

Supplier Manual

12.29.2023



KEM KREST

Customer Focused. Solutions Driven.

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1.0 Introduction

1.1 Overview

Kem Krest is committed to meeting or exceeding customers' quality needs and expectations. As a supplier you play a vital role in helping us achieve customer satisfaction.

Kem Krest suppliers are viewed as being fully responsible for the quality of their products. Therefore, they must ensure products and services are delivered in conformance to the required standards. It is our expectation that Kem Krest will receive defect-free products. It is the supplier's responsibility to request an authorization to deviate from the purchase orders or the supplier manual before shipping the product. Failure to do so may result in a formal request for corrective and preventive action from the supplier, returned/rejected product and/or debit cost incurred.

The Supplier Manual is the property of Kem Krest and is issued for reference to our suppliers. The document is maintained electronically as part of Kem Krest's Quality System. Printed copies of this manual are considered uncontrolled. Suppliers can access this document via Kem Krest's Website: [Kem Krest Supplier Quality Manual](#) as well as on our [vSRM Supplier Home Page](#).

1.2 Scope

The standard applies to suppliers of raw materials, services/parts, as well as finished goods. Acceptance of any and all purchase orders constitutes acceptance and commitment on behalf of the receipt of comply with this manual's content. This manual establishes minimum requirements, is supplemental to, and does not replace or alter any purchase agreement.

1.3 Customer Responsibilities

Kem Krest works to develop a strong alliance with our supplier base. To help suppliers perform to their capability Kem Krest is obligated to:

- Set Clear Requirements
- Review requirements with the supplier to ensure a mutual understanding
- Provide timely and accurate feedback on supply base performance
- Act as a resource to improve supplier performance
- Actively seek supplier involvement with emphasis on continuous improvement
- Communicate and negotiate appropriate lead time for order placement, manufacture and delivery
- Maintain open communication to discuss growth plans and concerns

2.0 Supplier Quality Expectations

2.1 Quality System Requirements

Kem Krest's Quality management System is based on the ISO 9001 and IATF16949 quality system requirements. It is Kem Krest's responsibility to receive a waiver from our OEM customers if a supplier is not certified to ISO 9001 standards. Suppliers not certified to ISO 9001 may be subject to a quality system assessment by Kem Krest after a risk analysis has been completed. This is not a requirement for Volkswagen suppliers as they follow VDA regulations.

If not ISO certified, the minimum that should be documented and maintained is as follows:

- Methods in place to create product, service, and process consistency
- Training documents in place to help employees be more successful
- Methods in place to confirm equipment in use is functioning properly
- Methods in place to respond to non-conformances and corrective actions in a timely manner
- Methods in place to segregate the materials in question if a problem does occur
- Regulatory and human rights responsibilities

Suppliers have the responsibility to provide products and services that meet all end customer quality specifications. For some products, Kem Krest may require evidence that the supplier/subcontractor cascades down all applicable statutory and regulatory requirements and special product and process characteristics to point of manufacture.

2.2 Incoming Product Document Requirements

Kem Krest's goal is to limit incoming inspection of suppliers' chemical products. Therefore, it is the responsibility of the supplier to provide a certificate and/or statement(s) of compliance to be issued with every order. For chemicals this would be in the form of a "Certificate of Analysis" or a pre-approved Certificate of Conformance.

The [Certificate of Analysis](#) certificates shall state as follows. Shipments without a CofA or a CofC as outlined below will be subject to rejection.

- Supplier Name
- Suppliers Conformance to the purchase order and/or product specifications
- Purchase Order Number
- Material Lot/Batch Number
- Material specifications that have been measured and recorded
- Free of conflict minerals
- Other regulatory requirements as requested
- Country of Origin
- Signature and Date

Packing slips should contain the following:

- Purchase Order Number
- Kem Krest Item Number
- Customer Item Number – If applicable
- Lot Number
- Quantity shipped
- [Expiry date](#)
- [Ship-to address](#)
- [Invoice number](#)

Safety Data Sheets shall be provided prior to shipment.

