual property right(s). To the extent any intellectual property rights owned by Supplier or licensed to Supplier by a third party is embodied in, or is otherwise necessary for the intended use of the Tooling, Supplier hereby grants to Sacoma a fully paid, irrevocable, non-exclusive, worldwide, perpetual to the extent permitted by law, royalty-free license, with the right to grant sublicenses as necessary for any use of Tooling, to use such intellectual property rights. Upon Sacoma’s request, Supplier will immediately return all Tooling, drawings and other materials to Sacoma.

**8. ENGINEERING SPECIFICATION AND PRODUCTS COMPLIANCE.** Supplier must assure that Products comply with designs, specifications, prints, models, math data and Sacoma’s quality standards. Supplier must maintain designs throughout the fifteen year service life of all Products. If Supplier is providing an assembly of components and those components are manufactured by another party, Supplier needs to provide documentation showing that those components meet the specifications and requirements as called out on the 2D print or 3D math data. If Supplier provides engineered systems and components, Supplier must provide engineering data in the form of solid models in AutoCAD compatible format, on-

site engineers during the Product development process if requested by Sacoma's engineering, prototype parts development capability, and the capability for and use of electronic data exchange for engineering and CAD data throughout the life of the development program and for production maintenance. If Supplier provides commodities, Supplier must provide engineering data as either CAD data or drawings.

Sacoma reserves the right at any time to make changes or modifications to drawings and specifications as to any Products, Services, materials, or work covered by this Contract. The parties will agree upon and equitably adjust any difference in price or time for performance resulting from such changes, and modify the Purchase Order in writing accordingly.

**9. REGULATORY COMPLIANCE.** For Products or systems purchased from Supplier that have specific government regulatory performance requirements, Supplier must provide evidence of compliance, in the form of a test report and/or engineering analysis, validating conformance to those specific regulatory requirements. Supplier must provide the same evidence of compliance whenever a change is made to a particular Product or system that affects the performance of that Product or system to a specific government regulatory performance requirement. Supplier must complete a letter of conformance and provide to Sacoma as requested.

**10. INSPECTION OF PRODUCTS.** All Products will be received subject to Sacoma's inspection or rejection criteria. Sacoma shall have a reasonable time (but not less than 30 days) after receipt to inspect the Goods and Services tendered by Supplier. Sacoma at its option may reject all or any portion of such Goods or Services which do not, in Sacoma's sole discretion, comply in every respect with each and every term and condition of the Order and this Agreement. Sacoma may elect to reject the entire Goods and Services tendered even if only a portion thereof is nonconforming. If Sacoma elects to accept nonconforming Goods or Services, Sacoma, in addition to its other remedies, shall be entitled to deduct a reasonable amount from the price thereof to compensate Sacoma for the nonconformity. Any acceptance by Sacoma, even if non-conditional, shall not be deemed a waiver or settlement of any defect in such Goods and Services. Non-conforming Products will be held for Supplier's instructions and at Supplier's risk, and, if Supplier so directs, such Products will be returned at Supplier's sole cost and expense.

**11. INTELLECTUAL PROPERTY RIGHTS.** All work product developed by Supplier under each Purchase Order, including designs, technical data, reports, blueprints, drawings and customized tooling and dies, shall be "works made for hire," and all rights, title and interest to the work product, including any and all copyrights in the work product, shall be owned by Sacoma irrespective of any copyright notices or confidentiality legends to the contrary which may have been placed in or on such work product. If, for any reason, any part of or all of the work product is not considered a work made for hire for Sacoma or if ownership of all right, title and interest in the work product shall not otherwise vest in Sacoma, then Supplier agrees that such ownership and copyrights in the work product, whether or not such work product is fully or partially complete, shall be automatically assigned from Supplier to Sacoma without further consideration. Notwithstanding the foregoing, (i) as between Sacoma and Supplier, Supplier shall retain ownership of all proprietary intellectual property rights owned by Supplier and developed by it outside any Purchase Order or any other agreements between the parties, and (ii) nothing in this section shall result in a transfer of ownership of any proprietary intellectual property owned by third parties and developed by them outside any Purchase Order or any other agreements between the parties. With respect to such intellectual property owned by Supplier or any third party, Supplier hereby grants Sacoma an irrevocable, perpetual, worldwide, transferable, sub-licensable, and royalty-

