

# Sunhillo Corporation

## Terms and Conditions of Purchase

This is a Purchase Order, hereafter referred to as "PO," between Sunhillo Corporation, hereafter referred to as "Sunhillo" and the seller identified on the face of this PO, hereafter referred to as "Seller."

### 1. ACCEPTANCE AND TERMS AND CONDITIONS

- 1.1. PO refers to the purchase order document, any specifications and attachments plus these terms and conditions. Any inconsistency or conflict in this PO shall be resolved by giving precedence in the following order:
  - i. The PO document;
  - ii. any specifications and attachments;
  - iii. these Terms and Conditions.
- 1.2. Seller shall signify acceptance of a Sunhillo PO by responding in writing within 48 hours to the Sunhillo Buyer, as identified on the face of the purchase order document. However, performance or partial performance shall also constitute acceptance of this PO. By acceptance of the PO, Seller agrees to comply with all of its terms and conditions and all specifications and attachments to which the PO refers. Sunhillo hereby objects to any terms and conditions contained in Seller's quotation, proposal or order acknowledgement, which are different from or in addition to those recited herein. No change, modification or revision of this PO shall be valid unless agreed to in writing by Sunhillo.
- 1.3. Failure by Sunhillo either to enforce at any time any of the provisions hereof or to protest at any time any breach or default thereof shall not be construed as evidence to interpret the requirements of this PO, nor as a waiver of the requirements of such provisions, nor of the right of Sunhillo thereafter to enforce each and every such provision. Sunhillo approval of documents shall not relieve Seller from compliance with specifications related to this PO. All rights and obligations hereunder shall survive final performance of this PO.
- 1.4. Seller shall make no change in any design, specification, configuration, material, part or manufacturing process which affects the form, fit, function, reliability, or maintainability of goods without the prior written approval of the Sunhillo Buyer.
- 1.5. Seller acknowledges that it has available all specifications, drawings and data referenced in this PO and that they are adequate to enable Seller to perform the work called for herein in accordance with the delivery schedule.
- 1.6. Seller shall deliver all material in accordance with the applicable specification/drawing revisions identified in the PO unless later amended in writing prior to manufacture.
- 1.7. The interpretation enforcement obligations of this order shall be in accordance with the laws of the State of New Jersey.
- 1.8. Sunhillo rights under this PO are cumulative and in addition to any other rights available at law and equity.

- 1.9. Sunhillo PO's price is Firm Fixed Price, unless indicated to the contrary elsewhere in the PO.
- 1.10. If any term contained in this PO is held or finally determined to be invalid, illegal or unenforceable in any respect, in whole or in part, such term shall be severed from this PO, and the remaining terms contained herein shall continue in force and effect, and shall in no way be affected, prejudiced or disturbed thereby.
- 1.11. All provisions of this Agreement shall survive termination (whether for convenience or default), suspension or completion of this Agreement unless they are clearly intended to apply only during the term of this Agreement
- 1.12. This PO, including all documents incorporated herein by reference, shall constitute the entire agreement and understanding between the parties hereto and shall supersede and replace any and all prior or contemporaneous representations, agreements or understandings of any kind, whether written or oral, relating to the subject matter hereof.
- 1.13. Seller shall be responsible for flow-down of all quality and technical requirements to its suppliers and shall manage their suppliers in a way to ensure compliance of all purchased materials. All suppliers shall undergo an evaluation process and selected based on the capability of meeting all requirements in these Terms and Conditions.
- 1.14. The headings used in these Terms and Conditions are inserted for the convenience of the parties and shall not define, limit, or describe the scope or the intent of the provisions of this Contract.

## **2. TRANSPORTATION**

Unless otherwise provided in this PO; transportation shall be "FOB Destination". No insurance or premium transportation costs will be allowed unless authorized in writing. If Seller does not comply with Sunhillo delivery schedule, Sunhillo may specify, at its sole discretion, the mode and conditions of transportation to affect delivery and deduct from any of Seller's invoices the cost of such premium transportation, if borne by Sunhillo.

