

KAYTECH INDUSTRY CORP.
PURCHASE ORDER TERMS AND CONDITIONS

This Agreement constitutes the terms and conditions that shall govern any and all Purchase Orders ("order") issued by Kaytech Industries Corp. ("Buyer") to the party with which Buyer places the Order ("Seller"), for Seller's products ("Product"). Any of the following shall constitute Seller's acceptance of this Order: (1) acknowledgment of this Order; (2) furnishing of any part of the Goods under this Order; (3) acceptance of any payment for the Goods; (4) commencement of performance under this Order. Any additional or different terms proposed by Seller are objected to and are hereby rejected unless the same shall be accepted in writing by Buyer.

1. GENERAL REQUIREMENTS

- 1.1 **ORDER CONFIRMATION:** Order confirmation shall be sent immediately after receiving this Purchase Order, showing acceptance of order requirements including delivery and all terms and conditions set below. No substitutions or exceptions are permitted without Buyer written approval.
- 1.2 **DELIVERY:** Seller shall deliver the products in accordance with the delivery schedule specified by Buyer herein. Seller acknowledges that time is of the essence. In event of delay, Seller shall immediately notify Buyer. Late deliveries are not acceptable and will affect vendor on time delivery rating.
- 1.3 **QUALITY ASSURANCE:** Supplier shall maintain a documented quality system compliant with AS9100, ISO-9001 or equivalent. Buyer maintains the right to conduct periodic reviews of Supplier's quality assurance program, processes and procedures.
- 1.4 **CONFIDENTIALITY:** supplier will not release any information to any other parties with respect to this contract or the subject matter hereof without the prior written consent and approval of Buyer.
- 1.5 **PACKING AND SHIPMENT:** No charges will be made to Buyer for packing, handling, crating, boxing, etc. All such expenses shall be paid solely by the Seller. All shipments shall be prepared in a manner that follows good commercial practice, acceptable to common carrier for shipment at the lowest rate. Products must be packed in a way to prevent damage and deterioration during shipping. Any expense incurred by Buyer as a result of improper preservation, packaging, marking or method of shipment shall be reimbursed by Seller upon Buyer's demand. A complete packing list shall be enclosed with all shipments to include Kaytech P.O. number, item number, description, quantity, cure date (when applicable) and country of origin.
- 1.6 **FOD:** The supplier shall ensure that no Foreign Object Debris (FOD) is present in the products
- 1.7 **NOTIFY:** Supplier will notify Buyer of any change in product and /or process, changes of supplier, changes of manufacturing / supplier location and, where required, obtain Buyer approval.
- 1.8 **PRODUCT RECALL:** In the event that any Product is recalled by Seller, whether voluntarily or as required by law, Seller will notify Buyer and shall bear all costs and expenses of such recall, including without limitation, the costs associated with notifying customers, shipping, and fulfilling obligations to third parties arising from such recall.
- 1.9 **PAYMENT:** Payment for all Products shall be in United States Dollars and shall be remitted to Seller within forty-five (45) days from Buyer's receipt of invoice or receipt of Product.
- 2.0 **SUB-TIER SUPPLIERS FLOW DOWN:** Suppliers shall assure control of quality at all points necessary to conform to this PO's requirements, whether performed by Supplier or by Supplier's sub-tiers. Supplier shall flow down to its sub-tiers all purchase order requirements, any and all applicable sections or subsections of these Terms and Conditions, and shall ensure such portions are inserted in all subcontracts or Purchase Orders at every tier.

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2. NON CONFORMING MATERIAL

- 2.1 **MEETING SPECIFICATIONS:** Item must conform to all applicable drawings, specifications.
- 2.2 **NON CONFORMING MATERIAL:** Kaytech reserve the right to return any item that does not meet order requirements and/or fails incoming inspection, to request RMA and return the parts at vendor expense.
- 2.3 **CAR'S:** will be issued to any nonconforming material. Vendor response is required addressing root cause, short term containment, action to prevent recurrence and verification.
- 2.4 **NOTIFICATION:** it is Seller responsibility to inform Kaytech immediately of any non-conforming product supplied to us and take the proper measures to replace such product at his expense.