free license (including with right to assign its rights without consent to (i) any Affiliate of Sacoma, (ii) any Person to which Sacoma sells all or substantially all of its assets, (iii) any owner or operator of the facility into which the Services or Products are incorporated, or (iv) any Person with which Sacoma is merged or consolidated) to use, reproduce, modify, distribute, sell, make, offer for sale, transfer, publish, import, make derivative works and adapt such intellectual property for the purpose of operating, maintaining, repairing, replacing, expanding, completing or modifying any part of the Services or Products or the facility into which the Services or Products are incorporated. Supplier shall execute such agreements, prepared at the sole cost of Sacoma, as Sacoma reasonably requests in furtherance of the foregoing rights and obligations without the need for further consideration.

All materials, including without limitation, documents, drawings, models, sketches, designs, software, computer tapes and disks, and lists furnished to Supplier by Sacoma shall remain the property of Sacoma and shall be returned promptly upon completion of the Contract or at any time upon written request of Sacoma. Supplier agrees not to make any copies of any such materials without Sacoma's written permission and to return any copies authorized with the original materials.

**12. SUPPLY FAILURE.** In the event of a full or partial failure of Supplier's sources of supply or capacity constraints for the Products, Supplier will first meet all of Sacoma's requirements hereunder prior to any allocation among customers under Section 2-615 of the Uniform Commercial Code.

**13. WARRANTY.** Supplier covenants, represents and warrants that (a) Supplier will comply with all Applicable Laws in the performance of this Agreement and each Purchase Order; (b) all Services shall be completed in a professional, workmanlike manner, with the degree of skill and care that is required by current, good and sound professional procedures; (c) Services shall be completed in accordance with applicable specifications and shall be correct and appropriate for the purposes contemplated in the Sacoma Order and in this Agreement; (d) the performance of Services and delivery of Goods under this Agreement will not conflict with, or be prohibited in any way by, any other agreement or statutory restriction to which Supplier is bound; (e) all Goods provided will be new and will not be used or refurbished and shall be fit and sufficient for the purpose intended; and shall be merchantable; (f) all Goods delivered shall be free from defects in materials and workmanship and shall conform to all applicable designs, specifications, prints, models, math data and Sacoma's quality standards.

Supplier will compensate Sacoma for any loss or damage arising out of or relating to a defective Product or Services, or other breach of this Warranty, including but not limited to costs (including reasonable attorneys' and experts' fees) for any safety recall or field actions, labor, replacement, assembly and disassembly, detection and analysis, scrapping, customer charges, and transportation of replacement Product or Services to Sacoma and/or its end-users.

**14. ACCESS TO PREMISES.** Sacoma will have access, after reasonable notification, to inspect Supplier's production of a Product or Tooling or performance of Services, verify any charges subsequent to payment, perform tests and make other necessary examinations at Supplier's premises, including evaluating any risks for interruption in the supply of Products. Supplier will use reasonable efforts to obtain the same rights for Sacoma at the premises of its suppliers.

**15. DUTY REDUCTION PROGRAM DOCUMENTATION.** Supplier will provide annually to Sacoma by the specified due date, an accurate and complete NAFTA Certificate of Origin for those Products that qualify for NAFTA or other duty reduction document, (e.g. GSP Form A), and an accurate and complete Country of Origin affidavit for all Products. Supplier must complete the NAFTA Certificate of Origin in

accordance with regulations published by the U.S. Department of Treasury in 19 C.F.R. Sec. 181.11, et seq. and any amendments thereto, and in accordance with instructions Sacoma International, LLC issues to Supplier. Supplier shall certify that the Products fulfill NAFTA or other duty reduction program, as applicable, and agree to maintain and provide the necessary documentation to support the eligibility of the Products for the appropriate duty reduction program. In the event that Supplier fails to comply with this requirement, or if Customs determines that any Product does not qualify for the benefits certified, Sacoma will charge back to Supplier and Supplier will promptly reimburse Sacoma for all import duties, penalties, and taxes paid by Sacoma as a result of Supplier's non-compliance. Sacoma reserves the right to charge Supplier a two hundred fifty dollar (US\$250) non-compliance charge per part number for Products that do not have documents that comply with this provision.

