

# Kinovate Life Sciences, Inc. (KLS) Terms and Conditions for Purchase of Goods and Services

## 1. Order of Precedence, Acceptance, Modification.

1.1 Order of Precedence. This purchase agreement and these terms and conditions, together with any signed supply agreement pre-dating this purchase order and specifications, drawings, or other documents referred to, attached, or incorporated by reference into this purchase agreement and/or a signed supply agreement, collectively form the “Agreement” as that term is used herein. This Agreement supersedes any prior or contemporaneous communications, representations, agreements, promises, or negotiations respecting the subject matter of this Agreement, unless otherwise agreed in writing signed by both parties. If there is an irreconcilable conflict among the provisions of the documents comprising this Agreement, the following order of precedence applies: (a) a signed supply agreement; (b) this purchase agreement; (c) specifications and drawings; (d) these terms and conditions; (e) any other documents incorporated by reference. The terms of this Agreement can only be amended or superseded by a mutually signed agreement that states an express intention to amend or supersede the terms herein.

1.2 Acceptance. Each purchase order is for the purchase of goods, services, or both described on the face of each purchase order (collectively, “Goods”) and is issued by KLS and/ or its affiliate(s) identified on the face of each purchase order. Each purchase order is deemed accepted upon the earlier of the return within three (3) days of a signed acknowledgment copy of each purchase order or the commencement of performance by Supplier. KLS rejects any additional or inconsistent terms and conditions offered by Supplier at any time. Any reference to Supplier’s quotation, bid or proposal does not imply acceptance of any term, condition, or instruction contained in such document. No course of prior dealing or usage of the trade may modify, supplement, or explain any terms used in this agreement.

1.3 Modification. No change to or modification of this Agreement will be binding upon the parties hereof unless in writing, specifically identifying that it amends this Agreement and signed by an authorized representative of both parties. If any of the parties hereof becomes aware of any ambiguities or conflicts between this Agreement and any other document, the party will immediately submit the matter to the other party for resolution.

## 2. Delivery, Shipment and Packaging.

2.1. Supplier will deliver Goods in the quantities and on date(s) specified on each purchase order or scope of work. If delivery dates are not stated, Supplier will offer its best delivery date(s), which will be subject to acceptance by KLS. Unless otherwise agreed, all Goods shipped in one day from and to a single location must be consolidated on one bill of lading or air waybill.

2.2. All items will be packaged according to KLS's instructions or, if none, according to good commercial practice in a manner sufficient to ensure receipt in an undamaged condition. KLS will not be liable for any discharge, spill, or other environmental incident (including clean-up costs) involving any Goods until received by KLS. All containers will be properly marked for identification as instructed by KLS’s purchase order and contain a packing slip that details, at a minimum: (i) KLS purchase order number(s), (ii) line item number(s), (iii) product part number, (iv) detailed product description, (v) total number of boxes in shipment, (vi) quantity of product shipped, and (vii) final delivery address. Items delivered in advance of KLS's delivery schedule may be returned or stored at Supplier's expense. The purchase order number(s) and line item number(s) must appear on all correspondence, shipping labels, and shipping documents, including all packing sheets, bills of lading and air waybills.

2.3. Within one business day after Supplier delivers the Goods to the address instructed by KLS, Supplier will send to KLS, written in English, a complete set of delivery or shipping documents including the commercial invoice and packing list.

2.4. **Time is of the essence for KLS.** If all or part of the delivery schedule is endangered for any reason other than KLS's fault, KLS may exercise one or more of the following options (i) Supplier shall, at its expense, deliver Goods by the most expeditious delivery method, (ii) notwithstanding anything to the contrary, and in addition to other rights and remedies, KLS may terminate this Agreement or outstanding purchase order without any liability to Supplier for Goods not yet delivered by providing Supplier written notice effective immediately, (iii) KLS may purchase substitute goods from another vendor and Supplier shall pay KLS for any losses incurred by KLS, (iv) KLS reserves the right to reject, at no expense to KLS, all or any part of any delivery that is late, and/or (v) as liquidated damages, Supplier shall pay KLS an amount equal to one

percent (1%) of the purchase order price attributable to the late Goods for each seven (7) day period that the Goods are late or until actual delivery.

**3. Notice of Delay.** Supplier must immediately notify KLS in writing of any delays or anticipated delays and provide all relevant information with respect to such delay.

