



### **Supplier Terms and Conditions**

- 1) The complete KTK Purchase Order Number and line item Number must appear on all invoices, packing lists, bills of lading, and correspondence.
- 2) The part number, revision, manufacturer, manufacturer's part number and quantity must be on the packing list and packaging accompanying the parts and must match the P.O. (Order) exactly.
  - a. Supplier shall comply with all specifications.
  - b. Supplier shall use the delivery system or shipping method noted on the P.O.
  - c. Any marking on the product or packaging must be legible.
- 3) Seller shall establish and maintain a quality management system for the goods or services purchased under the Order. Seller shall permit Buyer to review procedures, practices, processes, and related documents to determine such acceptability. Seller shall have a continuing obligation to promptly notify Buyer of any known or reasonably suspected violation of or deviation from Seller's approved inspection/quality control system and to advise Buyer of the quantity and specific identity of any goods delivered to Buyer that may be affected
- 4) Supplier shall only tender goods to KTK that have passed inspection in accordance with the applicable inspection system and conform to all requirements of an order. The product and packaging shall contain no physical damage. Product and packaging shall have no foreign objects present and shall be free of FOD. FOD is defined as any damage attributed to a foreign object that can be expressed in physical or economic terms which may or may not degrade the product's required safety and/or performance characteristics.
  - a. Supplier must notify KTK in writing of changes to goods and/or processes, changes of suppliers, changes of manufacturing location, and where required, obtain KTK's approval for any changes that impact goods or services on P.O.'s.
- 5) Supplier must notify KTK in writing of any nonconforming product. Supplier must obtain KTK written approval for nonconforming product disposition. With respect to rejected nonconforming goods, KTK may at its election and Supplier's risk and expense (i) hold nonconforming Goods for Supplier, or (ii) return nonconforming
  - a. Goods to Supplier for, at KTK's option, either a full credit or refund, or replacement Goods to be received within 24 hours of nonconformity notification.
- 6) Hazardous materials such as solvents and chemicals must be properly labeled.

- 7) Time is of the essence in Supplier's performance of an Order. Supplier shall deliver Goods and perform Services by the requested delivery date. Shipments must dock at KTK no more than 5 calendar days before the KTK Request Date through the Supplier's Commit Date to be considered "On- Time".
- 8) Supplier shall indemnify and save harmless KTK, KTK's insurers and KTK's Affiliates and their employees, agents, officers, and directors for and from all suits, claims, judgments, awards, losses, damages, costs or expenses (including attorneys' fees) relating to, arising out of, or caused by the performance hereunder, any act or omission of Supplier or any Goods or Services.
- 9) Supplier shall at any time, and after reasonable notice by KTK, (i) grant to KTK, KTK's Customers and/or to any competent regulatory authority, unrestricted access to (or if requested by KTK, provide copies to KTK) Supplier's books and records (including, without limitation, agreements and technical inspection and quality records, but excluding financial books and records), wherever such books and records may be located (including third party repositories), and (ii) provide KTK, KTK's Customers and/or any such authority the right to access, and to perform any type of inspection, test, audit, or investigation at Supplier's premises, including manufacturing and test locations for the purpose of enabling KTK to verify compliance with the requirements set forth in the Order or for any other purpose indicated by KTK's Customers and/or said authority in connection with the design, development, certification, manufacture, sale, use and/or support of the Goods. Supplier and its subcontractors shall furnish all reasonable facilities and assistance for the safe performance of the inspection, test, audit and/or investigation.
- 10) Supplier shall maintain complete inspection records for all Goods which shall be available to KTK during performance of an Order and until the later of: (i) ten (10) years after final payment, (ii) final resolution of any dispute involving the Goods delivered hereunder, (iii) the latest time required by an Order, (iv) the latest time required by applicable laws and regulations, (v) the latest time required by the ASQR-01 version effective as of the date of the Order, or (vi) as otherwise directed by KTK.
- 11) Any corrective action requested by KTK, KTK's Customers and/or any said authority following any such inspection, test, audit, or investigation shall be implemented by Supplier at no cost.
- 12) All material, including information, required to be furnished to Supplier under the Order shall be delivered as specified in the Order in sufficient time to enable Supplier's timely performance. KTK furnished items and KTK funded items shall be used only for the purposes of KTK's Orders.
- 13) Title to all tooling, test equipment, and material identified as a separate line item under this or any previous Orders or referred to in any agreement between KTK and Supplier and fabricated or acquired by Supplier shall vest to KTK.
- 14) Upon KTK's request, Supplier shall provide an annual written inventory of KTK's items, including certification of compliance and proof of adequate insurance with KTK's instructions.
- 15) KTK may, by written notice, terminate the Order or any portion thereof, for default without any liability or obligation whatsoever to Supplier for the portion terminated, in the following circumstances:
  - a. Supplier fails to perform any obligation hereunder, including a delivery obligation; (ii) when KTK has reasonable grounds for insecurity, and Supplier fails to provide adequate assurances of performance within ten (10) days

