

## KAF Manufacturing Company Terms and Conditions

- Performance Monitoring:** In accordance with our AS9100-based management system, all suppliers of goods or services to KAF Manufacturing will be monitored for quality and delivery performance. Suppliers failing to meet KAF Manufacturing's requirements/expectations will be requested to take corrective action. Suppliers that continually fail to meet requirements/expectations may be removed from our approved list.
- Confidential Information:** All supplies, blueprints, sketches and other technical information furnished by KAF Manufacturing shall be deemed confidential information of KAF Manufacturing. Such information shall not be reproduced, given to or disclosed to any third party without KAF Manufacturing's express written consent.
- Qualification of Personnel:** KAF Manufacturing's suppliers and any sub-contractors will assure the competency of any/all personnel involved in activities performed on behalf of KAF Manufacturing, or our customer. Where special certification of personnel is required, this should be made available to KAF Manufacturing or our customers upon request.
- Ethical Behavior:** As a large percent of our parts are for U.S. Government end-use, suppliers will assure their staff and any consultants or sub-contractors are aware of the importance of ethical behavior and accountability as it pertains to purchases in accordance with these terms. Under no circumstances will anything less than honest & ethical business practices be acceptable by KAF Manufacturing, our customers and other interested parties under the terms of this PO.
- ITAR/EAR Export Controls/Technical Data:** Where drawings and/or POs indicate Export Controls apply, any related information (aka Technical Data) shall be handled as per controls enumerated through the *Export Administration Regulations (EAR)*, implemented by the Department of Commerce for items that have both a commercial and potential military use, and the *International Traffic in Arms Regulations (ITAR)*, implemented by the Department of State. Failure to secure such data may be subject to both criminal and administrative penalties. Fines for export violations, including anti-boycott violations, can reach up to \$1,000,000 per violation in criminal cases, and \$250,000 per violation in most administrative cases.
- DPAS:** Any purchase made referencing **Defense Priorities Allocation System (DPAS)** *DO* or *DX* Ratings shall be handled per *15 CFR Part 700* in accordance with the Department of Defense (DoD) property management system to assure these orders are scheduled and processed ahead of any commercial jobs so as to assure their timely delivery.
- Flow-down of requirements:** KAF Manufacturing requires that you adhere to any/all customer requirements flowed on the PO, drawing, or by other means, including any supplier quality manuals and/or related clauses, and to assure that you have the current revision of said documents. Additionally, as applicable, KAF Manufacturing requires that you flow down all requirements to all interested parties internally and to any sub-tier suppliers performing work on this order.
- Right of entry:** KAF Manufacturing, our customers and any applicable regulatory authorities maintain the right to access the supplier's facility and all applicable records associated with the order, during regular business hours, with limited notice.
- Nonconforming material:** KAF Manufacturing must be notified of nonconforming material in advance of shipment for adequate review and disposition of said product. All such material must be adequately identified and segregated so as to preclude its use. Final disposition/disposal shall be at KAF Manufacturing unless otherwise authorized.
- Change of Process or Product:** KAF Manufacturing must be informed of *and must approve* any change in processes, product or supplier made in the performance of the PO.
- Certification, Inspection, etc.:** KAF Manufacturing may require certifications of compliance, inspection records and/or test specimens as part of this purchase order. Failure to provide these items may result in the rejection of the shipment. Where certificates (such as C of Cs) are required, the certificate will reference the KAF Manufacturing PO number, Part number and revision, customer name or end-use (where indicated) and a statement of compliance.
- Counterfeit Parts:** The Supplier shall certify that only new and authentic materials are used in products or goods delivered to KAF Manufacturing and that the products/goods delivered contain no Counterfeit Parts. No substitutions, reworked or refurbished parts/materials shall be acceptable under the terms of this purchase.
- Foreign Object Debris/Damage.** Supplier is required to establish and maintain a Foreign Object Debris/Damage (FOD) prevention program appropriate to the nature of the product/service provided, that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated, during operations and normal daily tasks.