## **3. GOODS WARRANTY**

- a. SELLER warrants the goods delivered pursuant to this Agreement, unless specifically stated otherwise in this Agreement, shall
  - i. be new;
  - ii. be and only contain materials obtained directly from authorized sources
  - iii. not be or contain Counterfeit Parts;
  - iv. contain only authentic, unaltered labels and other markings;
  - v. have documentation made available upon request that authenticates traceability to the applicable authorized source;
  - vi. be free from defects in workmanship, materials, and design and conforms to all the specifications and requirements of this Agreement. These warranties shall survive inspection, test, final acceptance and payment of goods and services;

- b. SELLER warrants that any hardware, software, and firmware goods delivered under this Agreement to the extent reasonably possible:
  - i. do not contain any viruses, malicious code, Trojan horse, worm, time bomb, self- help code, back door, or other software code or routine designed to (a) damage, destroy, or alter any software or hardware; (b) reveal, damage, destroy, or alter any data; (c) disable any computer program automatically; or (d) permit unauthorized access to any software or hardware; and
  - ii. do not contain any 3rd party software (including software that may be considered free software or open source software) that (a) may require any software to be published, accessed or otherwise made available without the consent of BUYER or (b) may require distribution, copying or modification of any software free of charge;
- c. This warranty entitlement shall inure to the benefit of both BUYER and BUYER'S customer and shall cover a period of 12 months following final acceptance; and,
- d. SELLER shall be liable for and save BUYER harmless from any loss, damage, or expense whatsoever that BUYER may suffer from the breach of any of these warranties.

#### **4. INSPECTION**

- 4.1. Sunhillo and Sunhillo's customer (and the Government if this PO is, at any tier, under a Government contract) may at any time inspect Seller's and Seller's suppliers' facilities which will or may be used in the performance of this PO and, at any time and place before, during, or after manufacture or completion, may inspect and test all material and workmanship entering into the performance of this PO. No such inspection or test shall in any way relieve Seller of its obligations to furnish all required articles, materials, and services in strict accordance with the requirements of this PO. If inspection and test is made on the premises of Seller or any of its suppliers, Seller shall furnish, or cause to be furnished without additional charge, all reasonable facilities and assistance for safety and convenience of the inspectors in the performance of their duties. All inspections and tests shall be performed in such a manner as not to delay the work unduly. All goods are subject to final inspection and acceptance at Sunhillo plant (or at any other location specified in writing by Sunhillo) notwithstanding any payments or prior inspections. Such final inspection shall be made within a reasonable time after delivery.
- 4.2. Seller shall provide and maintain an inspection and process control system acceptable to Sunhillo covering the goods hereunder. Records of all test and inspection work by Seller shall be kept complete for a minimum of 10 years and made available to Sunhillo and its customers upon request.
- 4.3. Acceptance shall be conclusive, except for latent defects, fraud, gross mistakes amounting to fraud, or as otherwise provided in the PO. Sunhillo reserves the right to refuse acceptance if the goods or services delivered hereunder do not conform to the requirements of this PO. In the case of non-conforming goods, Seller shall repair or replace such goods at Seller's option within a reasonable period for no increase in PO price.

- 4.4. Seller shall incorporate best commercial standard practices for packaging and preservation (wrapping, padding, capping, forming, etc.) of ALL articles to prevent damage during shipping and storage. Outer packaging will clearly identify the Seller, Buyer's PO number, part number, revision and quantity contained.
- 4.5. A signed Certificate of Compliance, from a QA representative, is required and, at a minimum, it shall state that the product is built to its applicable requirements. The Certificate must list Seller's name, address, Buyer's PO number, part number, revision and quantity.