**16. MANUFACTURING LOCATION OR PROCESS CHANGE.** Supplier may not relocate the production of a Product or change the process to produce said Product, wholly or partly (Including final or tiered components), without Sacoma's prior written consent, which consent may be withheld at Sacoma's sole discretion. Supplier must use the Sacoma Supplier Request for Engineering Approval (SREA) Form to request Sacoma's consent to a change in location and complete PPAP approval for all changes as identified in the Automotive Industry Action Group ("AIAG") PPAP manual. Products produced by Supplier must always be produced by a production process approved by a Part Submission Warrant (PSW) or Deviation. Supplier may not ship, and will not be paid for Product shipped without an approved PSW or Deviation. Such consent, if given, is without prejudice to Sacoma's continued rights to require compliance by Supplier with the Contract. If the Contract will be fulfilled by another entity other than Supplier, Supplier shall ensure that such other entity agrees to be bound by all terms and conditions in the Contract and names Sacoma as a third party beneficiary in writing. Supplier shall, however, also continue to be responsible for the fulfillment of the contract.

**17. QUALITY.** Unless specifically exempted by Sacoma, Supplier is required to be registered to, compliant with, or working towards, ISO 9001 or a derivative Quality Management System such as TS-16949. Supplier of Production Products is also required to be capable of fulfilling all AIAG APQP (Advance Product Quality Planning and Control Plan) and PPAP documentation requirements. If Supplier is currently registered, then Supplier must maintain its certification with an accredited registrar and must furnish copies of its registration certificates to Sacoma. If Supplier is compliant to ISO 9001, but not certified by a recognized third party registrar, Supplier agrees to provide evidence of such compliance to Sacoma. If Supplier is working towards its quality registration, then Supplier must provide, upon Sacoma's request, evidence of such efforts and, upon receipt of its registration certification, inform Sacoma and furnish copies of its registration certificates.

**18. ASSURANCE OF PERFORMANCE.** If Sacoma reasonably deems itself insecure with respect to Supplier's ongoing performance, whether due to Supplier's financial capacity or otherwise, Sacoma may demand that Supplier provide assurance of future performance to Sacoma within five (5) days of the demand. This assurance may be in any security acceptable to Sacoma, including but not limited to, collateral consisting of cash, letter(s) of credit, surety bond, parent guaranty, or lender releases. This security shall be in an amount satisfactory to Sacoma and shall also be sufficient to offset costs and expenses incurred or reasonably expected to be incurred by Sacoma in securing for itself completion of the project or other performance due from Supplier. Sacoma reserves its right to any other remedies allowed in law or equity. Failure to provide the requested performance assurance within the stated period shall constitute a default of this Agreement, and Sacoma shall be free to procure Product from an alternate source and/or cancel this Agreement in its discretion immediately upon expiration of the

time specified for delivery of the requested performance assurance.

**19. SUPPORT.** Supplier will provide at no additional cost to Sacoma such design and design qualification assistance, manufacturing assistance, technical, service parts, and field support as reasonably required by Sacoma.

**20. COMPLIANCE WITH LAWS AND REGULATIONS.** Supplier will comply and will require all Representatives to comply, at all times, with all applicable statutes, laws, rules, codes, ordinances, regulations, decisions, orders, decrees, policies, guidance, directives or common law of any federal, state, local, administrative, regulatory, or other governmental body, authority or entity ("**Applicable Laws**"). Without limiting the generality of the foregoing obligation, Supplier and all its subcontractors shall obtain, maintain and pay for all permits (including building and environmental permits), approvals and licenses required under law or regulation for the performance of the Services or production of the Products. If this Contract exceeds ten thousand dollars (US\$10,000) and is otherwise subject to the Walsh-Healey Public Contracts Act, Supplier also agrees that all Products, materials, supplies, articles, or equipment to be manufactured or furnished hereunder will be produced in compliance with that Act.