14. **Conflict Minerals:** Seller hereby certifies and represents to KAF Manufacturing that the products do not include any Conflict Minerals or any of their derivative products as those terms are defined in Section 1502 of the Dodd – Frank Wall Street Reform and Consumer Products Act, and regulations issued thereunder by the Securities and Exchange Commission, (the "Act") that originated in the Democratic Republic of the Congo or any adjoining country and that said certification and representation are based upon Seller making due inquiry as to the origin of the Conflict Minerals used in the products. Seller further agrees to cooperate with and provide such reasonable assistance to KAF Manufacturing as may be required to meet its reporting obligation under the Act.
15. **Packaging and Handling:** As a minimum, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment. In addition, when materials delivered are lot-controlled and multiple material lots are shipped, each lot shall be separately packaged and identified. Vendors are also responsible for handling damage that occurred at their location.
16. **Retention requirements:** Records, whether hard copy or in electronic format, including any test/retain samples, shall be retained for no less than 10 years unless otherwise specified. Upon completion of the retention period, supplier will contact KAF Manufacturing prior to disposal of records for approval.
17. **Revision levels/traceability:** As appropriate, any correspondences, including certifications relating this purchase, must reference, as applicable, current PO, Work Order, Part number, Drawing Revision, batch number, etc.
18. **Calibration & Testing Suppliers:** All such suppliers should maintain a calibration system in accordance with the requirements of ISO 17025, ISO 10012; ANSI Z-540-1, ANSI Z540-3, as appropriate. All Inspection Measuring & Test Equipment (M&TE) used by the Supplier during in-process and final inspection to make a compliance evaluation shall be calibrated against measurement Standards traceable to NIST or an equivalent NMI.
19. **Sampling:** Sampling will be performed in accordance with the sample plan approved by the KAF Customer.
20. Customers will specify no sampling will be permitted unless for destructive testing or where data, characteristics or non-critical applications of an article/material indicate a reduction in inspection/test (100%) will not jeopardize quality and then, shall be based on Z 1.4. Otherwise, where sampling plans are used to accept product, all such plans shall be statistically valid and shall yield no less than a C=0 AQL unless otherwise specified.
21. **Purchasing:** Purchasing is the primary contact and liaison between the Supplier and KAF Manufacturing., any questions relating to sales/purchasing should be sent to [kari@ortiztool.com](mailto:kari@ortiztool.com).
22. **Questions:** All questions concerning quality control/assurance requirements are resolved by contacting the KAF Manufacturing's [jack@kaf.com](mailto:jack@kaf.com) or [kevin@kaf.com](mailto:kevin@kaf.com).
23. **Nondiscrimination:** The Seller, or its subcontractor, if any, shall not discriminate against any qualified employee or applicant for employment to be employed in the performance of this contract, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, sex, national origin or ancestry. The Seller, or its subcontractor, if any, agrees to comply with all the provisions contained in the Equal Opportunity Clause, quoted in Executive Order No. 11246 as amended and hereby Incorporated in this Purchase Order by reference. As used therein the word "contractor" shall be deemed to mean "Seller," and the word "contract" shall refer to this Purchase Order. In addition, the Seller shall cause this Equal Opportunity Clause to be Included in the subcontracts or purchase orders hereunder unless exempted by rules, regulations and orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246, as amended
24. **Falsification:** The recoding of false, fictitious or fraudulent statements or entries on any paperwork used in the performance work related to an KAF Manufacturing Purchase Order may be punished as a felony under federal statute.
25. **FAR 52.225-1:** Clause I.65 – FAR 52.225-1 – Buy American – Supplies (May 2014); Modified by DEAR 970.2570 (Nov 2010) applies for all materials procured in the fulfillment of this purchase agreement unless otherwise indicated on our Purchase Order.
26. **Note:** Where solicitations exceed \$150K, **FAR 52.209-6**, **FAR 52-203-11** and **FAR 52-203-12** shall apply
27. **Force Majeure:** Neither party shall be liable to the other for any delay or failure in performing its obligations under this Order to the extent such delay or failure is caused by an event or circumstance that is beyond that party's reasonable control, without such party's fault or negligence, and which by its nature could not have been foreseen by such party or, if it could have been foreseen, was unavoidable (a "Force Majeure Event"). Force Majeure Events Include, but are not limited to, acts of God or the public enemy, government restrictions, floods, fire, earthquakes, explosion, epidemic, war, invasion, hostilities, terrorist acts, riots, strikes, embargoes or industrial disturbances. Seller's economic hardship, labor difficulties or changes in market conditions are not considered Force Majeure

Events. Seller shall use all diligent efforts to immediately notify Buyer in writing of any actual or potential Force Majeure Event, end the failure or delay of its performance, ensure that the effects of any Force Majeure Event are minimized and resume performance under this Order. If a Force Majeure Event prevents Seller from carrying out its obligations under this Order for a continuous period of more than ten business days, Buyer may terminate this Order immediately by written notice.

28. **Assignment:** Seller shall not assign, transfer, delegate or subcontract any of its rights or obligations under this Order without Buyer's prior written consent. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment or delegation shall relieve Seller of any of its obligations hereunder. Buyer may at any time assign, transfer or subcontract any or all of its rights or obligations under this Order without Seller's prior written consent.
29. **Relationship of the Parties:** The relationship between the parties is that of independent contractors. Nothing contained in this Order shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever. No relationship of exclusivity shall be construed from this Order.
30. **No Third-Party Beneficiaries:** This Order is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of these Terms.
31. **Governing Law:** All matters arising out of or relating to this Order shall be governed by and construed in accordance with the laws of the State of Connecticut without giving effect to any choice or conflict of law rule that would cause the application of the laws of any other jurisdiction. The United Nations Convention on the International Sale of Goods shall not apply to any matter arising out of or relating to this Order.
32. **Submission to Jurisdiction:** Any legal suit, action or proceeding arising out of or relating to this Order shall be instituted in the federal courts of the United States of America or the courts of the State of Connecticut in each case located in a City and County in Connecticut, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.
33. **Cumulative Remedies:** The rights and remedies under this Order are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.
34. **Notices:** All notices, request, consents, claims, demands, waivers and other communications hereunder (each, a "Notice") shall be in writing and addressed to the parties at the addresses set forth on the face of this Order or to such other address that may be designated by the receiving party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile (with confirmation of transmission) or certified mail (return receipt requested, postage prepaid). Except as otherwise provided in this Order, a Notice is effective only upon receipt of the receiving party and if the party giving the Notice has complied with the requirements of this Section.
35. **Severability:** If any term or provision of this Order is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Order or invalidate or render unenforceable such term or provision in any other jurisdiction.
36. **Survival:** Provisions of this Order which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Order Including, but not limited to, the following provisions: Set-off, Warranties, Indemnification, Intellectual Property, Indemnification, Insurance, Compliance with Laws, Confidentiality, Governing Law, Submission to Jurisdiction and Survival.