All hard parts will require PPAP or PSW documented before shipments can be received. When requested PPAP Documentation will be required on some chemical programs.

If an OEM writes a waiver for CofA's and/or CofC's for a particular supplier and states that the supplier is not required to follow Kem Krest standard, Kem Krest will keep the waiver on file.

2.3 Documentation of Provided Services

Subcontracted services may be subjected to audit and/or incoming inspection. Audits will be based on pre-determined expectations of deliverables.

2.4 Corrective Action

Kem Krest suppliers are responsible for providing defect-free product. If defective product is found, a SNCN will be issued, the supplier will be contacted and a Corrective Action Request (CA) may be issued.

A SNCN or CA may be issued for but is not limited to the following:

- Nonconforming product
- Missing certificates of analysis or certificates of compliance
- Improper packaging or labeling
- Leaking product
- Identified process improvement
- Reoccurring late deliveries
- Other issues as deemed appropriate by Supply Chain and/or Quality

Communication to the supplier will be initiated via a Supplier Non-Conforming Notification (SNCN):

- This will be reflected in the supplier's quality and possibly delivery rating.
- If a corrective action response is deemed necessary (chronic or frequent occurrence) then a Corrective Action Request (CA) will be issued.
- The supplier is expected to respond in a timely manner to any quality or delivery issues. Response timing and content requirements are as follows:

Initial response within 24 hours of notification including:

- Containment plan to hold and inspect all product at supplier facility.
- Disposition of any product in transit at Kem Krest and at Kem Krest customers including authorization to return for credit, sort/rework at supplier expense or hold for supplier review.
- Timing to replace product with certified product (product that has been 100% inspected for defects). All certified stock must be identified as such.

If no response from the supplier within 5 business days Kem Krest reserves the right to dispose of the product and charge the supplier the cost of disposal, labor for disposal as well as the cost of the product.

Corrective actions to be completed within 14 calendar days of receipt of request including:

- Members involved
- Problem description
- Interim Containment (These three must be done within 24 hours)
- Root cause analysis
- Permanent corrective action
- Verification of corrective action
- Prevention and request for additional time to complete (include estimated time frame for completion) if applicable

Suppliers issued a corrective action may be required to pass 3 consecutive incoming product audits prior to corrective action closure.

2.5 Request or Deviation

Suppliers shall not make any changes in product construction or manufacturing processes without prior customer approval. This also includes reworked or repaired product. A product deviation is used when a specific quality of product being shipped or used is not compliant with the packaging specifications, purchase

order or material specifications.

Deviation requests shall be submitted in writing by the supplier to Kem Krest and approved before goods and/or services are delivered.

Changes to any of the following will require deviation:

- Manufacturing processes or locations
- Supply
- Product formulations
- Product identification
- Physical/Chemical properties
- Ownership of the company

Kem Krest requires formal documentation of deviations.

2.6 Charge-Back Policy

Costs associated with supplier issues that are the supplier's responsibility may be charged back to the supplier. Quality issues as a result of supplier product or services will result in discussions with the supplier to determine disposition and develop plan to reduce end customer impact. Accountabilities, possible rework activities, credits/debits may be discussed and negotiated based on circumstances of issue.

These charges may include but are not limited to:

- Deviations
- Expedited freight
- Customer shutdown charges
- Inspection fees
- Chemical Disposal charges
- Rework charges
- Charge-back costs incurred by the end customer
- [Reoccurring late deliveries](#)
- Any additional costs incurred by Kem Krest as it directly relates to the quality of the product supplied.
- Suppliers with recurring non-conformance issues that have not been resolved will be subject to increasing fines per occurrence.

If the rejects cause downtime, re-inspection, rework, the supplier may choose to use Kem Krest standard rate of \$60/hour.