## **5. MINOR DISCREPANCIES**

- 5.1. If material contains minor discrepancies, which cannot be reworked to conform to 100% of the drawing requirements, Seller shall report such discrepancies as soon as possible for potential Sunhillo Material Review consideration. Major and Critical discrepancies will not be considered for Sunhillo Material Review. The following information shall be included in the report: PO number and amendment, part number, revision letter, part name, serial numbers, quantity of defective parts, nature and cause of defects, and corrective action.
- 5.2. Sunhillo requiring reports of defective material shall not imply willingness to accept such material nor does it relieve the Seller of its performance obligations hereunder.
- 5.3. When requested in writing by Sunhillo Quality and/or Sunhillo Buyer, Seller shall provide proof of corrective action, root cause and root cause corrective action for any deficiencies deemed Seller's responsibility on Discrepant Material Report. Failure to respond in a timely and/or effective manner may result in future on-site review, source inspection at Seller's facility, being placed on purchase order hold status and/or supplier disqualification. Sunhillo considers 10 working days to be a timely response for Supplier Corrective Action Requests.

## **6. DELIVERY**

Delivery shall be at the location described on face of the PO.

- 6.1. If, without written authorization from Sunhillo, Seller ships goods so as to arrive more than fifteen (15) days in advance of schedule, Sunhillo may return the goods at Seller's expense. Seller shall not invoice Sunhillo for payment prior to the scheduled delivery date.
- 6.2. If delivery is delayed or threatened to be delayed by any event, Seller shall immediately notify Sunhillo Buyer of the estimated delay involved and the reasons therefore. Seller shall insert the substance of this clause in all Purchase Orders and subcontracts issued hereunder.

## **7. PAYMENT**

Invoices submitted hereunder will be paid Net 30 days after receipt of a proper invoice or acceptance of delivered items by Sunhillo, whichever occurs later. Any adjustments in Seller's invoices due to shortages, late delivery, rejections or other failure to comply with the requirements of this Order may be made by Sunhillo before payment. Payment shall not constitute final acceptance. Sunhillo may offset against any payment hereunder any amount owed to Sunhillo by Seller.

**8. INDEMNIFICATION.**

Seller shall indemnify, defend and hold Sunhillo and Sunhillo's customers harmless from and against any and all damages, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of or relating to any claims, causes of action, lawsuits or other proceedings, regardless of legal theory, that result or arise, in whole or in part, from Seller's (or any of Seller's subcontractors, suppliers, employees, agents or representatives):

- a. intentional misconduct, negligence, or fraud; or
- b. acts or omissions.

**9. TERMINATION FOR DEFAULT**

9.1. Sunhillo may, by written notice of default to Seller, terminate this PO in whole or in part if the Seller fails to:

- i. deliver the goods or to perform the services within the time specified in this PO or any extension; or
- ii. make progress, so as to endanger performance of this PO; or
- iii. perform any of the other provisions of this contract; and in either of these latter two circumstances does not cure such failure within (10) days (or such longer period as Sunhillo may authorize in writing) after receipt of the notice from Sunhillo specifying the failure.

9.2. If this PO is terminated for default, Sunhillo will require Seller to deliver to Sunhillo any supplies and materials, manufacturing materials, and manufacturing drawings that Seller has specifically produced or acquired for the terminated portion of the PO. Sunhillo shall pay the PO price for completed supplies delivered and accepted. Sunhillo and Seller shall agree on the amount of payment for all other deliverables.

9.3. Seller shall not be liable to Sunhillo for delays in performance occasioned by or caused beyond Seller's reasonable control and without its fault or negligence, including but not limited to acts of God or of the public enemy, acts of the government in its sovereign capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of Seller's suppliers at any tier provided, however, that the delays of Seller's suppliers at any tier are beyond the control of both Seller and its suppliers and without fault, or negligence of either.

9.4. Seller shall promptly notify Sunhillo Buyer, if Seller is the subject of any petition in bankruptcy.

9.5. The rights and remedies of Sunhillo in this clause are in addition to any other rights and remedies provided by law or under this PO.

## **10. TERMINATION FOR CONVENIENCE**

Termination for the Government's (Sunhillo) Convenience. In cases where the Government reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, the Seller shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of this contract, the Seller shall be paid a percentage of the contract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges the Seller can demonstrate to the satisfaction of the Government using its standard record keeping system, to have resulted from the termination. The Seller shall not be required to comply with the Cost Accounting Standards or contract cost principles for this purpose. The Seller shall not be paid for any work performed or costs incurred, which reasonably could have been avoided.

