

KENAI DEFENSE

Supplier Purchase Order

Terms and Conditions

Applicable to purchase orders issued from the Somerset, Kentucky location

Document	TC-001	Revision	B
Effective date	September 3, 2026	Document owner	Quality Manager
Location	155 Valley Oak Drive, Suite B, Somerset, KY 42501	Approval authority	Director of Operations

DEFAULT PAYMENT TERMS: NET 30 DAYS

Unless different payment terms are expressly stated on the face of the purchase order.

PO incorporation statement: “Kenai Defense TC-001, Revision B, is incorporated into this purchase order.”

- Applicability, Definitions, and Acceptance**

These Supplier Purchase Order Terms and Conditions (“Terms”) apply to every purchase order, release, or purchase agreement (“PO”) issued by Kenai Defense, 155 Valley Oak Drive, Suite B, Somerset, Kentucky 42501 (“Buyer”), unless the PO expressly states otherwise. The person or entity accepting the PO is the “Seller.”

Seller accepts the PO and these Terms by written acknowledgment, commencement of performance, shipment, delivery, or acceptance of payment. Seller’s quotation, acknowledgment, website terms, invoice terms, or other additional or different terms do not modify the PO unless Buyer expressly accepts them in a written PO revision signed or electronically authorized by Buyer.

- Order of Precedence, Review, and Changes**

If documents conflict, the following order of precedence applies: (a) the face of the PO and signed changes; (b) PO-specific quality clauses, customer or Government flowdowns, drawings, specifications, and attachments; (c) these Terms; and (d) Seller’s quotation only to the extent expressly incorporated into the PO.

Seller shall review the PO before acceptance and promptly obtain written clarification of any ambiguity, conflict, missing revision, impracticable requirement, or delivery risk. Only Buyer's authorized purchasing representative may change the PO. Technical discussions, verbal instructions, or informal communications do not change the PO.

- **Quality Management System and Approved-Supplier Status**

Seller shall maintain a structured and documented quality management system appropriate to the products or services supplied. For non-aerospace products or services, the quality management system shall comply with ISO 9001, current revision, at a minimum. For aerospace products or services, the quality management system shall comply with AS9100, current revision, at a minimum. These minimum compliance requirements do not independently require third-party certification; however, when the PO, Buyer's approved-supplier controls, or Buyer's customer requires certification to ISO 9001, AS9100, AS9110, AS9120, or another stated standard, Seller shall maintain that certification as specified.

Seller shall remain in good standing on Buyer's Approved Supplier List. Buyer evaluates active approved suppliers at least annually. Seller shall provide quality-system or certification evidence upon request and, when certification applies, notify Buyer in writing within three business days after learning of a certification suspension, expiration, withdrawal, loss, scope reduction, change of certification body, or notice that certification status may be lost. During performance of the PO, Seller's quality system, inspection system, and manufacturing, processing, or distribution controls are subject to review, verification, and analysis by Buyer, Buyer's customer, or applicable regulatory authorities. Buyer's placement of Seller on an approved-supplier list does not waive PO requirements.

- **Product, Material, Source, and Configuration Requirements**

Seller shall provide the exact product, material, manufacturer, part number, specification, drawing, revision, quantity, unit of measure, and condition required by the PO. Unless the PO expressly authorizes otherwise, all items shall be new, authentic, unused, and free from defects or deterioration that could affect form, fit, function, performance, safety, or service life.

No substitution, alternate part, superseding part, repaired item, reworked item, surplus item, or change in manufacturer or source is permitted without Buyer's advance written approval. When the PO identifies a manufacturer, CAGE code, qualified source, customer-designated source, or approved process source, Seller shall use that source.

- **Counterfeit, Suspect, and Unapproved Parts Prevention**

Seller shall maintain risk-based controls that prevent counterfeit, suspect counterfeit, fraudulent, and unapproved parts or materials from entering the supply chain. Seller shall make reasonable efforts to source directly from the original equipment/component manufacturer (OEM/OCM) or its authorized

distribution chain. When material is acquired through a distributor or other approved source, Seller shall maintain traceability to the OEM/OCM as required by the PO or applicable risk controls.