[Service SNCNs and CAPAs are initiated by the Supply Chain Analyst and/or Supplier Quality when a Supplier does not comply with Kem Krest Purchase Order Terms and Conditions, Supplier Quality Manual, or other Service Level Agreements. These include, but are not limited to, on-time delivery and in-full delivery. If a CAPA is issued, the Supplier will provide a countermeasure plan to improve the service and prevent service degradation from reoccurring. The supplier may be issued a chargeback per the PO Terms and Conditions or the OEM Customer Charge Back for late service.](#)

2.7 OEM Dictated On Time Delivery Chargebacks

Kem Krest will pass through any and all chargebacks from our OEM customers as it relates to suppliers' late deliveries that are incurred within suppliers stated lead times. This will be a pass-through charge.

2.8 Regulatory Reporting

Kem Krest requires our suppliers to comply with and provide support on/for all current regulatory related requirements, including those established by

- Governmental agencies, including Federal, State, and Local agencies such as DOT, EPA, CPSC, OSHA and their equivalent international agencies
- Downstream Kem Krest customers, including but not limited automotive OEMS, retailers, and wholesalers (some of which will require a customer-direct full product disclosure);
- Kem Krest, including but not limited to our ISO/TS standards and our reporting obligatory requirements.

Kem Krest requires our suppliers to support all future regulatory requirements. Examples include SNURs, listing updates, proposed legislative actions.

Suppliers may be required to

- register and obtain customer portal access to transmit information
- obtain and maintain product registrations with governmental agencies
- submit reports on behalf of Kem Krest
- manage their internal/tier suppliers such that the above can be provided.

Goods and materials Kem Krest purchases may have additional requirements. Suppliers must provide documentation that satisfies these regulatory requirements. Requirements will be communicated within the Purchase Order, Customer Print or additional written specifications.

Note: Currently (as of August 1, 2022) OEM customers require the following

- IMDS submissions
- Conflict Mineral assessment
- RoHS
- Current SDS (within 2 years)
- Full formula disclosure
- Right-to-know website disclosure
- PFAS disclosures/reporting
- Post-consumer recycled content disclosure
- Toxins in Packaging disclosure
- USMCA/HTS/Country of Origin

Note: Currently (as of August 1, 2022) customer specific requirements include, but are not limited to:

- Ford: Restricted and Declarable Substances List
- Stellantis: CS-9003 SUPPLIER REQUIREMENTS FOR VEHICLE AND SERVICE PARTS: RESTRICTED AND PROHIBITED SUBSTANCES
- Other OEM requirements

3.0 Purchasing Expectations

3.1 Supplier Pre-Assessment and Supplier Self-Assessment

The supplier pre assessment is required to verify the risk potential to Kem Krest and their customer before moving forward with a Supplier Assessment. This assessment is required to verify potential new suppliers have the appropriate quality and business systems in place. Once the Supply Chain Buyer as well as Supplier Quality have approved the risk analysis a Supplier Self- Assessment will be issued to the supplier. The Self-Assessment can also be used to verify that current suppliers maintained their quality and business systems. The supplier assessment needs to be completed and returned to Kem Krest prior to becoming an approved supplier.

If the supplier is not ISO 9001 certified Supply Chain must request from the OEM for a waiver to allow Kem Krest to purchase products for the OEM from the supplier.

If there is still questions once the Supplier Self-Assessment is returned, Supplier Quality may schedule a Supplier Quality System Audit at the supplier's manufacturing location.

3.2 Supplier Status

A supplier will not be added into Kem Krest's data base until it is approved by both Supply Chain and Supplier Quality and Compliance.

3.3 Supplier Responsibility

Kem Krest contingent suppliers are requested to provide an up-to-date copy of:

- Completed Supplier Pre-Assessment
- Completed Supplier Self-Assessment
- ISO/Other Certificate
- Signed Non-disclosure Agreement (If Applicable)
- W-9 Form
- SDS for all chemicals (within 2 years)
 - Email updated SDS to SDSrequest@kemkrest.com
- Certificate of Analysis (CoA)
- Material Specs. for initial parts

3.4 Terms

Supplier agrees to Kem Krest standard payment terms of net 60 Days, or equal to the OEM standard terms, unless otherwise agreed upon in writing.