Supplier hereby represents and warrants as follows at all times during the term of this Contract: (i) all of its activities are authorized and in compliance with and not prohibited by 10 CFR 810, (ii) neither it, nor any of its employees, authorized agents, principals or beneficial owners, is a Specially Designated National ("SDN") as defined by U.S. Department of the Treasury Office of Foreign Asset Control ("OFAC"); (iii) neither it, nor any of its employees, authorized agents, principals or beneficial owners, is a citizen of a country subject to an OFAC Country Sanction; (iv) it, and all of its employees, authorized agents, principals or beneficial owners, are in material compliance with any and all laws and regulations including 10 CFR 810 et seq. as well as all laws and regulations relating to the prevention of money laundering and the financing of terrorism to which they are expressly subject.

**21. IMPORT AND EXPORT COMPLIANCE.** Without prejudice to Sacoma's rights and remedies hereunder, on Sacoma's request Supplier shall promptly provide all information necessary to export and import Goods under this Agreement, including, as applicable, the Export Control Classification Numbers (ECCN) and subheadings or munitions list category numbers, and shall notify Sacoma of any changes to the information provided by Supplier to export and import Goods under this Agreement.

**22. HUMAN TRAFFICKING.** By Supplier providing goods or services to Sacoma, including to any of Sacoma's affiliates, subsidiaries or customers, Supplier is affirmatively representing and warranting that Supplier and its subcontractors do not, directly or indirectly, engage in or otherwise support Human Trafficking. Human Trafficking is defined as: the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

**23. SAFETY DATA COMPLIANCE.** Supplier will properly classify, describe, package, mark, label, and provide material safety data sheets (MSDS), as applicable, for approval by Sacoma prior to shipment of all Products. Supplier will prepare all such Products for transportation, accompanied by the approved MSDS, in accordance with all Applicable Laws. Supplier will defend, indemnify, compensate, make whole, reimburse, and hold harmless Sacoma and the Sacoma Indemnified Parties from any claims,

penalties, or damages incurred as a result of any Products received from Supplier not in accordance herewith.

**24. NON-DISCRIMINATION.** Supplier certifies that it: (1) is in compliance with Sec. 202 of Executive Order 11246, as amended by Executive Order 11375, and subsequent Executive Orders and the Rules and Regulations set forth by the Secretary of Labor in effect as of the date of this order; (2) does not and will not provide or maintain at any of its establishments, nor permit its employees to perform their services at any location under its control where there are maintained segregated facilities; and (3) agrees that a breach of this Certification violates the Equal Employment clause of Executive Order 11246. "Segregated Facilities" means facilities which are in fact segregated on a basis of race, color, creed, religion, or national origin. Supplier agrees to (1) obtain an identical certification from proposed subcontractors prior to the award of subcontracts exceeding ten thousand dollars (US\$10,000) which are not exempt from the provisions of the Equal Opportunity clause, and (2) maintain such certifications in its files. The penalty for making a false representation is prescribed under 18 U.S.C. § 1001, and any such false representation shall be a material breach of this Contract.

**25. VETERANS' READJUSTMENT ASSISTANCE ACT.** Supplier agrees to comply with Section 505 of the Rehabilitation Act, the Vietnam Era Veterans' Readjustment Assistance Act (53 U.S.C. § 2012), and implementing regulations set forth by the Secretary of Labor as are applicable.

**26. CONFLICT MINERALS.** Supplier recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold (the "Conflict Minerals") from the Democratic Republic of the Congo and adjoining countries ("DRC Countries"). Accordingly, Supplier commits to comply with Section 1502 of the Act and its implementing regulations. In particular, Supplier commits to have in place a supply chain policy and process to undertake (1) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides Sacoma International, LLC, (2) due diligence of its supply chain, as necessary, to determine if Conflict Minerals sourced from the DRC countries directly or indirectly support unlawful conflict there, and (3) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. Supplier further agrees (1) to respond promptly to each inquiry by Sacoma International, LLC with such information regarding the source and chain of custody of all Conflict Minerals that may be contained in Products supplied to Sacoma International, LLC by Supplier; (2) if Supplier previously responded to an inquiry to notify Sacoma International, LLC if there is a change in status in whether Supplier's Products supplied to Sacoma International, LLC contain Conflict Minerals; and (3) to cooperate promptly as required by Sacoma International, LLC with Sacoma International, LLC efforts to comply with the Act. Supplier shall take all other measures as are necessary to comply with the Act and its implementing regulations, as they may be amended over time.