If an authorized source is unavailable, Seller shall disclose the proposed source before purchase or shipment and provide the authentication, inspection, testing, and traceability plan requested by Buyer. Seller shall not alter, remove, obscure, or misrepresent original manufacturer markings, lot numbers, date codes, serial numbers, CAGE codes, or condition.

Seller shall immediately quarantine affected material and notify Buyer when Seller knows or suspects that counterfeit, fraudulent, or unapproved material has been provided or may be provided. Seller shall cooperate with Buyer's investigation and provide authenticating records. Seller shall not return or dispose of suspect material without Buyer's written direction when preservation is required.

- **Control of External Providers and Flowdown**

Seller is responsible for the conformity and on-time delivery performance of all products and services furnished by Seller and by every lower-tier external provider. Seller shall flow down all applicable PO requirements and controls to direct and lower-tier external providers, including source restrictions, specifications and revisions, quality clauses, documentation, traceability, counterfeit prevention, record retention, right of access, product-safety, export-control, Government, customer-specific, product-conformity, and on-time-delivery requirements.

Seller shall use Buyer- or customer-designated external providers when the PO requires them and shall obtain Buyer's written approval before changing a lower-tier provider, manufacturing location, processing source, or distribution source when the change could affect conformity or traceability.

Transfer of work shall be planned, controlled, and verified to maintain conformity with the PO, applicable drawings, referenced specifications, industry standards, customer requirements, and regulatory requirements. This applies to work transferred from Buyer to Seller and to work transferred by Seller to any lower-tier external provider. Seller remains responsible for conformity after any transfer of work.

- **Certificates, Traceability, and Required Documentation**

Each shipment shall include a packing list and all documents required by the PO, drawing, specification, quality clause, or customer flowdown. Documents shall be legible, complete, traceable to the delivered items, and provided in English unless Buyer approves otherwise.

Seller and applicable lower-tier documentation used to perform or verify the PO shall clearly identify the applicable PO requirements, relevant specifications, part number, quantity, and revision level, as applicable to the work performed.

When a Certificate of Conformance is required, it shall identify:

- Seller's legal name and address;

- Buyer's PO number and line item;
- part number, description, and revision or specification revision;
- quantity and unit of measure;
- original manufacturer and manufacturer CAGE code, when applicable;
- lot, batch, heat, date code, serial number, or other traceability identifier, as applicable;
- a statement that the items conform to the PO and applicable specifications; and
- the printed name, title, signature or secure electronic authorization, and date of the authorized representative.

Seller shall provide original-manufacturer certificates, material test reports, special-process certificates, inspection/test results, authorized-release documents, shelf-life data, country of origin, and chain-of-custody records when required. Copies are acceptable only when legible and traceable to the delivered material.

- **Inspection, Verification, and Acceptance**

Buyer may inspect, test, verify, or audit products, services, records, processes, and facilities at reasonable times, including before shipment. Buyer may require source inspection or customer/Government participation when stated on the PO. Seller shall provide reasonable access, assistance, records, equipment, and safe working conditions without additional charge unless the PO states otherwise.

Buyer's inspection, payment, or prior approval does not relieve Seller of responsibility for conformity. Final acceptance occurs after delivery and Buyer's completion of receiving and documentation review. Buyer may reject nonconforming or undocumented items within a reasonable time after discovery, including discovery of latent defects.

- **Nonconforming Product, Corrective Action, and Escape Notification**

Seller shall not knowingly ship nonconforming product. Any nonconforming product shall be clearly identified or labeled, segregated or otherwise controlled to prevent unintended use or shipment, and promptly reported to Buyer regardless of when the nonconformance is discovered. Seller shall identify affected PO numbers, parts, quantities, lots, dates, and the known extent of the condition. Buyer shall determine or approve disposition of nonconforming product when the PO or affected requirement is Buyer-controlled.