**4. Excusable Delay (Force Majeure).** Neither party will be in default for any delay or failure to perform that is directly due to causes beyond its reasonable control and without its fault or negligence (“Force Majeure Event”). Any delay or failure to perform caused by the default of a sub-tier supplier of Supplier will be excused only if (a) it is beyond the reasonable control of both Supplier and its sub-tier supplier(s) and without the fault or negligence of any of them, and (b) the Goods to be furnished cannot be obtained from other sources in sufficient time to permit Supplier to meet the delivery schedule. Any delay or failure to perform caused by the default of a customer of KLS will be excused only if it is beyond the reasonable control of both KLS and its customer(s) and without the fault or negligence of any of them. Supplier’s ability to provide Goods at a more advantageous price or Supplier’s economic hardship in processing necessary operations for delivery of the Goods will not constitute a Force Majeure Event. The party affected by a Force Majeure Event will promptly provide written notice to the other, explaining in detail the full particulars and expected duration of the Force Majeure Event, and will use its best efforts to remedy the delay. If Supplier’s delivery is delayed, KLS may, at KLS’s sole option, cancel deliveries scheduled during the period of the Force Majeure Event or elect to extend the period of performance to cover the period caused by the Force Majeure Event. If a Force Majeure Event occurs that affects delivery of Goods to KLS, Supplier will allocate its available resources in a manner that assures KLS of at least the same amount of total time in completing the delivery as was allocated to KLS before to the Force Majeure Event. If delivery of any Goods is delayed for more than 30 days, KLS may, without liability, cancel all or any part of such purchase order.

**5. Shipping Terms, Title and Risk of Loss.**

5.1. All deliveries will be made in accordance with Incoterms® 2010. If the Goods will be transported by Supplier to KLS’s location in the U.S., unless otherwise specified on the face of the Purchase Order, delivery of the Goods will be made D.D.P. KLS’s location and risk of loss for the Goods passes to KLS upon delivery of the Goods at KLS’s warehouse.

5.2. The foregoing does not relieve Supplier of any responsibility for defects or damages existing at the time of acceptance but discovered after acceptance of the Goods. Notwithstanding the foregoing, title, and risk of loss to Goods subject to a consignment stock agreement pass upon release of the Goods from the consignment stock as per KLS’s request. KLS may direct Supplier to ship the Goods to KLS or to any third party designated by KLS.

**6. KLS-Supplied Materials.**

6.1. Title to any material, tooling, equipment, or technical data that KLS pays for or is provided to Supplier by or on behalf of KLS, including replacements (“KLS Property”), will remain or vest with KLS. Supplier will conspicuously label KLS Property as such, maintain it in good condition, keep written records of the KLS Property in its possession and the location of the property, not allow any liens to be placed upon it, and not change its location without prior written approval from KLS. Supplier is responsible for inspecting and determining that the KLS Property is in useable and acceptable condition. Supplier is required to provide an annual written update of all KLS Property in its possession.

6.2. Supplier will use KLS Property exclusively to fulfill the KLS Purchase Orders unless otherwise authorized in writing by KLS’s procurement representative. KLS Property is intended for use at the Supplier’s site only or as otherwise authorized in writing by KLS’s procurement representative and, to the extent applicable, is subject to U.S. and other government export or re-export requirements. Supplier shall not modify KLS’s Property unless under KLS’s written direction. Supplier shall keep KLS’s Property ready for operation and in compliance with the latest software updates and design status. The expense for the maintenance, repair, and readiness of KLS’s Property shall be borne by Supplier. Supplier is responsible for any loss, damage, or destruction of KLS Property and any loss, damage or destruction of any third-party property resulting from Supplier’s negligent use of KLS Property. Supplier will not include the cost of any insurance for KLS Property in the prices charged under this Agreement. Supplier will return KLS Property or dispose of it at KLS’s sole option as it directs in writing. KLS makes no representations and disclaims all warranties (express or implied) with respect to KLS Property.

**7. Price.** Supplier will furnish the Goods at the prices stated on the face of the Purchase Order. If prices are not stated on the face of the Purchase Order, Supplier will offer its lowest prices subject to written acceptance by KLS. All agreed upon prices are final, and no price increase may be issued without written acknowledgment and agreement from KLS.

Unless otherwise provided on the face of each purchase order, the prices include all packaging and freight to the specified delivery point; applicable taxes and other government charges including, but not limited to, all sales, use or excise taxes; and all customs duties, fees or charges. To the extent that value added tax (or any equivalent tax) is properly chargeable on the supply to KLS of any Goods, KLS will pay the tax in addition to payments otherwise due to Supplier under each purchase order, if Supplier provides to KLS a value-added tax (or equivalent tax) invoice.