**27. GENERAL INDEMNIFICATION.** Supplier agrees to protect, defend, compensate, make whole, reimburse, hold harmless, and indemnify Sacoma its affiliates, the respective directors, officers, employees, representatives, agents, successors, and assigns of each of them, and all persons or entities claiming through them (collectively, the "Sacoma Indemnified Parties") against all claims, actions, liabilities, losses, costs, and expenses, including, without limitation, reasonable legal cost and fees, punitive damages, consequential damages, and penalties arising out of any actual or alleged death of, or injury to, any person and/or damage to any property, by whosoever suffered, resulting or claimed to result, in whole or in part, from any (i) actual or alleged defect in the supplied Products, including actual or alleged improper design (unless solely designed by Sacoma), manufacture, or assembly of such

Products, or (ii) actual or alleged violation by Supplier with regard to such Products, or their manufacture, possession, use or sale, (iii) claims by any governmental authority as a result of a failure by Supplier or any of its subcontractors to pay taxes for which it is responsible under a Purchase Order, (iv) failure of Supplier or any of its subcontractors to comply with any Applicable Law or an asserted violation of any Applicable Law, (v) demands, actions or disputes asserted by any subcontractors, (vi) personal injury to or death of any person, or damage to or destruction of property to the extent in any way directly or indirectly arising out of or resulting from or related to the negligence (of any type) or willful misconduct of Supplier or any of its subcontractors or anyone directly or indirectly employed by them or anyone for whose acts they may be liable, or (vii) personal injury to or death of employees of Supplier or employees of any of its subcontractors, regardless of the cause of such damages, losses, costs and expenses, including the sole or joint negligence, breach of contract or other basis of liability of any Sacoma Indemnified Parties.

**28. INTELLECTUAL PROPERTY INDEMNIFICATION.** Supplier is responsible for ensuring that the Products and Services and their use do not infringe the intellectual property rights of any third party. Supplier agrees to defend, at its expense, any claim or suit against Sacoma or Sacoma's customers, or any Sacoma Indemnified Parties based on an assertion or claim that the Products or Services furnished by Supplier to Sacoma hereunder or the sale or the use by Sacoma or its customers in the manner contemplated by this Contract infringes any patent or copyright or other intellectual property right or is a wrongful use of a third party trade secret or proprietary information, and further agrees to indemnify and hold Sacoma, Sacoma's customers and end-users, and the Sacoma Indemnified Parties harmless from any losses, including attorneys' fees, settlements associated with said claim, or any damages, including attorneys' fees or costs, finally awarded in any such claim. Supplier shall, at Sacoma's request, assist Sacoma in disputes in which Sacoma could become involved by reason of such infringement and if required by Sacoma assume the defense of any dispute. This indemnity does not extend to any infringement or alleged infringement arising solely out of Supplier's compliance with Sacoma -required specifications, designs, or instructions that (i) are created solely by Sacoma, and (ii) are thereafter furnished to Supplier in writing. In addition to the indemnification obligations outlined herein, in the event Sacoma's sale or use, or its affiliates', subsidiaries' or customers' sale or use, of any Products or Services is interrupted as a result of a claim for any actual or asserted violation or infringement of any intellectual property rights, or any improper use of confidential information or other proprietary rights that may be attributable to Supplier or any subcontractor in connection with the Services or Products, then, in addition to Supplier's indemnification obligations under this Section 28, Supplier shall either: (a) procure for Sacoma, and its affiliates, subsidiaries or customers, as applicable, at no cost to Sacoma and its affiliates, subsidiaries or customers, the right to continue using and selling the infringing items as though they were non-infringing; or (b) replace or modify the infringing items with substantially equivalent items that are non-infringing and extend the indemnification obligations under this Section 28\_thereto.