3.5 Cost Change Policy

The following information is needed from suppliers on company letterhead when price change notifications are sent. Backup documentation showing what caused a price increase must also be supplied. Please ensure this is followed, otherwise we are unable to review / process price changes:

- Only one price change per month
- Minimum 45 days' notice prior to effective date (as OEM's require 45 days)
- Price change notifications must be sent to pricechange@kemkrest.com
- Price change notifications must include the Kem Krest part numbers, unit of measure, effective date, previous unit price and new unit price, and confirm effectivity based on PO order date or ship date
- For hard part (accessories) price changes on directed-buy parts, price changes must first be approved by the OEM prior to Kem Krest updating PO pricing. Provide OEM-approval documentation when submitting the price increase to Kem Krest.

4.0 Labeling, Packaging and Shipping Requirements

4.1 Labeling Specifications

Each package to be clearly labeled with the following when applicable:

- Supplier Part Number
- Kem Krest Customer Part Number
- Lot Number
- Expiration Date Format: MMDDYYYY
- Manufacture Date - One of the following formats are required:
 - MMDDYYYY – Date Stamp (preferred)
 - Julian date – YYDDD

- Customer Required Format – manufacturer would have to ensure that their representative code is registered with states that require registration.
- Any other code with prior approval from Kem Krest
 - Barcodes (Per OEM Requirement)
 - Kem Krest Part Number
 - Quantity
 - Other OEM requirements as may be conveyed on purchase order or other correspondence

Deviations from the above shall be allowed when given clearance by Kem Krest

Special labeling requirements will be given per OEM requirements and may also be noted on the purchase order.

4.2 Packaging Specifications

Packaging of products shall be done in a manner to ensure product integrity during shipping and handling. Product shall be received clean and absent of foreign material and/or debris.

For finished goods the supplier will supply the products per the agreed upon and signed packaging specifications from Kem Krest engineering and the supplier.

In addition, suppliers are responsible to identify and communicate any packaging changes, improvements, etc. before receipt at Kem Krest. These will need to be communicated, agreed upon, and packaging specifications updated and signed.

Special packaging requirements may be noted on the purchase order.

4.3 Shipping specifications

Shipping method and terms are designated on the purchase order unless agreement has been reached for supplier to pay shipping costs. Suppliers are responsible for adhering to shipping instructions on PO. Kem Krest should be contacted for any deviation from instructions prior to shipping. Kem Krest must approve collect “premium” freight methods if used in order to meet confirmed delivery date. Advance notice to be given on any shipping or delivery delays beyond the due date specified on the confirmed purchase order. For collect freight please contact kemkrestsupport@logiflow.com or freight@kemkrest.com.

A subcontract product or service provided directly to the customer requires a tracking # for proof of delivery.

5.0 Supplier Performance and Evaluation

5.1 Introduction

Supplier report cards are communicated on a quarterly basis based on the criteria set by Kem Krest. The purpose of this rating is twofold – it provides objective comparison of a supplier’s performance and it is a tool to benchmark the supplier’s competitiveness in the marketplace. Kem Krest wants to ensure that our ratings are accurate and effective. If a supplier feels there is a discrepancy in their rating report, they should contact Kem Krest Supply Chain within 1 week of the report date. There is a dispute process on our supplier portal, or for those not in our portal they can contact Supply Chain directly.

5.2 Supplier Score Rating Criteria

Suppliers are rated on the following criteria:

- % of Shipments late (15%)
- Average days late (10%)
- Price Stability (15%)
- Quality Performance (25%)
- % of Excess Freight (5%)
- Customer Service (10%)
- Paperwork Accuracy (5%)
- Average Quantity Deviation (10%)
- Sales Support (5%)

Suppliers holding certification/registration of ISO9001 or TS16949 will be recognized for having a quality system and be given an extra point on their evaluation.

Suppliers who have had a significant quality and/or delivery issue that has impacted Kem Krest's final customer will have a point deducted on their evaluation.

Kem Krest will be using the ABC Analysis within each platform to determine which suppliers, and at what frequency, they are to be evaluated. It is up to Supply chain to determine, based on the developmental strategy or quality issues experiences in addition to the ABC analysis to possibly evaluate additional suppliers.