**8. Price: Most Favored Customer and Meet or Release.** Supplier warrants that the prices charged for the Goods delivered under a purchase order are the lowest prices charged by Supplier to any third-party customers for similar Goods. If Supplier charges any third-party customer a lower price for the Goods, Supplier must notify KLS and apply that price to all Goods ordered under such purchase order. If at any time before full performance of each purchase order KLS notifies Supplier in writing that KLS has received a written offer from another supplier for Goods similar to those to be provided under such purchase order at a price lower than the price set forth in this Purchase Order, Supplier will immediately meet the lower price for any undelivered Goods. If Supplier fails to meet the lower price KLS, at its option, may terminate the balance of such purchase order without liability.

**9. Invoicing and Payment.** After each shipment made or service provided, Supplier will submit an invoice describing the Goods provided and, as applicable, part numbers, quantity, unit of measure, hours, and the unit and total prices. Any incidental charges such as royalties, selling commissions, non-recurring engineering, or other incidental charges must be separately itemized and identified on the invoice. The invoice will be accompanied (if applicable) by a signed bill of lading or express receipt evidencing shipment. Payment of an invoice does not constitute acceptance of the Goods and is subject to appropriate adjustment should Supplier fail to meet the requirements of the Purchase Order. Unless agreed otherwise in a writing signed by authorized representatives of both parties, payment is due 60 days after receipt of invoice and conforming Goods.

**10. Set Off and Liens.** KLS may deduct any amount owing from Supplier to KLS against any amount owing to Supplier under this Agreement. Supplier hereby waives its right to file a lien against any property or assets of KLS or otherwise encumber such in a summary or other proceeding. Supplier will indemnify and hold KLS harmless for any liens or claims filed by Supplier's sub-tier contractors or agents against KLS or its assets relating to amounts owed by Supplier to its sub-tier contractor or agents.

**11. Inspection.**

11.1. All Goods may be inspected and tested by KLS, its customers, higher-tier contractors, and end users at all reasonable times and places. If an inspection or testing is made on Supplier's premises, Supplier will provide, without additional charge, all reasonable facilities and assistance required for the inspection and tests. In its standard inspection and testing of the Goods, Supplier will use an inspection system accepted by KLS in writing. Supplier will maintain all inspection records, including sub-tier supplier records relating to the Goods and make available to KLS during the performance of this Purchase Order.

11.2. Final inspection and acceptance by KLS will be at destination unless otherwise specified in each purchase order. KLS may inspect 100% or a sample of Goods, at KLS's option, and may reject all or any portion of the Goods or lot of Goods if the Goods are defective or nonconforming. If KLS performs any additional inspections after discovering defective or nonconforming Goods, the additional inspection costs will be paid by Supplier. No inspection, tests, approval, design approval, or acceptance of the Goods relieves Supplier from liability for warranty breach(es), undiscovered defects at the time of acceptance, fraud, or negligence.

**12. Warranty.**

12.1. Supplier warrants to KLS, its successors, assigns, customers and end users that, upon delivery, and during the entire Warranty Period specified below, all Goods furnished (including all replacement or corrected Goods or components that Supplier furnishes under this warranty) will (a) be free from defects in material, workmanship, and design, even if the design has been approved by KLS, (b) conform to applicable drawings, designs, quality control plans, specifications and samples and other descriptions furnished or specified by KLS, (c) be merchantable, (d) be fit for the intended purposes set forth herein (to the extent the Goods are not of a detailed design furnished by KLS) and operate as set forth herein, (e) comply with all applicable laws and regulations, (f) be free and clear of any and all liens, restrictions, reservations, security interests or encumbrances, (g) not infringe any patent, published patent application, or other intellectual property rights of any third party existing as of the date of delivery, and not utilize misappropriated third party trade secret information, (h) if containing or using chemical substances, the chemical substance is on the Inventory of Chemical

Substance compiled and published by the Environmental Protection Agency under the Toxic Substances Control Act, (i) all Safety Data Sheets required to be provided by Supplier will be provided to KLS before the respective shipment of Goods and will be complete and accurate and in accordance with 29 CFR 1910.1200, and (j) chemical containers must be labelled in accordance with 29 CFR 1910.1200 and applicable state laws. Services will meet the highest standards in the industry.

12.2. The Warranty Period will be for a period of 2 years from the date of delivery to the end user or the date on which any longer or broader government requirement covering the Goods ends. These warranties will survive any delivery, inspection, acceptance, or payment by KLS for the entire Warranty Period. Goods that meet the preceding standards are collectively called “conforming Goods.” If conforming Goods are not furnished or are delivered late, then KLS may, at its election and in addition to any other rights or remedies it may have at law or in equity, have the Goods repaired, replaced, corrected, or sourced from a third party, at Supplier’s expense. Supplier is also responsible for all related expenses and damages including without limitation, the costs of removal, disassembly, failure analysis, fault isolation, reinstallation, re-inspection and retrofit of the nonconforming Goods or of KLS’s affected end-product; all freight charges; all customer charges; and all corrective action costs (i.e., costs of additional inspection or quality control systems). Unless set off by KLS, Supplier will reimburse KLS for all such costs upon receipt of KLS’s invoice. If Supplier is unable to remedy the nonconformance or to deliver replacements or such measures are delayed for an unreasonable period of time, then KLS may, at its election, rescind the Purchase Order, demand a reduction of the purchase price and/or recover damages from Supplier.