**29. CONFIDENTIAL INFORMATION.** Supplier agrees not to disclose to any third party, or use, except as necessary in connection with the furnishing of the Products or Services under this Contract, any confidential information relating to Sacoma or its affiliates and subsidiaries,, including its and their business and marketing plans, processes, products, equipment, or trade secrets, as well as confidential information resulting from the performance of this Contract. Any information not available to the public shall be considered confidential for the purposes of this Contract for the duration of the Contract and for ten (10) years thereafter; provided, however, that any trade secrets shall be protected indefinitely for so long as such trade secrets are afforded protection under Applicable Law. The confidentiality undertaking outlined above shall not apply to information which is (i) known to the public other than by

breach of this Contract, (ii) information which Supplier can show was in its possession before receiving it from Sacoma, and (iii) information which Supplier receives from a third party without restraints as to the disclosure thereof.

Information which Supplier is required to disclose by reason of law or order of a court of a competent jurisdiction may however be disclosed for such purpose; provided that Supplier shall notify Sacoma of any such requirement and consult with Sacoma regarding the manner of such disclosure prior to making any such disclosure. Supplier, as far as is legally possible, shall require the receiver of the information to treat it confidential as required in this Section.

Supplier may not make public the business relationship of the Parties through advertising or in any other way without Sacoma's prior written consent, which consent may be withheld at Sacoma's sole discretion. If there is a breach of Sacoma's confidential information, Supplier shall immediately notify Sacoma of the breach, provide the scope of the breach, and restore the reasonable integrity, security, and confidentiality of the Supplier system that contains Sacoma's confidential information.

Supplier recognizes that Sacoma may not have an adequate remedy at law in the event that Supplier or its representatives breach the confidentiality provisions hereunder and that, in such event, Sacoma may suffer irreparable damages or injury. Therefore, Sacoma shall be entitled to equitable relief, including temporary or permanent injunctive relief, against Supplier in the event of a breach of the confidentiality provisions hereunder. Such permanent or injunctive relief shall in no way limit other remedies that Sacoma may have against Supplier for any breach of the terms of these confidentiality provisions.

**30. TERMINATION.** Sacoma shall have the right at any time, and for any reason, without any penalty, to terminate, in whole or in part, this Contract, any Purchase Order, or the deliveries specified and the authorizations contained in any shipping schedule given to Supplier by Sacoma, provided Sacoma shall provide Supplier thirty (30) days' notice of such termination, whereupon this Contract shall automatically terminate immediately after the 30<sup>th</sup> day. Upon such termination by Sacoma, Sacoma shall be under no liability or responsibility to Supplier for Products completed or partially completed, or raw materials acquired by Supplier for the purpose of performing this Contract, or for Services completed or partially completed, unless the delivery or fabrication of such Products or the acquisition of such raw materials were authorized in Purchase Orders or shipping schedules delivered to Supplier by Sacoma.

**31. RIGHTS AND REMEDIES.** The remedies provided in the Contract will be cumulative and, except as expressly limited in the Contract, will not preclude the assertion or exercise of any other rights or remedies available under law, in equity, or otherwise. No modifications of, or additions to, the provisions or conditions of this Contract will become a part of it until accepted in writing by an authorized representative of Sacoma.

**32. CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM.** If applicable, Supplier will participate in the Customs-Trade Partnership Against Terrorism program ("**C-TPAT**"), or have adequate security controls which meet or exceed the requirements of C-TPAT. Supplier also agrees to complete any required supply chain security surveys requested by Sacoma.

**33. FORCE MAJEURE.** Neither Sacoma nor Supplier shall be responsible for Force Majeure events. The term "Force Majeure" means any act or event that (i) delays the affected party's performance of its obligations in accordance with the terms of this Agreement, (ii) is beyond the reasonable control of the affected party and is not due to its fault or negligence, (iii) is not reasonably foreseeable and (iv) could