Seller shall not use-as-is, repair, rework, substitute, or deviate from a requirement without Buyer's advance written approval. When Buyer issues a corrective-action request, Seller shall take prompt containment action, determine root cause, implement corrective action appropriate to the cause and risk, and provide the requested documented response. Seller shall disclose prior rejection and corrective action before re-tendering rejected material.

- **Change, Obsolescence, and Discontinuance Notification**

Seller shall provide advance written notice of proposed changes to product, processes, facilities, manufacturing or distribution locations, inspection methods, tooling, materials, software or firmware, original manufacturers, external providers or sub-tier suppliers, or other conditions that could affect conformity, approval status, traceability, delivery, or product safety. No such change is approved solely by notification; Buyer's written approval is required when the PO or applicable requirement requires approval.

Seller shall promptly notify Buyer of obsolescence, discontinuance, last-time-buy conditions, ownership changes affecting performance, and known supply-chain disruptions. No notification constitutes approval; Buyer's written approval is required when the PO or applicable requirement requires approval.

- **Special Processes, Inspection Equipment, and Test Specimens**

Special processes shall be performed by qualified personnel and approved sources using the applicable current specification revision, unless the PO identifies another revision. Seller shall provide process certifications and objective evidence when required.

Inspection and test equipment used to accept product shall be suitable, maintained, and calibrated or verified at defined intervals with traceability to recognized national or international measurement standards. Seller shall control and provide production methods, test specimens, inspection samples, or verification evidence when the PO requires them.

- **Product Safety, Competence, and Ethical Conduct**

Seller shall identify and control special requirements, critical items, key characteristics, and product-safety risks communicated by the PO or otherwise known to Seller. Seller shall ensure that personnel performing PO work are competent and are aware of the importance of ethical behavior, their contribution to product or service conformity, and their contribution to product safety.

Seller shall promptly report any actual or potential safety issue, falsification, intentional misrepresentation, or unethical conduct that could affect items supplied to Buyer.

- **Packaging, Preservation, Marking, Shelf Life, and Hazardous Materials**

Seller shall package, preserve, identify, and ship items to prevent damage, deterioration, contamination, corrosion, electrostatic discharge, foreign-object damage, commingling, and loss of traceability. Packaging and markings shall comply with the PO, applicable specification, law, carrier requirements, and good commercial practice.

The packing list and shipping container shall identify Buyer's PO number, line item, part number, quantity, and applicable lot, batch, date-code, or serial information. Date-controlled material shall show

manufacture date, cure date, expiration date, storage conditions, and remaining shelf life required by the PO. Seller shall provide current safety data sheets and lawful hazardous-material markings and documentation when applicable.

- **Delivery, Shipping, Title, and Risk of Loss**

Time is of the essence. Seller shall meet the PO delivery date and promptly provide written notice of any actual or anticipated delay, together with the cause, affected quantities, recovery plan, and earliest achievable date. Notice does not excuse delay or change the PO. Early, partial, premium-freight, or drop shipments require Buyer's written authorization when they differ from the PO.

Seller shall use the delivery location, carrier, account, routing, and shipping terms stated on the PO. Unless the PO states otherwise, risk of loss remains with Seller until delivery to the PO destination, and title passes upon delivery without limiting Buyer's inspection and rejection rights. Seller is responsible for avoidable premium freight caused by Seller's delay or nonconformance.

- **Price, Invoices, Taxes, and Payment**

PO prices are firm and include all costs necessary to provide conforming products and services, including ordinary packaging and preservation, unless the PO states otherwise. No surcharge, handling charge, minimum-order charge, tooling charge, freight charge, tax, or other amount may be added without Buyer's written authorization. Applicable sales or use taxes shall be separately stated when legally required.