12.3. Supplier shall undertake to follow the conditions, procedures and rules set out in the Schedule 1 of this Agreement forming an integral part thereof (Supplier Quality Assurance Manual (SQAM)) in full extent. A current version of SQAM is also posted at [https://www.KLS.com/us/en/about\\_us/Americas/Quality\\_Management/](https://www.KLS.com/us/en/about_us/Americas/Quality_Management/) and is subject to modifications and regular updates which shall become an integral part of this Agreement upon notice to Supplier.

**13. Changes.** KLS may direct any changes to each purchase order or scope of work, through its authorized procurement representatives, by written or electronic notification. If the change causes an increase or decrease in the cost of performing such purchase order, an equitable adjustment will be made in such purchase order price, delivery dates or both, and such purchase order will be modified in writing or electronically. Any claim for adjustment under this provision may, at KLS’s option, be deemed to be waived unless asserted in writing (including the amount of the claim) and delivered to KLS within 5 days from the date of the receipt by Supplier of the KLS-directed change to such purchase order. If the cost of property made obsolete or excess as a result of a change is paid by KLS, KLS may prescribe the manner of disposition of the property.

**14. Design and Process Changes.** Supplier will make no changes to the design, materials, manufacturing location, equipment or processes specified in each purchase order or documents referenced in it, or if none, those in place when each purchase order is issued, without the advance written approval of KLS’s procurement representative.

**15. Stop Work.** At any time by written notice and at no cost, KLS may require Supplier to stop all or any part of the work under each purchase order up to 30 days (“Stop Work Order”). Immediately upon receipt of a Stop Work Order, Supplier will comply with its terms. At any time during the stop work period, KLS may, in whole or in part, either cancel the Stop Work Order or terminate the work under the Termination section of this Agreement. To the extent the Stop Work Order is canceled or expires, Supplier must resume work.

**16. Termination.**

16.1. The non-breaching party may terminate this Agreement if the other party commits a material breach and fails to remedy the breach within seven (7) calendar days following receipt of written notice specifying the grounds for the breach. A material breach includes, but is not limited to, late delivery or delivery of nonconforming Goods. The solvent party may terminate this Agreement upon written notice if the other party becomes insolvent or if any petition is filed or proceedings commenced by or against that party relating to bankruptcy, receivership, reorganization, or assignment for the benefit of creditors.

16.2. Notwithstanding any firm time period or quantity on the face of each purchase order, KLS may terminate each purchase order in whole or in part at any time with or without cause for unperformed services and/or undelivered product(s) upon 30 days’ prior written notice.

16.3. If KLS terminates a purchase order under either 16.1 or 16.2, KLS’s sole liability to Supplier, and Supplier’s sole and exclusive remedy, is payment for Goods received and accepted by KLS before the termination. The payment can be set

off against any damages to KLS. Upon termination, KLS may require Supplier to deliver to KLS Goods and KLS will pay the purchase order price for those Goods subject to set off against any damages to KLS.

16.4. To the extent that any portion of each purchase order is not terminated under 16.1 or 16.2, Supplier will continue performing that portion.

**17. Cessation of Delivery.** If delivery of any Goods called for under each purchase order is to be discontinued or suspended at any time within one year after final delivery of any Goods under each purchase order, Supplier must give KLS at least one (1) year prior written notice of the discontinuance or suspension. During the notice period Supplier must accept orders from KLS for the Goods at the price and on the terms of the last purchase order of particular Goods. If the Supplier discontinues manufacture of the Goods and does not provide KLS another qualified source, the Supplier shall provide KLS all drawings, specifications, data, and know-how with which to enable KLS to manufacture or procure said Goods under an irrevocable, royalty-free license which is hereby granted.

**18. General Indemnification.** Supplier will, at its expense, defend and indemnify KLS and its parent companies, subsidiaries, affiliates and agents, and their respective officers, directors, shareholders, and employees, and KLS's customers (collectively "Indemnitees") from and against any and all loss, cost, expense, damage, claim, demand or liability, including but not limited to reasonable attorney and professional fees and costs and the cost of settlement, compromise, judgment or verdict incurred by or demanded of an Indemnitee arising out of, resulting from or occurring in connection with Supplier's negligence, willful misconduct, breach of the terms of this Agreement and failure to comply with any applicable law or regulation. In no event will Supplier enter into any settlement without KLS's prior written consent, which will not be unreasonably withheld.