3. INSPECTION AND CERTIFICATIONS

- 3.1 **INSPECTION:** All Products to be delivered under this Agreement shall be subject to inspection, surveillance and testing at all times and places, including the place of manufacture, by Seller, by Buyer and its customers. Seller and Seller's subcontractors shall provide and maintain customary and commercially reasonable inspection systems.
- 3.2 **CERTIFICATE OF CONFORMANCE:** COC with signature and title of authorized quality person must be included with shipment. **COC Elements:** The certificate of conformance shall include the following: part number, purchase order number, applicable military specification, and part number revision if any exists, quantity, serial number, lot/heat number, name and address of process facility, and date of certification.
- 3.3 **CERTIFICATE OF MATERIAL AND TEST (COT) AND MFG COC:** shall be provided when requested on Buyer's order.
- 3.4 **TRACEABILITY:** to the original point of manufacture or processing for all components, subcomponents, and/or assemblies is required.
- 3.5 **MATERIAL SHELF-LIFE:** for all materials with shelf life limitations, the remaining shelf life shall be 75% of the original shelf life (minimum) at time of shipping. Manufacturers name, lot number (if applicable) and manufacture date shall be provided with shipment.

4. RIGHT OF ACCESS

- 4.1 **IN-PROCESS VERIFICATION:** Kaytech reserves right of entry to Supplier's facility and any applicable sub-tier supplier facilities for the purpose of verifying compliance with all requirements of this order. Kaytech and any customer or their representative shall have the right to perform in-process inspections, audits and system surveillance as part of the verification process. Supplier shall provide suitable facilities to perform these verifications to Kaytech and any customer or their representative at no cost to Kaytech.
- 4.2 **FIRST ARTICLE: (If First Article called out on Purchase Order):** Complete First Article documentation in accordance with the provisions of SAE AS9102, Aerospace First Article Inspection Requirements, including traceability to point of manufacture, shall accompany First Article product at time of delivery.

5. CONTROL OF COUNTERFEIT MATERIAL

- 5.1 **SELLER WARRANTS** that the goods delivered pursuant to this Purchase Order will only contain materials obtained directly from the Original Component Manufacturer or an authorized Manufacturer reseller or distributor, will not be or contain counterfeit Items, and contain only authentic, unaltered Manufacturer labels and other markings. Seller shall obtain and retain all documentation required to fully trace the distribution and sale of the goods delivered hereunder back to the relevant manufacturer, and, on request of Buyer, shall provide such authenticating documentation. Seller further warrants that it has and shall have an internal Counterfeit Item control process for goods delivered hereunder.

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6. RESTRICTIONS

- 6.1 **ITAR** – International Traffic in Arms Regulations – restrictions on exporting defense and military related technologies listed on the US Munitions List. Buyer must be notified by Seller of such product upon receipt of order. If Buyer decides to go ahead with the order, Seller must put “ITAR” on all documentation related to the product.
- 6.2 **ROHS AND REACH:** when Buyer requires that product be ROHS and/or REACH compliant, then product supplied by Seller must comply with the rules and regulations set forth in the European Union directives regarding the maximum concentrations of certain substances in products.
- 6.3 **CONFLICT MINERALS:** Kaytech maintains a strict policy that no product or materials received, contain Conflict Mineral purchased from DRC (Democratic Republic of Congo) or adjoining countries, in accordance with section 1502 of the Dodd-Frank Act. Seller is prohibited to supply Buyer with product containing Conflict Minerals.

7. RECORDS

- 7.1 **RECORDS RETENTION:** Supplier shall maintain records necessary to verify conformance of supplied products to the conditions of this order. Supplier shall also maintain records of all purchase orders. These records are to be maintained for a minimum of ten (10) years from the date of delivery.

8. WARRANTY

- 8.1 **PRODUCT WARRANTY:** Seller warrants to Buyer that each Product shall be free from defects in design, workmanship, handling, materials and manufacture; in compliance with all the requirements of this Agreement, which shall include the specifications; free from all defects and in compliance with all applicable laws and regulations. The Product Warranty shall inure to the benefit of Buyer, Buyer’s customers and the customers’ end users. Seller agrees to offer non-warranty repairs that are within its capabilities and will provide timely estimates for each non-warranty repair as requested by Buyer.
- 8.2 **LIABILITY:** Seller shall be liable for and save Buyer harmless from any loss, damage, or expense whatsoever that Buyer may suffer from breach of any of these warranties.

9. INDEMNIFICATION

- 9.1 **INDEMNIFICATION:** Seller shall indemnify, defend and hold harmless Buyer and its subsidiaries, affiliates, agents, representatives, customers, successors and assigns from and against any damages, liabilities, costs and expenses (including reasonable attorneys’ fees) arising from: (a) Seller’s breach of this Agreement, (b) failure to comply with any applicable law; (c) any third party claims of injury or damage to a person or property as a result of the use of the Products, or (d) a claim that any Product infringes on any copyright or patent, misappropriates a trade secret or otherwise violates an intellectual property right of a third party.

10. AWARENESS

It is Seller responsibility to make his employees aware of the following: Their importance to product or service conformity. Their contribution to product safety. The importance of ethical behavior.