Invoices shall identify Buyer's PO number and line item, Seller's invoice number and date, part number or service description, quantity, unit price, extended price, and separately authorized freight or taxes. Seller shall submit invoices to the address or electronic destination stated on the PO.

Unless the PO expressly states different payment terms, Buyer's payment terms are net thirty (30) calendar days after the latest of: (a) Buyer's receipt of a correct invoice; (b) delivery of the products or completion of the services; or (c) Buyer's acceptance of conforming products or services. Buyer may withhold disputed amounts while the parties resolve the issue. Payment does not constitute acceptance or waive Buyer's rights. Interest, late fees, or collection charges do not apply unless expressly accepted on the PO.

- **Warranty and Remedies**

Seller warrants that products and services are authentic, new unless otherwise authorized, merchantable, free from defects in design when designed by Seller, material, manufacture, title, and workmanship, and strictly conform to the PO. Unless the PO or manufacturer provides a longer period, the warranty continues for twelve months after Buyer's final acceptance.

For nonconforming or defective products or services, Buyer may require prompt correction, repair, replacement, reperformance, refund, or credit, at Seller's expense and at Buyer's election. Seller is

responsible for reasonable costs caused by the nonconformity, including inspection, sorting, removal, return, replacement, retesting, and expedited transportation. These remedies are cumulative.

- **Records, Retention, Disposition, and Right of Access**

Seller shall create and maintain complete, legible, identifiable, retrievable records demonstrating conformity and effective control of the PO. Records include, as applicable, quotations, acknowledgments, purchasing and lower-tier records, source authorization, specifications, inspection and test results, material and process certificates, calibration evidence, traceability, nonconformance and corrective action, shipping, export, and certification records.

Unless the PO, customer requirement, law, or regulation requires a longer period or a different starting point, Seller shall retain applicable product, process, inspection, test, traceability, and quality records for at least: (a) forty (40) years for flight-safety parts; (b) thirty (30) years for manned-space-flight hardware; and (c) ten (10) years for all other parts, products, and services. The retention period begins after the later of final delivery or final payment unless another requirement establishes a different trigger.

Records shall be made available to Buyer, Buyer's customers, and applicable regulatory or Government authorities upon request. At the end of retention, Seller shall dispose of records in a manner that protects proprietary, export-controlled, and personally identifiable information. Seller shall not destroy records subject to a hold, investigation, open corrective action, warranty claim, or Buyer instruction.

Seller shall provide Buyer, Buyer's customers, regulatory authorities, and authorized Government representatives right of access to applicable facilities, products, processes, records, and relevant lower-tier locations for inspection, audit, surveillance, or investigation. Seller shall flow this right of access and applicable retention requirements to lower tiers.

- **Confidentiality, Customer Property, Cybersecurity, and Controlled Information**

Seller shall protect Buyer- and customer-provided information, technical data, drawings, specifications, software, tooling, property, and material; use them only for PO performance; and treat them as proprietary and confidential unless expressly identified otherwise. Access shall be limited to Seller personnel, affiliates, and approved lower-tier external providers with a legitimate need to know for PO performance, and Seller shall prevent unauthorized disclosure, alteration, loss, or misuse. Seller shall flow equivalent confidentiality controls to applicable lower tiers and shall not use Buyer's or Buyer's customer's names, trademarks, logos, or PO information in publicity without prior written approval.

Seller shall promptly report loss, damage, misuse, or an actual or suspected cybersecurity incident affecting PO information or property. If the PO identifies Controlled Unclassified Information, Covered Defense Information, classified information, or another protected category, Seller shall comply with the specific security and reporting clauses identified in the PO and flow them to applicable lower tiers.

- **Export Control, Sanctions, and Country of Origin**

Seller shall comply with applicable U.S. export-control, import, customs, and economic-sanctions laws and regulations, including the International Traffic in Arms Regulations and Export Administration Regulations when applicable. Seller shall not export, re-export, transfer, disclose, or provide controlled hardware, software, technology, or technical data to an unauthorized person or destination.