**19. Insurance.** Supplier and its subcontractors will have at their own expense at all times while it has any obligations remaining under this agreement, policies of insurance written by insurer(s) acceptable to KLS with a financial strength rating not lower than "A-" by A.M. Best Company. Such policies will afford the following: (i) commercial general liability on ISO occurrence form CG 00 01 or equivalent (including coverage for bodily injury, property damage, personal & advertising injury, contractual liability, and product/completed operation) in a sum no less than \$1 million per occurrence, (ii) automobile liability in a sum no less than \$1 million for each accident, (iii) worker's compensation in an amount no less than the applicable statutory limits and employer's liability in an amount of no less than \$1 million for each accident, (iv) umbrella liability in an amount not less than \$4 million each occurrence and aggregate excess of the above Commercial General Liability, Automobile Liability, and Employers Liability Insurance (v) Errors and Omission or Professional Liability coverage in no less than \$2 million.<sup>1</sup> (vi) employment practices liability in an amount not less than \$1 million<sup>2</sup> (vii) Cyber Liability coverage in no less than \$1 million<sup>3</sup>, and (viii) property insurance covering KLS's Property pursuant to Section 6.2. All deductibles and Self-Insured Retention under the foregoing insurance do not exceed \$10,000. Prior to the delivery of any Goods or commencement of any services under this Agreement, Supplier will provide to KLS certificate(s) of insurance and endorsements that are acceptable to KLS and are executed by a duly authorized representative of each carrier evidencing that Supplier and its subcontractors maintain the foregoing insurance. Such insurance will be primary and non-contributory and will be specifically endorsed or otherwise name KLS and/or its affiliate(s), its and their respective officers, directors, shareholders, employees, and agents as additional insured with ISO CG20 10 and CG20 37 or equivalent forms. Supplier's workers compensation policy should be endorsed to name KLS. as Alternate Employer by ISO WC000301A.<sup>2</sup>

Except where prohibited by law, Supplier will require its insurers to waive all rights of recovery or subrogation against KLS, its subsidiaries and affiliated companies, and its and their respective officers, directors, shareholders, employees, and agents. Supplier shall provide for 30 days' written notice to KLS prior to the cancellation for any reason of any insurance referred to herein. The amount of insurance carried in compliance with the above requirements will not be construed as either a limitation on or satisfaction of Supplier's indemnification or other obligations under this Agreement.

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1. For all vendors who provide "professional services," such as architect, engineers, accountant, consultant, legal counsel, medical/health professional, testing services, lab services, any certification services, insurance broker/agent, information technology related services and other services with licensing.
  2. For all temporary labor agencies
  3. For any vendor who provides IT services & products, document management products, software subscription services, and vendors whose apps/portals are used by KLS personnel.

**20. Confidentiality and Ownership of Intellectual Property.**

20.1. All Goods, including without limitation inventions, discoveries, specifications, samples, drawings, materials, know-how, designs, processes, and other information whether technical, business, financial or other, that: (a) has been or will be provided to Supplier by or on behalf of KLS or which Supplier otherwise acquires under this Agreement; (b) Supplier will design, develop or otherwise create only for embodying in KLS's products in connection with a purchase order whether or not completed and (c) the existence, negotiations, terms and performance of this Agreement shall be regarded by Supplier as confidential and deemed to be "Confidential Information" of KLS. Supplier shall promptly and fully disclose to KLS all Confidential Information under 20.1(b) above in sufficient detail to enable KLS to practice and protect same and will assist KLS in every proper way (at KLS's expense) to obtain for KLS's own benefit patents, copyrights and/or other rights of protection on any such Confidential Information in any and all countries. All Confidential Information under 20.1(b) shall be a "work for hire" under the United States Copyright Act of 1976 and the ownership and copyright therein vests in KLS and shall be the exclusive property of KLS. To the extent that exclusive title or ownership rights in such Confidential Information may not originally vest in KLS, Supplier hereby irrevocably assigns, transfers, and conveys to KLS all right, title and interest therein. This Section 20 does not affect Supplier's intellectual property rights, rights to apply intellectual property rights or confidential information which were made before each purchase order and independent of KLS's Confidential Information.

20.2. KLS's Confidential Information will remain the property of KLS and will not be used by Supplier for any purpose other than for performing this Agreement, may not be disclosed to any third party, and will be returned to KLS upon the earlier of KLS's written request or completion of this Agreement. If, with KLS's prior written approval, Supplier furnishes Confidential Information to a sub-tier supplier, Supplier will bind the sub-tier supplier in writing to the obligations set forth in this Section 20 and Supplier will remain responsible to KLS for any breach of this provision by its sub-tier suppliers.

