

General: As a supplier to KLH Industries, Inc., it is understood that when accepting our purchase orders, your organization agrees to meet the following stipulations / AS9100 requirements whenever KLH Industries, Inc. Purchase Orders have an “A” prefix present on the associated Job Number (or contains some similar aerospace/AS9100 reference). An example of this would be Job: A10123. These requirements are, therefore, to be considered as terms and conditions to all aerospace purchases.

1. Where required on the KLH Industries, Inc. Purchase Orders, its suppliers must use KLH Industries, Inc.’s customer-approved special process sources.
2. KLH Industries, Inc. is to be contacted (by the supplier) in the event of nonconforming product/material. Arrangements for the approval of supplier nonconforming product/material must be as directed by a KLH Industries, Inc.’s Project Engineer.
3. Furthermore, the supplier is required to notify KLH Industries, Inc. of any changes to a product and/or process, changes of suppliers, changes of manufacturing facility location and to obtain approval from an authorized KLH Industries, Inc. Project Engineer when applicable.
4. KLH Industries, Inc., their customers, and regulatory authorities retain the right of access to all supplier facilities involved in the aerospace order and to all applicable records.
5. The AS9100 standard requires that all applicable customer/regulatory/AS9100 requirements for the supplier to flow-down to sub-tier suppliers (includes requirements in the purchasing documents and key characteristics where required). However, KLH Industries, Inc. does not allow its aerospace suppliers to subcontract any product or process to a sub-tier supplier without KLH Industries, Inc. expressed written consent.
6. KLH Industries, Inc. performs inspection activities to ensure that purchased product meets purchase requirements. They may include:
 - a. Receiving inspections (of supplier products / services / documents) may be / are performed by a designated employee. KLH Industries, Inc. verifies the authenticity of the appropriate certificate of conformity, material certificates, etc. and other accompanying documentation by review and comparison (as is appropriate) to the drawing and/or industry specifications or by other means. When necessary, KLH Industries, Inc. may inspect or audit at the supplier’s facility.
 - b. Furthermore, products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded (as appropriate). All special processes (anodizing, heat treat etc.) where the compliance cannot be verified by inspections will require a Certificate of Conformity.

7. When appropriate, KLH Industries, Inc. may delegate the inspection authority to one of its approved suppliers. KLH Industries, Inc. will communicate the inspection requirements (including approved monitoring and measurement equipment/methods) and KLH Industries, Inc. will maintain a record of those approved to carry out such inspections.
8. When KLH Industries, Inc. or its customer intends to perform verification at the supplier's premises; KLH Industries, Inc. will first state the intended verification arrangements and the method of product release. This information will be communicated on the KLH Industries, Inc. Purchase Order or via another acceptable purchasing arrangement.
9. Where specified in the contract, the KLH Industries, Inc.'s customer or customer's representative will be afforded the right to verify at the supplier's premises and KLH Industries, Inc.'s premises that subcontracted product conforms to specified requirements. Verification by the customer is not used by KLH Industries, Inc. as evidence of effective control of quality by the supplier and shall not absolve KLH Industries, Inc. or its supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.
10. To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability (and for other reasons), KLH Industries, Inc. will institute controls that include the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation from its suppliers as is appropriate. These requirements may be specified on KLH Industries, Inc.'s Purchase Order or may otherwise be communicated to the supplier.
11. Records are available for review by customers and regulatory authorities in accordance with contract or regulatory requirements. Required record retention minimum 7 years.
12. KLH Industries, Inc. expects 100% on time delivery. If the agreed upon delivery cannot be met, the appropriate KLH Project Engineer must be notified in advance.
13. KLH Industries Inc. requires that products provided by its Approved Suppliers be correct and free of defect per the supplied Purchase Order.
14. KLH Industries, Inc. may also require specific actions where timely and/or effective corrective actions to a supplier issue(s) are not achieved. These actions may include but are not limited to any or all of the following: withholding payment until the issue is resolved, removal of the supplier from KLH Industries, Inc.'s Approved Supplier List, and/or legal action.
15. Employee Awareness - External providers shall ensure that their employees are aware of their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior.

Counterfeit Work

“Counterfeit Work” means product or material that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used work represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

“Suspect Counterfeit Work” means product or material for which credible evidence (including but not limited to, visual inspection or testing) provides reasonable doubt that the work part is authentic.