- A category will be evaluated quarterly
- B Category will be evaluated a minimum of every six months
- C Category will be evaluated a minimum of annually based on criteria and discretions

5.3 Supplier Scorecard

Supplier Evaluations will be processed and if the score is over a 3.5 out of 5.0 the Supply Chain Specialist may choose not to send to the supplier. The suppliers chosen are required to receive at least one evaluation per year.

A supplier with a rating below 3.0 for one evaluation period will be receiving a warning letter and be placed on probation. A note will be also entered in the system Supplier Master File. If the supplier is a dictated supplier, Kem Krest reserves the right to notify the OEM.

A rating below 3.0 for 2 successive quarters will prevent the usage of that supplier in the future and they will be place on new business hold for all Kem Krest new business quotes. If the supplier is a dictated supplier, Kem Krest reserves the right to notify the OEM.

6.0 Business Ethics

6.1 Child Labor and Young Workers

Kem Krest complies with the FLSA guidelines with regards to Child Labor. Kem Krest expects our suppliers to be committed to providing a safe working environment to all team members and prohibit employing children who are under the legal minimum working age. Team members hired under the age of 18 are:

- Strictly prohibited from operating heavy machinery including, but not limited to, the following
 - Fork Lifts
 - MHE (material handling equipment) such as pallet riders and any machinery with moveable parts
 - Baler

- Strictly prohibited from working with any substance that might be considered harmful for their health, safety or development
- Are not allowed to work past the legal time frame as determined by local state law
- Are not allowed to work more than the maximum number of hours per day and per week as determined by local state law

6.2 Human Trafficking And/ Or Modern Slavery

Modern slavery refers to all work or services from any person under the menace of any penalty and for which that person has not offered himself/herself voluntarily. Examples include retention of identity documents and forced working conditions, as well as human trafficking.

Kem Krest expects suppliers to provide a positive work environment where all work is done voluntarily and without force. Suppliers should refrain from any type of activity which could be considered unethical or defined as human trafficking. You shall comply and will continue to comply with all federal and international laws and restrictions that may be applied in any jurisdiction that we may operate or provide products and services with regards to human trafficking and/or modern slavery.

6.3 Harassment and Non-Discrimination

Harassment is a form of team member misconduct that undermines the integrity of the employment relationship. Kem Krest requires all suppliers allow their employees to work in an environment free from harassment. While it is difficult to define what constitutes illegal harassment under the law, the supplier shall have a policy that addresses any type of harassing behavior based on race/ethnicity, color, religion, national origin, age, sex, pregnancy, citizenship, disability, ethnic background, veteran status, genetic information, gender identity, sexual orientation or any other category protected by applicable federal, state or local law is inappropriate in the workplace. Therefore, Kem Krest will not tolerate any behavior that creates an intimidating, offensive, or hostile work environment or that interferes with work performance.

Examples of harassment that may violate the law and will violate this policy include Oral or written communications that contain offensive name-calling, jokes, slurs, negative stereotyping, or threats. This includes comments or jokes that are distasteful or targeted at individuals or groups based on race/ethnicity, color, religion, national origin, age, sex, pregnancy, citizenship, disability, ethnic background, veteran status, genetic information, gender identity, sexual orientation or any other category protected by applicable federal, state, or local law, such as:

- Non-verbal conduct, such as staring, leering, and/or giving inappropriate gifts.
- Physical conduct, such as assault or unwanted touching, impeding, or blocking movements.
- Visual conduct such as leering, making sexual gestures, displaying sexually suggestive or offensive objects or pictures, cartoons, or posters; such prohibited images include those in hard copy or electronic form.
- Offering employment benefits in exchange for sexual advances.
- Unwanted verbal or sexual advances or propositions.
- Verbal abuse of sexual nature, such as graphic verbal commentaries about an individual's body, sexually degrading words to describe an individual, and suggestive or obscene letters, notes, or invitations.