**21. Audit.**

21.1. Supplier will maintain suitably detailed records as may be necessary to adequately reflect Supplier's compliance with the terms of this Purchase Order for at least five years from the last date of delivery. Supplier will permit KLS's auditors to have access at all reasonable times to Supplier's books and other pertinent records. Supplier shall maintain and provide to KLS's auditors quality records, data and documents related to specified requirements and effectiveness of Seller's quality system. Supplier will also furnish other information as may be needed by KLS's representatives in auditing compliance. KLS reserves the right to periodically request financial reports and assurances from Supplier as KLS may deem necessary.

21.2. If, as a result of an audit, any invoice submitted by Supplier is found to be in error, an appropriate adjustment will be made to the invoice or the next succeeding invoice following the discovery of the error and will be paid promptly by Supplier or KLS, as the case may be. Supplier will promptly correct any other Supplier deficiencies discovered as a result of the audit.

**22. Assignment and Subcontracting.** Supplier will not assign or transfer this Agreement or any rights or obligations or subcontract all or any material aspect of the work called for without the prior written approval of KLS. Any change in control of Supplier resulting from a merger, consolidation, stock transfer or asset sale shall be deemed an assignment or transfer for purposes of this Agreement that requires KLS's prior written consent. Any assignment or transfer without KLS's written approval will be voidable at the option of KLS. KLS may assign or transfer this Agreement, in whole or part, to its subsidiaries or affiliates, or to any purchaser or successor to all or substantially all of the assets of the business or product line to which this Agreement relates without Supplier's consent and upon written notice to Supplier.

**23. Relationship of Parties/Independent Contractor.**

23.1. Nothing in this Agreement will be construed to place Supplier and KLS in an agency, employment, franchise, joint venture, or partnership relationship. Neither party has the authority to obligate or bind the other in any manner, and nothing contained in this Agreement creates rights of any kind for any third parties and neither party will make any representation to the contrary. Supplier will perform its obligations under this Agreement as an independent contractor. Supplier retains the right to exercise full control of supervision over and responsibility for Supplier's performance hereunder, including the employment, direction, compensation, and discharge of Supplier's personnel, as well as compliance with workers' compensation, unemployment, disability insurance, social security, withholding and all other laws, rules, codes, regulations, and ordinances governing such matters.

23.2. For any Goods provided under this Agreement, Supplier and KLS stipulate that KLS is not deemed to be the statutory employer of Supplier's employees and all employees of any sub-tier contractor retained in any manner by Supplier, who perform services or access KLS's property. Supplier and KLS further stipulate that all services performed pursuant to this Purchase Order are an integral part of or essential to KLS's production of its goods or delivery of its services.

**24. Compliance with Laws and Integrity.**

24.1. Supplier, its affiliates, and its subcontractors shall comply with all applicable international, national, state, and local laws, regulations and ordinances in performing this Agreement. Supplier, its affiliates, and its subcontractors maintain an integrity and compliance program reasonably acceptable to KLS and effective in preventing and correcting ethical violations and in maintaining compliance with laws.

24.2. The parties hereby incorporate by reference the requirements of 41 C.F.R. §§60-1.4(a), 29 C.F.R. Part 471, Appendix A to Subpart A. 41 C.F.R. §60-300.5(a)ii and 41 C.F.R. §60-741.5(a), if applicable. Supplier shall abide by and ensure that its affiliates and its subcontractors abide by the requirements of 41 C.F.R. §60-300.5(a), which prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. Supplier shall also abide by and ensure that its affiliates and its subcontractors abide by the requirements of 41 C.F.R. §60-741.5(a), which prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

24.3. Supplier, its affiliates, and its subcontractors shall comply with laws and regulations on export control. Neither Supplier, its affiliates, or its subcontractors export/re-export any technical data, process, product, or service, directly or indirectly (including the release of controlled technology to foreign nationals from controlled countries) to any country for which the United States government or any agency thereof requires an export license or other government approval without first obtaining such license. A current list of "Controlled Countries" can be found at the US Department of Commerce website at: <https://www.bis.doc.gov/index.php/documents/regulations-docs/federal-register-notice/federal-register-2014/1033-738-supp-1/file>

24.4. Supplier, its affiliates, and its subcontractors shall comply with this Agreement and applicable laws including, but not limited to (1) non-discrimination (2) non-harassment, (3) payment of minimum wage, (4) mandated employee benefits, (5) mandated working hours, (6) freedom of association, (7) prohibition of forced labor, (8) prohibition of human trafficking and (9) healthy and safe workplace. Supplier shall ensure that its affiliates and its subcontractors comply with all applicable laws regarding employment of underage or child labor and shall not employ children under the age of 16. Supplier, its affiliates, and subcontractors shall comply with KLS's Group Basic Policy on Human Rights that can be found at the KLS.com/us/en website under Sustainability. Supplier, its affiliates, and its subcontractors shall have a clearly communicated disciplinary policy in place. Supplier, its affiliates, and its subcontractors shall not use physical punishment as a means of discipline. Supplier, its affiliates, and its subcontractor shall not use retaliation, discipline and discrimination against workers identifying unsafe working conditions or non-compliant and/or negatively impacting environmental practices.