## **11. CHANGES**

11.1. Sunhillo may at any time, by a written Order, make changes within the general scope of this PO, in any one or more of the following:

- i. The drawings, designs, or specifications where the goods to be furnished are to be specially manufactured for Sunhillo in accordance therewith;
- ii. Description of services to be performed;
- iii. The method of shipment or packing;
- iv. The place of delivery, inspection and acceptance;
- v. The amount of property or services furnished or to be furnished to Seller. If such Order causes a change in the cost of, or the time required for, performance of this PO, an equitable adjustment shall be made in the price and/or delivery schedule, and in such other provisions of this PO that are affected. Such adjustment shall be accomplished by a written amendment to this PO signed by both parties. Any claim by Seller for such adjustment must be made within twenty (20) days from the date of receipt of such change, although Sunhillo in its sole discretion may receive and act upon any such claim at any time before final payment.

11.2. Seller shall have the capability to accept such changes and update their records to replace the old revision with the new revision of the drawings, designs, or specifications.

11.3. Only Sunhillo Buyer is authorized on behalf of Sunhillo to issue changes whether formal or informal. If any direction or instruction by Sunhillo personnel is deemed by Seller to constitute such a change, the Seller shall not rely upon such instruction or direction without the written confirmation of Sunhillo Buyer.

11.4. Nothing in this clause, including any disagreement with Sunhillo as to the equitable adjustment to be made shall excuse Seller from proceeding with the PO as changed.

**12. INFORMATION DISCLOSED TO SUNHILLO**

Except for information specifically identified in writing as proprietary in Seller's proposal to Sunhillo prior to award of this PO, any knowledge or information which Seller has disclosed or may hereafter disclose to Sunhillo in connection with the purchase of the goods and services covered by this PO shall not, unless otherwise specifically agreed upon in writing by Sunhillo, be deemed to be confidential or proprietary information; and it shall be acquired by Sunhillo free from any restrictions regarding its use or disclosure.

**13. INFORMATION DISCLOSED TO SELLER**

Seller shall keep confidential all information, drawings, specifications, or other data "Sunhillo Information" either:

- a. furnished by Sunhillo and captioned as confidential or Sunhillo Proprietary; or
- b. prepared by Seller specifically in connection with the performance of this PO and Seller shall not divulge or use such "Sunhillo Information", drawings, specifications or data to provide goods or services to any other customer, nor shall seller export "Sunhillo Information" without the expressed approval of Sunhillo.

Except as required for the efficient performance of this PO, Seller shall not make copies or permit copies to be made without the prior written consent of Sunhillo. Seller shall thereafter make no further use, either directly or indirectly, of any such information, drawings, specifications, data, or of any derivation without obtaining Sunhillo's written consent. Proprietary data is to be returned to Sunhillo or destroyed with a destruction certificate supplied to Sunhillo when the proprietary data is no longer needed. This clause shall not apply to information after its entry into the public domain otherwise than as a result of a breach of this clause, nor shall it limit any rights the Government may have in such information.

**14. INFORMATION SECURITY**

Seller shall maintain data protection processes and systems sufficient to adequately receive and protect specifications, information, data, drawings, software, and other items which are (i) supplied to Seller by Sunhillo, or (ii) obtained or developed by Seller in the performance of this Purchase Order or paid for by Sunhillo (collectively, "Sunhillo Data"), and to comply with any law or regulation applicable to such data. If an event occurs whereby Seller knows, or reasonably believes, that Sunhillo Data has been actually or potentially disclosed to, or accessed or acquired by, an unauthorized individual or individuals ("Security Incident"), Seller shall (i) use commercially reasonable efforts to investigate, contain, and remediate the Security Incident, and (ii) notify Sunhillo in writing promptly, but not later than seventy-two (72) hours after discovering the Security Incident. The obligations contained in this Section are in addition to, and do not alter, Seller's obligations under applicable U.S. Government Procurement Regulations.