6.4 Corruption, Extortion and Bribery

Suppliers need to have a Code of Business Conduct and Ethics Policy that applies to all team members of the company, and this is included in the Team Member Handbook and Policy Guide. The President and/or Director of Human Resources are bound by the provisions set forth therein relating to ethical conduct, conflicts of interest and compliance with law.

6.5 Privacy and Data Protection

Non-disclosure/Confidentiality The supplier commits to keep confidential information that is mutually obtained, and not to divulge it in any form to third parties. The supplier shall ensure that all employees affected are also under this obligation. If required, KEM KREST may request that a separate non-disclosure agreement (NDA) be signed by suppliers

6.6 Environmental Policy

Kem Krest requires that their suppliers have an environmental policy in place that covers the following:

- GHG emissions, energy efficiency and renewable energy
- Water quality and consumption
- Air quality
- Sustainable resources management and waste reduction
- Responsible chemical management

6.7 Freedoms of Association and Collective Bargaining

Suppliers should allow the freedom for team members to have peaceful assembly and have freedom of association on all levels including political, trade union and civic matters. Team members have the right to form and join trade unions for the protection of their interests including collective bargaining.

6.8 Wages, Benefits and Working Hours

Kem Krest expects all our suppliers' wages and benefits to equal the federal and state regulations. We also expect all suppliers to follow standard working hours.

6.9 Whistleblowing, Non-Retaliation, Fair Competition, and Anti-trust

Kem Krest expects all our suppliers to follow all anti-trust laws and practice fair competition. We expect all suppliers to have a policy to maintain a positive and productive work environment.

7.0 Appendix

7.1 Kem Krest Purchase Order Terms and Conditions

KEM KREST LLC
PURCHASE ORDER
GENERAL TERMS AND CONDITIONS

This Purchase Order is expressly limited to and made conditional upon the terms and conditions contained herein, and any of the Seller's terms in addition to or different from those contained herein, whether contained on an acknowledgement, invoice or other document sent to Kem Krest Corporation and its affiliates (collectively, "Buyer") is hereby objected to and shall be of no effect. Seller shall receive all direction on behalf of Buyer from the appropriate Kem Krest Supply Chain (KKSC) representative. Any action taken by the Seller based on direction from any source other than the KKSC representative shall be taken at Seller's risk and shall in no way bind the Buyer to compensate the Seller for any costs incurred.

1. **Acceptance.** This Purchase Order shall be deemed accepted by the Seller's acknowledging receipt of this order, by Seller's commencement of services or work on the goods ordered, or by Seller's shipment of the goods, whichever first occurs. Seller shall be deemed to have so accepted and acknowledged unless it notifies the appropriate KKSC representative in writing to the contrary within 5 working days of receipt of this order. Any proposal for additional or different terms or any attempt by Seller to alter the terms of this Purchase Order are hereby objected to and rejected, unless expressly agreed upon in writing by both Parties, by means of an amendment that clearly mentions to be altering this Purchase Order Terms and Conditions in that sense. No purported oral agreement or other understanding that attempts in any way to modify the conditions of the agreement resulting from this Purchase Order will be binding upon Buyer. Any reference on the face of the Purchase Order to Seller's quote or other prior communication does not imply acceptance of any term, condition or instruction therein, but is solely to incorporate the description or specifications of the goods or services to be supplied to Buyer, and only then to the extent that such description or specifications are not in conflict with the description or specifications on the face of the Purchase Order. In the event that the Seller would like to request the examination of the terms or pricing for future agreements, a written proposal should be submitted to the appropriate KKSC representative at least 45 days before such a variance were to occur.
2. **Prices.** Prices shown on the face of this Purchase Order are firm prices and neither pricing nor lead times are subject to increase/adjustment unless agreed to in writing by the KKSC representative. Seller warrants that the prices specified in this Purchase Order are no less favorable than prices given by Seller to any other customer for like goods or services (after consideration of all discounts, rebates and allowances). If Seller quotes a lower price to anyone or accepts payment of a lower price from anyone during the life of this contract, that lower price will prevail with respect to any quantity undelivered under this Purchase Order. The prices specified on this Purchase Order include all federal, state and local taxes that Seller is required by law to collect from Buyer and from which Seller cannot obtain an exemption. Such taxes shall be separately stated on Seller's invoices and shall be paid by Buyer, unless an exemption is available. Unless otherwise agreed to in writing by the Buyer, the price specified on this Purchase Order includes all charges for packing, cartage, storage, drayage, export clearance, and transportation to the F.O.B. Shipper dock. Seller shall pay all delivery charges in excess of that which Buyer has agreed in writing to pay.
3. **Delivery.** If shipment of goods or services is not completed by the dates specified, a KKSC representative may, without liability, terminate this order and purchase substitute goods and services elsewhere and hold Seller liable for any resulting additional costs and expenses. Any losses sustained or costs incurred by Buyer by reason of late PO shipment of items or rendering of services shall be paid to Buyer by Seller, by a late PO shipment charge of 2% of the purchase price for each five (5) business days shipment is delayed. Seller agrees to give KKSC representative prompt written notice of any projected delay in the shipment date specified herein. The Seller will be liable for costs of expediting (i.e., freight or production) in the event that the Seller is late in their promised shipment date. In non-expedited situations, Kem Krest reserves the right to refuse shipment of goods which is made more than one week in advance of the shipment date specified herein and to return such goods to Seller at Seller's expense. If Kem Krest accepts early shipment, invoice payment terms will be calculated from the date of scheduled shipment.