24.5. Supplier, its affiliates, and its subcontractors shall comply with: (i) all applicable laws and regulations governing the use, declaration, preparation and marketing of hazardous substances and energy consumption efficiency; and (ii) any all applicable environmental laws and regulations. Supplier, its affiliates and its subcontractors shall comply with global and other applicable laws concerning chemical content (i.e. ROHS, REACH etc.). Supplier, its affiliates, and its subcontractors shall not source materials containing tin, tantalum, tungsten or gold, as "conflict minerals" from the Democratic Republic of Congo or adjoining countries as set forth under United States Security Exchange Act and its rule. Supplier, its affiliates, and its subcontractors shall keep a documented environmental management system that includes an environmental policy in compliance with regulatory requirements and identifying objectives and targets for improving the impact on the environment.

**25. Conflict of Interest.**

25.1 KLS is committed to conducting all dealings in a fair, ethical, and lawful manner. In addition to our employees, we expect our Suppliers, vendors, consultants, and other business associates to support these values. Supplier must avoid real

or perceived conflicts of interest. Supplier must not allow their personal interests to influence business decisions related to KLS's projects and assignments. KLS expects Supplier to exercise reasonable care and diligence to prevent any actions or conditions that may result in a conflict with KLS's interests, the appearance of a conflict of interest or that may compromise the exercise of independent judgment during the execution of work for or on behalf of KLS.

25.2 A conflict of interest occurs when Supplier's duties or their position present an opportunity for personal gain, or when personal interests could influence professional judgment for doing what is in the best interest of KLS. A conflict of interest can arise if actions are taken or if there are interests that may make it difficult for Supplier to perform KLS-related work objectively and effectively. This includes, but is not limited to, providing or offering a KLS employee something of value in return for getting KLS work, or having an association or relationship that could affect impartiality in business decisions.

25.3 Friendships outside the course of business are inevitable and acceptable, but Supplier should take care that any personal relationship is not used to influence the business judgment of the KLS employee. If a Supplier's employee is a family relation (spouse, parent, sibling, grandparent, child, grandchild, in-law, or same or opposite sex domestic partner) to that of a KLS employee, or if a Supplier has any other relationship with an employee of KLS that may represent a conflict of interest, the Supplier must disclose this fact to KLS or ensure that the KLS employee does so.

25.4 Supplier must not employ or otherwise make payments to any employee of KLS during the course of any transaction between the supplier and KLS. While engaged in KLS-related work, Supplier must not engage in any activity that creates a conflict of interest, or the appearance of a conflict of interest, with KLS or in any way compromises the work that Supplier is contracted to perform on behalf of KLS. Any potential or perceived conflicts must be promptly reported to KLS's business representative. Any agreement from KLS that allows Supplier to remain in a situation that could be perceived as a conflict must be in writing. Any questions about a conflict of interest should be raised with the Supplier's highest level business contact.

## **26. Anti-Corruption Laws.**

26.1. In this anti-corruption laws section, the term "Included Scope" means, both collectively and separately, the Agreement and the portions of Supplier's respective businesses that are involved in it.

In this anti-corruption laws section, "Anti-Corruption Laws" means, both collectively and separately, any anti-corruption, anti-bribery or similar governmental ethics and transparency laws that have particular jurisdiction or that govern the Included Scope in any manner. Although Supplier is responsible for determining the extent and applicability of Anti-Corruption Laws, the US Foreign Corrupt Practices Act of 1977 (the "FCPA") and the UK Bribery Act 2010 are both expressly included in the scope of "Anti-Corruption Laws" regardless of Supplier's actual residency or the actual location that services are performed and received or that goods are made, delivered and received under the Agreement.