following KTK's demand therefore; or (iii) should Supplier become insolvent, become unable to pay its debts as they mature, made a general assignment for the benefit of creditors, have a receiver appointed for the whole or any substantial part of its assets, or become in any way the subject of a bankruptcy petition.

- 16) "Proprietary Information" shall mean all information, knowledge, or data (including without limitation financial, business, and product strategy information, product specifications, product designs, procedures, studies, tests, and reports) in written, electronic, tangible, oral, visual, or other form:
  - a. disclosed by or obtained from KTK, or
  - b. conceived, created, acquired, or first reduced to practice in connection with the Order. If KTK furnishes sample products, equipment, or other objects or material to Supplier, the items so received shall be used and the information obtained from said items shall be treated as if they were Proprietary Information disclosed in connection with the Order.
- 17) Any subcontracting by Supplier, without KTK's prior written consent, shall be wholly void and invalid. In the case of any subcontracting or approved delegation of any of its responsibilities or obligations hereunder, Supplier shall be solely and fully responsible for monitoring said suppliers under all provisions of the applicable subcontracts and for ensuring that each of its suppliers comply with the requirements set forth herein. Supplier shall remain fully liable to KTK for, and shall be KTK's sole point of contact for, all aspects of proper performance of the Order.
- 18) Without limiting Supplier's duty to hold harmless and indemnify hereunder, Supplier agrees to secure and carry as a minimum the following insurance with respect to all work to be performed under the Order for the duration of the Order: (i) Workers' Compensation Insurance in an amount sufficient by virtue of the laws of the U.S., state, or other governmental subdivision ; (ii) Employer's Liability Insurance in the minimum amount of \$1,000,000 for any one occurrence; (iii) Commercial General Liability Insurance including Premises Liability and Contractual Liability shall be at a minimum a combined single limit of \$5,000,000 for any one occurrence.
- 19) The organization shall plan, implement, and control processes, appropriate to the organization and the product, for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to the customer.
  - a. NOTE: Counterfeit part prevention processes should consider:
  - b. training of appropriate persons in the awareness and prevention of counterfeit parts.
  - c. application of a parts obsolescence monitoring program.
  - d. controls for acquiring externally provided product from original or authorized manufacturers, authorized distributors, or other approved sources.
  - e. requirements for assuring traceability of parts and components to their original or authorized manufacturers.
  - f. verification and test methodologies to detect counterfeit parts.
  - g. monitoring of counterfeit parts reporting from external sources.
  - h. quarantine and reporting of suspect or detected counterfeit parts
- 20) The supplier shall make their employees aware of their contributions to:
  - a. product or service conformity.
  - b. product safety.
  - c. the importance of ethical behavior