**15. CUSTOMER SUPPLIED MATERIAL**

- 15.1. Sunhillo may furnish Seller property owned by either Sunhillo or its customer and required by Seller for the performance of the work under this PO, or have Seller acquire property for Sunhillo or its customer's account (hereafter referred to as "Customer Supplied Material" or "CSM"). This may include, without limitation, tools, equipment or material of every description, and any replacement thereof or any material affixed or attached thereto.
- 15.2. Title to CSM shall not vest in Seller. Title thereto shall not be affected by the incorporation or attachment thereto of any property not owned by Sunhillo or its customer; nor shall any CSM or any part thereof, be or become a fixture or lose its identity because it is affixed to any realty. Seller shall maintain property control records of CSM consistent with good business practice and as may be prescribed by Sunhillo. Seller shall issue such reports as Sunhillo may require. Seller shall cause all CSM to be clearly marked (if not so marked) to show that it is property of Sunhillo or its customer.
- 15.3. Except as may be authorized by Sunhillo in writing, CSM shall be used only for the performance of this PO.
- 15.4. Seller shall, in accordance with sound industrial practice and without additional charge to Sunhillo, maintain in operating condition, repair, protect, and preserve CSM until disposed of by Seller in accordance with this clause.
- 15.5. Seller assumes the risk of, and shall be responsible for, any loss of or damage to CSM in Seller's possession except for reasonable wear and tear resulting from performance of this PO.
- 15.6. Sunhillo (and its customer where the CSM is customer owned or financed) shall at all reasonable times have access to the premises wherein any CSM is located.

**16. WORK ON SUNHILLO OR ITS CUSTOMER'S PREMISES**

- 16.1. If this PO involves work by Seller on the premises of Sunhillo or its customers, Seller shall comply with all safety and security regulations and shall take all precautions required by any of these or otherwise necessary to prevent the occurrence of any injury to person or property during the progress of such work. Seller shall promptly inform Sunhillo of any such injury or damage.
- 16.2. Seller shall provide timely notice to Sunhillo prior to the introduction to the premises of any hazardous material as defined in any Federal, state or local law or ordinance or in any lawful order, rule or regulation there under applicable to the premises. Seller shall equip its employees, agents and subcontractors, for the use of such hazardous material, and for such other hazardous materials, as identified by Sunhillo or its customer on the premises.



## **17. NON-ASSIGNMENT**

Neither this PO nor any rights or obligations under it shall be assigned to third parties by Seller without the prior written consent of Sunhillo. However, claims for any payment due or to become due under this PO may be assigned by Seller without such consent, if Sunhillo is promptly furnished with written notice and a signed copy of any such assignment. Payment to an assignee of any such claim shall be subject to set off or recoupment for any present or future claim or claims, which Sunhillo may have against Seller.

## **18. COMPLIANCE WITH LAWS**

- 18.1. Seller and any product provided hereunder shall comply with the applicable provision of all Federal, state, and local laws and ordinances and all lawful orders, rules, and regulations there under; and such compliances shall be a material requirement of this PO.
- 18.2. Seller represents that the goods to be furnished hereunder were or will be produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended.
- 18.3. Seller warrants that each chemical substance constituting or contained in goods sold or otherwise transferred to Sunhillo hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (15 U.S.C. Sec 2601 at seq.) as amended.
- 18.4. Seller shall provide to Sunhillo with each delivery any Material Safety Data Sheet applicable to the goods and containing such information as required by the Occupational Safety and Health Act and regulations.

## **19. QUALITY**

Seller shall be certified to and maintain a Quality Management System that is registered to ISO 9001:2015. Seller shall be able to provide an ISO certificate from an accredited registrar upon request. Buyer and, when required, its customer shall have the right to conduct initial and ongoing supplier audits on Seller's premises with sufficient notification. Supplier surveys shall be completed on a periodic basis and returned to the Sunhillo Quality representative in a timely manner.