26.2. Supplier represents to the KLS that, with respect to the Included Scope, as of entering into the Agreement:

- (a) Supplier has not violated any Anti-Corruption Laws; and
- (b) Supplier has not directly or indirectly made any offer, payment, promise to pay, or authorized payment, or offered a gift, promised to give, or authorized the giving of anything of value to any Government Official (defined as any officer, employee or person acting in an official capacity for any government department, agency or instrumentality, including state-owned or -controlled companies, and public international organizations, as well as a political party or official thereof or candidate for political office) or any other person while knowing or having reason to know that all or a portion of such money, gift or thing of value will be offered, paid or given, directly or indirectly, to any Government Official, for the purpose of (1) influencing an act or decision of the Government Official in his or her official capacity, (2) inducing the Government Official to do or omit to do any act in violation of the lawful duty of such official, (3) securing an improper advantage, or (4) inducing the Government Official to use his influence to affect or influence any act or decision of a government or instrumentality, in order to assist KLS or any of its affiliates in obtaining or retaining business.

26.3. Supplier warrants to KLS that, with respect to the Included Scope, and during the term of the Agreement, Supplier will:

- (a) not violate any Anti-Corruption Laws; and
- (b) not directly or indirectly make any offer, payment, promise to pay, or authorize payment, or offer a gift, promise to give, or authorize the giving of anything of value to any Government Official or any other person while knowing or



having reason to know that all or a portion of such money, gift or thing of value will be offered, paid or given, directly or indirectly, to any Government Official, for the purpose of (1) influencing an act or decision of the Government Official in his or her official capacity, (2) inducing the Government Official to do or omit to do any act in violation of the lawful duty of such official, (3) securing an improper advantage, or (4) inducing the Government Official to use his influence to affect or influence any act or decision of a government or instrumentality, in order to assist KLS or any of its affiliates in obtaining or retaining business.

26.4. Supplier represents that, unless disclosed to KLS in a separate written statement, none of its employees, directors, officers, or principals is a Government Official with jurisdiction or influence over the Included Scope. Supplier shall notify KLS in writing within five (5) business days if at any time during the term of this Agreement any of Supplier's employees, directors, officers, or principals is named, appointed, or otherwise becomes a Government Official with jurisdiction or influence over the Included Scope.

If Supplier learns or comes to have reason to know of any payment or transfer (or any offer or promise to pay or transfer) in connection with the Included Scope that would violate Anti-Corruption Laws, it shall immediately disclose it to KLS.

**27. Applicable Law and Forum.** This Agreement will be governed by and construed in accordance with the laws of the State of California, without regard to that state's conflicts of law principles. The parties expressly agree to exclude the United Nations Convention on Contracts for the International Sale of Goods, 1980, and any successor thereto. The Federal and State courts located within San Diego County, California will have exclusive jurisdiction to adjudicate any dispute arising out of or relating to this Agreement, which will be conducted in English.

**28. Remedies.** All remedies set forth in this Agreement are in addition to, and will in no way limit, any other rights and remedies that may be available to the parties at law or in equity.

**29. Notices.** All notices to KLS relating to this Agreement must be in writing and sent to Nitto, Inc., the parent company of KLS, at the address listed below. All notices to the Supplier will be in writing and sent to the Supplier's address listed on the purchase order.

To Nitto, Inc.:  
Head of Legal Counsel  
Nitto, Inc.  
400 Frank W. Burr Blvd.  
2nd Floor, Suite 66  
Teaneck, NJ 07666

Notices must be delivered personally, by recognized overnight courier, mailed certified first-class mail postage prepaid, by facsimile transmission to the facsimile number provided by KLS or Supplier respectively; or sent by electronic transmission (email) with proof of delivery. Any Notice will be deemed given on the date delivered if delivered personally; three business days after being placed in the mail as specified; or upon confirmation receipt that it was transmitted satisfactorily if transmitted by facsimile or electronic transmission.

**30. Publicity.** Supplier shall not use KLS's name or marks, refer to or identify KLS in any advertising or publicity releases or promotional or marketing correspondence to third parties without KLS's prior written approval.

**31. Headings and Captions.** Headings and captions are for convenience of reference only and do not alter the meaning or interpretation of any provision of this Agreement.

**32. Waiver.** The failure of either party to enforce at any time any of the provisions of this Agreement will not be construed to be a continuing waiver of any provisions hereunder, nor will any such failure prejudice the right of such party to take any action in the future to enforce any provisions hereunder.

**33. Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, that provision will be severed from this Agreement; the remaining provisions will remain in full force and effect; and a similar legal, valid, and enforceable provision will be substituted in lieu of the severed provision.

**34. Survival.** All provisions of this Agreement which by their nature should apply beyond its term will remain in force after any termination or expiration of this Agreement including, but not limited to, those addressing the following subjects: Import/Customs Compliance; Price; Most Favored Customer and Meet or Release; Invoicing and Payment; Set

Off; Warranty; Cessation of Production; General Indemnification; Intellectual Property Indemnification; Insurance; Confidentiality and Ownership of Intellectual Property; Audit; Applicable Law and Forum; Remedies; Notices; Publicity; Severability; and Survival.