Failure to meet Kem Krest's published packaging requirements will result in a \$60.00 per man-hour charge to correct any non-conformance, and/or refusal of load until Shipper becomes compliant.

Unless otherwise specified on the front of the PO, delivery terms are FOB Shipper Dock. Terms are to be interpreted in accordance with the most current ICC Incoterms. All shipments must contain documentation specified by Buyer. If not specified, documentation will be a packing slip listing Product, Buyer's part number, Purchase Order number, quantity, Ship-To address, invoice number, with all packages marked identifying products by part number. Bar codes and expiration date may be required by Buyer's packaging standards. The package containing the packing slip must clearly be identifiable. Seller must adhere to the procedures involving logistics and warehousing instructions, including instructions provided in material agreements or routing guide. Seller shall document country of origin in the format specified by the Buyer to comply with regulations, including USMCA certificates of origin, duty draw back documentation or manufacturer's affidavit as requested. It is the responsibility of the Seller to monitor the information and immediately notify Buyer of any changes. Such changes must be communicated in writing to Buyer's Customs Department.
4. **Invoicing.** Seller shall promptly render within 30 days after delivery of goods or performance of services, correct and complete invoices to Buyer and shall accept payment by check or, at Buyer's discretion, other cash equivalent (including purchase cards or electronic transfer of funds). Payment shall be Net 60 days unless stated to the contrary on Buyer's Purchase Order. Buyer may withhold payment pending receipt of evidence, in such form and detail as Buyer may direct, of the absence of any liens, encumbrances, and claims on the goods or services provided under this Purchase Order. All amounts due to Seller shall be considered net of indebtedness or obligations of Seller to Buyer. Buyer may set off against or recoup from any amounts due or to become due to Seller, any amounts due or become due to Buyer however and whenever arising. If an obligation of Seller to Buyer is disputed, contingent or unliquidated, Buyer may defer payment of all or a portion of the amount due to Seller until such obligation is resolved. Further, in the event Buyer reasonably feels itself insecure or at risk, Buyer may withhold and recoup a corresponding amount due to Seller to protect against such risk.
5. **Risk of Loss.** Seller shall bear the full risk of loss of any goods purchased pursuant hereto until goods are received and inspected by Kem Krest. Seller specifically bears the risk of loss of any goods delivered to a common carrier whether or not Seller is reasonable to pay for transportation.
6. **Inspection.** All materials or products purchased hereunder are subject to inspection and approval at Buyer's destination. Kem Krest at its option may inspect said material or products prior to shipment. In such case Seller agrees to provide all reasonable facilities for inspection during normal working hours. Buyer reserves the right to reject and refuse acceptance of items which are not in accordance with Buyer's instructions, specifications, drawings and data which are part of the Purchase Order or agreed change order. Items properly not accepted will be held for Seller's instruction at Seller's risk and if Seller so directs, will be returned at Seller's expense. No goods properly returned hereunder shall be replaced without a new Purchase Order. Payment for any article hereunder shall not be deemed an acceptance thereof. There will be a \$60.00 per man-hour charge to correct any non-conformance, and or refusal, of load until Shipper becomes compliant. A KK representative will notify the Seller if/when a KK non-conformance occurs.