## **20. SECURITY**

In order to securely control relevant information systems:

- Seller must implement the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171, "Protecting CUI in Nonfederal Information Systems and Organizations" to safeguard covered contractor information systems.
- Seller must report cyber incidents directly to the DoD that affect a covered contractor information system, or covered defense information/CUI, or your ability to execute the requirements of the contract.
- If discovered and isolated in connection with a reported cyber incident, Seller must submit the malicious software to the DoD Cyber Crime Center (DC3).
- Seller must preserve and protect all relevant information related to the cyber incident to respond, should the DoD choose to conduct a damage assessment.

## **21. STANDARDS ON SLAVERY AND HUMAN TRAFFICKING**

The United States Government has adopted a policy prohibiting trafficking in persons including the trafficking-related activities. Buyer sets forth the following Company Standards that its suppliers must meet in order to do business with Buyer:

- Suppliers shall operate in full compliance with the laws of their respective countries and with all other applicable laws, rules and regulations.
- Suppliers shall employ only workers who meet the applicable minimum legal age requirement for employment in the country or countries in which they are doing business.
- Suppliers shall not employ any prison, indentured or forced labor.
- Suppliers must comply with all applicable laws, regulations and industry standards on working hours and working conditions.
- Suppliers must certify that materials incorporated into goods provided to Buyer comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.
- Suppliers shall comply with FAR 52.222-50 and (1) has implemented a compliance plan to prevent activities identified at FAR 52.222-50(b); (2) will monitor, detect, and terminate any agent, subcontract, or subcontractor employee engaging in those prohibited activities; and (3) after having conducted due diligence, either to the best of the Supplier's knowledge and belief, neither it nor any of its agents, subcontractors, or their agents is engaged in any such activities, or if any abuses relating to any of the prohibited activities have been found, the Supplier has taken the appropriate remedial and referral actions.

## **22. U.S. FAR/DFARS CLAUSE FLOW-DOWN**

The Federal Acquisition Regulation (FAR) is the principal set of rules in the Federal Acquisition Regulation System. All FAR and Defense Federal Acquisition Regulation Supplements (DFARS) clauses cited in the PO, where applicable by their terms, are incorporated herein by reference as if set forth in full text. The full text of all clauses incorporated by reference is available at <http://www.acquisition.gov/>. If so identified, this Order is a "rated order" certified for national defense use and Seller shall follow all the requirements of the Defense Priorities and Allocation System (DPAS) Regulation (15 C.F.R. Part 700).

### **23. COUNTERFEIT PRODUCTS**

For purposes of this clause, goods are any tangible items delivered under this order, including without limitation the lowest level of separately identifiable items, such as parts, articles, components, and assemblies. "Counterfeit Goods" are goods that are or contain items misrepresented as having been designed, produced, and/or sold by an authorized manufacturer and seller, including without limitation unauthorized copies, replicas, or substitutes. The term also includes authorized goods that have reached a design life limit or have been damaged but are altered and misrepresented as acceptable. Seller agrees to comply with SAE AS5553 and shall ensure that Counterfeit Goods are not delivered to Sunhillo. Goods delivered to Sunhillo or incorporated into other Goods and delivered to Sunhillo shall be new and shall be procured directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by Sunhillo. When requested by Sunhillo Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. In the event that Work delivered under this Agreement constitutes or includes Counterfeit Goods, Seller shall, at its expense, promptly replace such Counterfeit Goods with authentic Goods conforming to the requirements of this Agreement. Notwithstanding any other provision in this Agreement, Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Goods, including without limitation Sunhillo costs of removing Counterfeit Goods, of reinserting replacement goods, and of any testing necessitated by the reinstallation of Goods after Counterfeit Goods have been exchanged. Seller shall include equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as goods to Sunhillo.

### **24. COTS TRACEABILITY**

DFAR 252.246-7007 requires suppliers to maintain traceability of the COTS supply chain from the supplier back to the OEM. Sunhillo suppliers are required to provide certification and traceability documentation from manufacturers, where available referencing manufacturer's batch identification information such as date codes, lot codes, or serial numbers.