Seller shall provide country of origin, manufacturer location, harmonized tariff information, and export classification when requested or required by the PO. Seller shall notify Buyer before supplying foreign-origin material when the PO includes domestic-source, Buy American, specialty-metals, qualifying-country, or other sourcing restrictions.

- **Government, Customer, and DPAS Flowdowns**

FAR, DFARS, agency, prime-contract, customer, and program-specific clauses apply only when identified or incorporated by the PO or an attached flowdown document, except for legal requirements that apply independently. Seller shall review each incorporated clause, provide required representations or reports, and flow applicable clauses to lower tiers.

If the PO is a rated order under the Defense Priorities and Allocations System, Seller shall comply with 15 CFR Part 700, provide timely written acceptance or rejection, schedule the order for required delivery, give it required priority, and place applicable rated orders with lower-tier suppliers. Seller shall not use a priority rating unless authorized by a rated order or other lawful authority.

- **Compliance with Law, Ethics, Insurance, and Indemnification**

Seller shall comply with all laws, regulations, licenses, permits, and ethical requirements applicable to the PO, including those addressing anti-bribery, kickbacks, human trafficking, labor, environmental protection, hazardous materials, restricted parties, and debarment. Seller shall not provide false, altered, or misleading records or certifications.

Seller shall determine whether climate change is a relevant issue to its organization and shall address the issue within its quality management system when it could affect Seller's ability to meet PO, product-conformity, delivery, continuity, infrastructure, or other applicable requirements.

Seller shall maintain insurance appropriate to its business and the risks of PO performance, including legally required workers' compensation and commercially reasonable liability, product-liability, and automobile coverage, as applicable. Seller shall provide evidence of insurance upon request and comply with any specific limits stated on the PO.

To the fullest extent permitted by law, Seller shall defend, indemnify, and hold harmless Buyer, its customers, and their respective officers, employees, and agents from third-party claims, losses, damages, and reasonable costs arising from Seller's negligence, willful misconduct, breach of the PO,

defective products or services, bodily injury, property damage, or infringement caused by Seller-provided items, except to the extent caused by the indemnified party's negligence or willful misconduct.

- **Suspension, Termination, Assignment, and Subcontracting**

Buyer may suspend work or terminate all or part of the PO for Seller's default, including failure to deliver on time, provide conforming product or documentation, protect information, maintain required certification, or provide adequate assurance of performance. Seller shall stop affected work, protect completed and in-process material, and follow Buyer's disposition instructions.

Buyer may terminate a PO for convenience by written notice. Buyer's liability is limited to the PO price for conforming items completed and accepted before termination plus reasonable, unavoidable, documented costs specifically incurred for the terminated work and approved by Buyer; Seller is not entitled to anticipated profit, consequential damages, or costs reasonably avoidable after notice.

Seller shall not assign the PO, delegate material obligations, or subcontract work that affects conformity, traceability, security, or approved-source status without Buyer's written approval. Approval does not relieve Seller of responsibility.

- **Governing Law, Disputes, Waiver, Severability, and Survival**

The PO is governed by the laws of the Commonwealth of Kentucky, without regard to conflict-of-law rules, except that incorporated federal procurement clauses are interpreted under applicable federal procurement law. The parties shall first attempt in good faith to resolve disputes through their authorized representatives. Unless Buyer directs otherwise, Seller shall continue undisputed performance during resolution.

Any permitted legal action shall be brought in a state court located in Pulaski County, Kentucky, or a federal court having jurisdiction in Kentucky. Failure to enforce a requirement is not a waiver. If any provision is unenforceable, the remaining provisions remain effective. Obligations that by their nature extend beyond completion, including warranty, confidentiality, export control, records, audit access, indemnification, and remedies, survive completion or termination.

END OF TC-001 - SUPPLIER PURCHASE ORDER TERMS AND CONDITIONS