- a. Seller shall not deliver Counterfeit Work or Suspect Counterfeit Work under this Order.
- b. Seller shall only purchase products to be delivered or incorporated as material to Buyer from an Original Manufacturer (OM), or through an OM authorized distribution chain. Products shall not be acquired from an independent distributor or broker unless Buyer has provided prior written approval.
- c. Seller shall maintain processes to provide Buyer, upon request, the supply chain traceability from the OM, including mills and foundries. If traceability is not maintained or not obtainable, Seller shall include records of evidentiary tests and/or inspections to authenticate product to applicable standards.
- d. Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware or suspects that it has furnished Counterfeit Work or Suspected Counterfeit Work.
- e. If Counterfeit Work or Suspected Counterfeit Work is delivered under this Order, Seller shall at its own expense, promptly replace such Counterfeit Work or Suspected Counterfeit Work with genuine work conforming to the requirements of this Order. Notwithstanding any other provision in this Order, Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Works or Suspected Counterfeit Works including, without limitation, Buyer’s costs of removing Counterfeit Work, of installing replacement products or materials, of any testing necessitated by the re-installation of products or materials after replacement, and any fines or penalties assessed to Buyer as a result of the Counterfeit Work.
- f. Sellers eligible for utilization of the Government-Industry Data Exchange Program (“GIDEP”) shall utilize the GIDEP process to alert the industry of encountered counterfeit product.
- g. Seller shall include this clause in all lower tier subcontracts for the delivery of items that will be included or furnished as product or material to Buyer.

Export Control Clause for Restricted Items:

KLH Industries Inc fully complies with all U.S. export control laws and regulations (“US Export Controls”), including without limitation the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR), and the foreign asset control and specially designated nationals regulations administered by the Office of Foreign Assets Control (OFAC) in the Department of the Treasury. All products, technical data, software or technology to be exchanged between KLH Industries Inc and your company must be handled in compliance with U.S. Export Controls.

As a Term and Condition of Purchase, it is the suppliers’ responsibility to provide KLH Industries Inc with export classification data (USML category and sub category – ITAR) or (ECCN – EAR) on the Items procured from the supplier to enable KLH Industries Inc to control such Items in compliance with U.S. Export Control requirements. Furthermore, KLH Industries Inc requires its suppliers to use at least reasonable efforts to cooperate with and assist KLH Industries Inc in the correct identification and classification of Items provided by the supplier or manufactured to supplier’s requirements, designs and/or specifications, which may be subject to U.S. export control regulations. If the supplier does not or otherwise fails to make reasonable efforts to provide classification information and assist KLH Industries Inc and/or its related companies, as the case may be, to correctly identify or classify supplier Items subject to U.S. export control regulations, then KLH Industries Inc shall have the option, at KLH Industries Inc.’s sole discretion, to (a) return all Items not classified due to your breach of obligations hereunder for a refund in full without penalty, fee or cost to KLH Industries Inc and you shall further reimburse KLH Industries Inc for any additional costs or damages suffered by KLH Industries Inc as a result of procuring replacements, including without limitation delay penalties paid by KLH Industries Inc to its customers, and/or costs of replacement Items over and above the cost of the Items returned to you; or (b) keep the Items not classified due to your breach of obligations hereunder and you shall (i) reimburse KLH Industries Inc for all costs and fees incurred by KLH Industries Inc in classifying the Item(s) for itself (including without limitation) attorneys’ or consultant fees and/or costs associated with preparing, submitting and obtaining a response to a Commodity Jurisdiction request (provided however KLH Industries Inc has no obligation to submit such a Commodity Jurisdiction request); and (ii) indemnify and hold harmless KLH Industries Inc from any violation and/or penalties incurred by KLH Industries Inc and/or its related companies which result or arise from inaccurate classification of Items during the process of exporting the Items from the U.S. and/or during the import process at the country of destination.

The items, goods, technology and services covered hereunder (“Restricted Items”) do not refer only to physical products and tangible items but also includes technical data, software, technology, know-how or other intangibles and services which are subject to the U.S. Export Controls.

The supplier will also ensure that all company personnel who represent the supplier in a visit to KLH Industries Inc will identify their citizenship/nationality. In the event KLH Industries Inc informs Supplier that restricted items will be involved or accessible on a site visit to KLH Industries Inc.’s facility or Supplier otherwise knows that restricted items will be involved or accessible on a site visit to KLH Industries Inc.’s facility, Supplier will only send personnel on such a site visit who are authorized by the U.S. export regulations to receive and work with restricted items.”



Human Trafficking Policy

KLH Industries Inc. strictly prohibits employees, subcontractors, subcontractor employees, and agents from engaging in human trafficking-related activities. These activities include engaging in sex trafficking, procuring commercial sex acts (even if this practice is legal in the jurisdiction where it transpires), using force, fraud, or coercion to subject a person to involuntary servitude, or obtaining labor from a person by threats of serious harm to that person or another person, among others.

Supplier: _____

Supplier's acceptance of these terms and conditions: _____

Printed name: _____ Date: _____

For office use only:

Scope of supplier's approval: _____

KLH Industries, Inc. acceptance: _____ Date: _____