## **25. CONFLICT MINERALS**

Section 1502(b) of HR4173, the Dodd – Frank Wall Street Reform and Protection Act of 2010 passed in July 2010 is an attempt to prevent rebel groups in the Democratic Republic of Congo (DRC) from illegally using profits from the material trade to fund their activities. As a result of this act the U.S. Securities and Exchange Commission (SEC) has adopted final rules to implement reporting and disclosure requirements related to "conflict minerals." The rules require manufacturers who file certain reports with the SEC to disclose whether the products they manufacture or contract to manufacture contain "conflict minerals" that are "necessary to the functionality or production" of these products. The definition of "conflict minerals" refers to gold, tin, tantalum and tungsten, the derivatives of cassiterite, columbite-tantalite and wolframite, regardless of where they are sourced, processed or sold. Sunhillo, as a privately held corporation, is not subject to the Conflict Minerals reporting requirements; however, as a supplier to publicly traded companies, we are committed to helping our customers comply with their reporting requirements to the best of our ability. To ensure compliance with this policy we ask our suppliers to undertake reasonable due diligence with their supply chains to assure that specified metals are only being sourced from mines and smelters outside the "conflict region" or from mines and smelters that have been certified by an independent third party as "conflict free."

If requested by Buyer, Seller and its suppliers shall complete the latest template of the Conflict Minerals Reporting Template (CMRT) to disclose information of the supply chain with respect to 3TG (Tantalum, Tin, Gold, Tungsten) and providing a listing of smelters. The latest CMRT template is available from [assentcompliance.com](http://assentcompliance.com). The completed template shall be returned to the Buyer on a yearly basis in a timely manner.

## **26. SPECIALTY METALS**

Seller shall comply with the following specialty metals clauses:

- DFARS 252.225-7008 Restriction on Acquisition of Specialty Metals
- DFARS 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals
- DFARS 252.225-7014 Preference for Domestic Acquisition of Specialty Metals

## **27. REACH / SVHC AND RoHS**

Sunhillo products must not contain above the regulated percentage weight (w/w) threshold of any Substance of Very High Concern (SVHC) on the European Chemicals Agency (ECHA) candidates list as required under European Union Regulation (EC) 1907/2006 (REACH). The candidate list (<http://echa.europa.eu/web/guest/candidate-list-table>) is regularly updated and now includes over 200 substances. Sunhillo products must also be compliant with the European Union Directive 2011/65/EU (RoHS2) as amended by Directive (EU) 2015/863 (RoHS3).

Sunhillo needs to ensure that the substances specified in the above European Union Regulations and Directives are not intentionally included ingredients in the manufacturing or packaging of any of our products except where specific, active exemptions apply. Seller is required to notify Sunhillo in writing if any products provided to Sunhillo contain substances exceeding current EU RoHS / REACH acceptable levels.

**28. SHELF LIFE**

- 28.1. Seller shall identify materials having definite characteristics of quality degradation or drift with age and/or the environment.
- 28.2. Seller shall provide a copy of the manufacturers Certificate of Conformance (C of C) that defines the shelf life characteristics of any material that fits into this category that contains the following information:
  - a. Name of materials
  - b. Manufacturer Date
  - c. Batch and/or lot numbers
  - d. Expiration Date
  - e. Special storage conditionsSeller's certificate should be traceable to the place of procurement or manufacturer.
- 28.3. Identification shall indicate the date and/or cycle that the critical life was initiated and the date and/or cycle at which the useful life will be expended.
- 28.4. If environment is a factor in determining useful life, identification shall also include the storage temperature, humidity, etc., required to achieve the stated useful life.
- 28.5. In no case shall materials or articles be supplied to Sunhillo with less than 85% of its useful life or cycles remaining

**29. PUBLIC RELEASE OF INFORMATION**

No public release (including, without limitation, photographs, films, announcements, denials or confirmations of same) on any part of the subject matter of this PO or any phase of any program hereunder shall be made without the prior written approval of Sunhillo.