- 21) COMPLIANCE WITH LAWS. Seller understands and acknowledges that Buyer is committed to compliance with all domestic and foreign laws affecting its business and operations. Seller agrees that in performing its duties under the Order, Seller will conduct itself in strict adherence to all applicable laws, rules, and regulations.
- 22) EXPORT CONTROLS. (a) The parties acknowledge that information exchanged pursuant to the Order may be subject to U.S. export control laws and regulations. Each party shall comply with all applicable U.S. export control laws and regulations including, but not limited to, the Arms Export Control Act (22 USC 2751- 2794), and the International Traffic in Arms Regulation (ITAR) (22 CFR 120 et seq.), and the Export Administration Act (50 USC app. 2401-2420), including the Export Administration Regulations (EAR) (15 CFR 730- 774), and the export control regulations propounded by the United States Department of Energy at 10 CFR Part 810 (collectively hereinafter referred to as "Export Regulations"), and including the requirement for obtaining any export license, agreement or applicable exemption or exception, if applicable. Without limiting the foregoing, Seller agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Seller's sub tier supplier or subcontractor, without the authority of an export license, agreement, or applicable exemption or exception. Seller agrees to notify Buyer's Authorized Representative if any deliverable under the Order is restricted by export control laws or regulations unless such export-controlled item originates with Buyer and is incorporated into the deliverable under the Order. (b) Seller shall immediately notify Buyer's Authorized Representative if Seller is, or becomes, listed in any Denied Parties List or if Seller's export privileges are otherwise denied, suspended, or revoked in whole or in part by the Government. (c) If Seller is engaged in the business of either exporting from the United States or manufacturing within the United States (whether exporting or not) defense articles or furnishing defense services, Seller represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR. (d) Where Seller is a signatory under a Buyer export license or export agreement (e.g., TAA, MLA), Seller shall provide prompt notification to Buyer's Authorized Representative in the event of changed circumstances including, but not limited to, ineligibility, a known violation or potential violation of the ITAR, and the known initiation or existence of a Government investigation, that in Seller's reasonable judgment could affect the Seller's performance under the Order. (e) In the event that any required approvals, clearances, and/or export or import authorizations cannot be obtained or maintained (or there is an extraordinary, significant delay in obtaining them), Seller shall immediately provide written notification to Buyer's Authorized Representative. (f) Seller will ensure that all U.S. federal government export control requirements are conveyed to all sub-tier suppliers or subcontracts, as applicable
- 23) All Calibration must be performed to NIST or ISO/IEC standards, when no such standards exist, the basis used for calibration or verification shall be retained as documented information.
- 24) CONFLICT MINERALS Upon request of Buyer, Seller shall determine whether any Goods contain tin, tantalum, tungsten, gold or any other materials that are designated under applicable rules of the United States Securities and Exchange Commission ("SEC") as a "conflict mineral". If no Goods contain one or more conflict minerals that are necessary to the functionality or production of such Goods within the meaning of applicable SEC rules and interpretations, Seller shall, upon request, certify same to Buyer. If any Goods contain one or more conflict minerals,

Seller shall certify to Buyer the country of origin of any such conflict mineral(s) or that the conflict mineral(s) came from recycled or scrap sources within the meaning of those terms under applicable SEC rules. If Seller is unable to identify the country of origin, and the conflict mineral(s) in question did not come from recycled or scrap sources, Seller shall in good faith conduct an inquiry of its relevant suppliers as to the country of origin of such conflict mineral(s), and such inquiry shall comply with then-existing standards under SEC rules for the conduct of a reasonable country of origin inquiry. In the event that Seller is or becomes aware that any conflict mineral(s) that are necessary to the functionality or production of any Goods originated from a "covered country" within the meaning of the SEC's conflict minerals rules and did not come from recycled or scrap sources, Seller shall make a good faith effort to determine whether such conflict minerals came from a processing facility certified as conflict free by a recognized industry group that requires an independent private sector audit of the smelter or from an individual processing facility that has obtained an independent private sector audit that is publicly available, and to provide written documentation of such determination. Seller shall also take such additional actions and provide such additional information requested by Buyer as may be necessary in order for Buyer to be or remain compliant with applicable laws, rules and regulations relating to conflict minerals

- 25) ROHS) Material Content and Labeling. Supplier Covenants that each chemical substance or hazardous material constituting or contained in the Products is suitable for use and transport and is properly packaged, marked, labeled, documented shipped and/or registered under applicable Law. Supplier Covenants that none of the Products contains any chemicals that are restricted or otherwise banned under the Montreal Protocol, the Stockholm Convention on Persistent Organic Pollutants, the U.S. Toxic Substances Control Act, the European Union's Restrictions on Hazardous Substances and REACH legislation, and other comparable chemical regulations, unless Buyer expressly agrees in writing. Upon request from Buyer, Supplier shall provide Buyer with safety data sheets, the chemical composition, including proportions or nanoscale properties, of any substance, preparation, mixture, alloy or Products supplied under this Order and any other relevant information or data in all readily available languages. The term "hazardous material" as shall mean any substance or material regulated on the basis of potential impact to safety, health or the environment pursuant to applicable Law. To ensure that Buyer may utilize the Products in compliance with applicable Laws, such as Regulation 1907/2006/EC ("REACH") and EU Directive 2011/65/EU ("RoHS Directive"). Supplier agrees to notify Buyer immediately in writing should it or any of its Subcontractors determine that non-compliant Products have been shipped and to provide Buyer with the identification number(s) of the non-compliant Products and stop shipping non-compliant products.
- 26) Subcontractor Flow-downs for U.S. Government Contracts. Where the Products being procured by Buyer from Supplier are in support of KTK government contracts flowdown clauses may be found at [www.ktkthermal.com/suppliers](http://www.ktkthermal.com/suppliers). A contract number will appear on your PO if you are subject to these flowdowns.