not have been prevented or avoided by the affected party through the exercise of due diligence, including (to the extent consistent with the foregoing) any act of God, any act or omission of any government authority, explosions, fire, riot, and war. Force Majeure shall not include: (a) economic hardship; (b) any labor strike, labor dispute, work stoppages, boycotts, walkouts and other labor difficulties or shortages resulting therefrom, except for nationwide strikes meeting all of the requirements specified in the definition of Force Majeure; (c) the inability to obtain labor, equipment or other materials or supplies for the Products or Services; (d) changes in market conditions; (e) failure to timely apply for permits or approvals; (f) any act or event to the extent resulting from the fault or negligence of any person claiming Force Majeure; or (g) the financial inability of any person to perform its obligations under this Agreement or a Purchase Order. The protections afforded under this section shall be of no greater scope and no longer duration than is required by the Force Majeure. Notwithstanding this section, no Force Majeure shall relieve, suspend or otherwise excuse any party from performing any obligation to make any payment owed to another party or to indemnify, defend or hold harmless another party. Upon the occurrence of a Force Majeure (or as soon as reasonably practicable thereafter), the party declaring the Force Majeure shall give notice thereof to other party describing the date and nature of such events and the obligations that are affected and shall act to resume normal performance of this Agreement or the affected Purchase Order, as applicable, and production of Products or performance of Services within the shortest time practicable, taking into account the consequences resulting from such event of Force Majeure.

**34. SUPPLIER FINANCIALS.** Supplier shall provide Sacoma with Supplier's financial information as requested. Supplier will, and Supplier shall ensure that its subcontractors shall, maintain a true and correct set of records pertaining to all activities relating to its performance under each Purchase Order. Supplier further agrees, and shall ensure that its Subcontractors agree, to retain all such records for a period of not less than three (3) years after the completion or termination of a particular Purchase Order hereunder. Supplier agrees that all records pertaining to each Purchase Order will be subject to audit by Sacoma or representatives of Sacoma. Sacoma, or its representatives, shall have access to Supplier's facilities and shall be provided adequate and appropriate workspace in order to conduct audits. Sacoma shall have the right to interview current and former Supplier employees as part of any such audit. Should errors, overcharges or undercharges occur, reimbursement shall be made to the appropriate Party.

**35. INVENTORY LEVELS.** Supplier will maintain an adequate amount of inventory on hand to support the forecasted demand. For goods originating from outside the NAFTA Region, Supplier will maintain at least thirty (30) days' supply of goods, but not to exceed ninety (90) days' within the NAFTA Region to support requirements unless otherwise agreed to in writing by Sacoma.

**36. SERVICE PARTS.** Supplier will price Products and Service Parts similarly, taking into account possible additional costs for Service Parts packaging. Sacoma further requires that Service Parts be available for at least fifteen (15) years after cessation of production. Unless otherwise agreed in writing, Supplier shall furnish at its own expense, keep in good condition, and replace when necessary, all dies, tools, gauges, fixtures, and patterns necessary for the production of the Service Parts ordered. Supplier agrees not to scrap Service Part specific production equipment supporting Sacoma's post-production Service Parts replacement requirements of at least fifteen (15) years after cessation of production unless it has received the written consent of Sacoma, regardless of ownership. Pricing for Service Parts shall be based upon the price in effect on the issue date of the Purchase Order unless otherwise agreed to by Sacoma and Supplier prior to shipment. The price for Service Parts in current model production will be calculated based upon the most recent applicable production price plus the price actually incurred by Supplier for any service-specific packaging. The Service Part price shall be fixed for a period of at least

one year from the end of the model series production. After the first year, the most recent production price shall continue to apply until a new Service Part price is mutually agreed upon by Sacoma and Supplier. Supplier agrees to fully document any request for a price adjustment to Sacoma's satisfaction.

**37. INSURANCE.** Supplier will purchase and maintain commercial general liability insurance in the amount of at least two million dollars (US \$2,000,000) and provide Sacoma with a Certificate of Insurance identifying Sacoma and/or its affiliates and subsidiaries, as applicable, as an additional insured. Failure to provide such Certificate of Insurance shall void this Contract, at Sacoma's sole option. Supplier shall cause insurer or insurance broker to provide thirty (30) days written notice to Sacoma prior to cancellation or material changes to the policies. Any such change, modification or cancellation shall not affect Supplier's obligation to maintain the insurance coverage set forth herein.