**30. EXTRA CHARGES**

The price stated on the PO covers all work required by Seller to satisfy the requirements of the PO.

**31. SECURITY INTERESTS**

Seller shall cooperate with Sunhillo in executing such documents as Sunhillo deems appropriate to protect the security interest of Sunhillo and Sunhillo customers in Seller's work-in-process and CSM.

**32. FOREIGN PURCHASES**

(Applies if the PO involves goods imported into the U.S.)

- 32.1. If elsewhere in this PO Sunhillo is indicated as importer of record. Seller warrants that all sales hereunder are or will be made at not less than fair value under the United States Anti- Dumping Law (19 U.S.C. 1673 et seq.).
- 32.2. If elsewhere in this PO Sunhillo is not indicated as importer of record, then Seller agrees that:

- i. Sunhillo will not be a party to the importation of goods, the transaction(s) represented by this PO will be consummated after importation, and Seller will neither cause nor permit Sunhillo name to be shown as "Importer of Record" on any customs declarations; and
- ii. Upon request and where applicable, Seller will provide to Sunhillo Customs Form 7543 entitled "Certificate of Delivery," properly executed.

### **33. PATENT INDEMNITY**

The Seller shall indemnify Sunhillo, its officers, employees and agents against liability, including costs, for actual or alleged direct or contributory infringement of any U.S. or foreign patent, trademark or copyright arising out of the performance of this contract. Seller shall at its expense and Sunhillo's or its customer's option undertake one of the following:

- a. obtain for Sunhillo and its customer the right to continue the use of such goods or services;
- b. in a manner acceptable to Sunhillo and its customer, substitute equivalent goods or services or make modifications thereto so as to avoid such infringement and extend this indemnity thereto; or
- c. refund to Sunhillo an amount equal to the purchase price for such goods or services plus any excess costs or expenses incurred in obtaining substitute goods or services from another source.

### **34. LIMITATIONS OF ACTION**

Seller hereby agrees to waive all applicable statutes of limitations applicable to any Sunhillo action against Seller under this PO until one (1) year after all such statutes applicable to any action by Sunhillo Customer against Sunhillo based on alleged breaches of requirements of Sunhillo higher-tier contract occurring, in whole or in part, by reason of the alleged actions or inaction's of Seller constituting noncompliance by Seller with requirements of this PO.

### **35. CONTROVERSIES**

35.1. In the event that Seller asserts any claim against Sunhillo for additional compensation or damages for breach of contract; and if such claim, if valid, would entitle Sunhillo to relief, in whole or in part, under Sunhillo higher tier contract; Seller shall institute no action or suit against Sunhillo in any court; until Sunhillo has exhausted its remedies (unless not otherwise timely pursued) under such higher tier contract before any relevant contracting officer, board of contract appeals, and courts, (hereinafter collectively "Adjudicative Bodies"); and the findings of fact and conclusions of law of such Adjudicative Bodies, if Sunhillo shall have afforded Seller an opportunity to participate in proceedings before such Adjudicative Bodies, shall be binding as collateral estoppel on Sunhillo and Seller. On all other issues, the findings of fact and conclusions of law of such Adjudicative Bodies shall be binding as collateral estoppel upon Sunhillo and Seller, if Sunhillo shall have afforded Seller an opportunity to participate in proceedings before such Adjudicative Bodies.

35.2. In the event that a contracting officer under Sunhillo higher-tier contract renders any decision whereby any action or failure to act on the part of Seller is held to render Sunhillo in default of its obligations under such higher-tier contract, such decision shall be binding upon Seller; if Sunhillo shall afford Seller an opportunity to participate in proceedings before an appropriate Adjudicative Body.

35.3. In no event shall decisions of Adjudicative Bodies contemplated by this clause determine issues of fact or of law between Sunhillo and Seller not cognizable before such Adjudicative Bodies.

**36. INDEPENDENT CONTRACTOR STATUS**

SELLER is, and shall remain, an independent contractor during the performance of this PO.