7. **Changes.** Kem Krest may, at any time, by written change order, make changes in the drawings, design, specifications, materials, packaging, time, and place of delivery applicable to the supplies or services covered by the Purchase Order. If any such change affects the cost of manufacturing such supplies or the cost of furnishing such services, any equitable adjustment shall be made promptly in the purchase price or prices by agreement of the parties. No claim by the Seller for increased compensation for changes, except when done in pursuance of written authorization from the KKSC representative, will be considered.
8. **Warranty.** Seller hereby warrants that the goods and services to be furnished hereunder: (i) will be in full conformity with Buyer's specifications, drawings, samples and data or other description furnished or specified by Buyer as part of this order; (ii) will be of the highest quality specified in this order and free from defects in materials and workmanship (including defects in design); (iii) will be merchantable; (iv) will be fit and sufficient for the use and purposes for which normally used; (v) will satisfy all applicable federal, state and local, as well as industry, standards and (vi) will be free of all liens and encumbrances created or caused by Seller or its agents or subcontractors. Seller shall be responsible for all damages or costs (including consequential damages) caused by any non-conforming goods or services, including without limitation labor, materials, freight or processing charges, and damages to other components caused by such defective goods or services. If Seller is aware, is made aware or becomes aware that the goods or services are not appropriate for the use intended by Buyer or that the specifications given to Seller by Buyer or Buyer's Customer will result in less than optimal performance of the goods or services, Seller shall immediately notify Buyer. Seller shall also notify Buyer if the location or environment of the goods or services within the vehicle or product will affect their performance or if anything (different than that called out in the prints or specifications) is necessary for the goods to perform for the intended use. Payment for, inspection of, or receipt of goods or services will not constitute acceptance of the goods or services or a waiver of any breach of warranty.
9. **Rejection of Goods.** Nonconforming or defective goods may be returned to the Seller for, at the Buyer's option, full credit or replacement with new goods at the Seller's risk and expense, including all expenses for labor and materials in dealing with or removing the defective parts, all charges for handling, sorting, packaging and transportation both ways

- and all charges related to the disposal of any defective or nonconforming goods. No replacement of nonconforming goods may be made except as authorized by a replacement Purchase Order signed by Buyer.
10. Conformity with Laws. The Seller and Buyer shall fully comply with all applicable Federal, State and Local Laws, Ordinances and Regulations in the performance of this order.
 11. Termination for Bankruptcy. Buyer may immediately terminate this Purchase Order without liability upon the happening of any of the following or any other comparable event: (i) insolvency of the Seller; (ii) filing of a voluntary or involuntary petition in bankruptcy by or against Seller; (iii) appointment of a receiver or trustee for Seller; (iv) any accommodation by Buyer, financial or otherwise, not contemplated by this Purchase Order, that is necessary for Seller to meet its obligations under this Purchase Order; or (v) execution of an assignment for the benefit of creditors by Seller, provided that such petition, appointment, or assignment is not vacated or nullified within fifteen (15) days after such event. Seller shall reimburse Buyer for all costs Buyer incurs in connection with any of the foregoing whether or not this Purchase Order is terminated, including, but not limited to, all attorneys' or other professional fees.
 12. Termination for Convenience. In addition to any other rights of Buyer to cancel or terminate this Purchase Order, Buyer may terminate all or any part of this Purchase Order at any time and for any reason by giving written notice to Seller. Upon receipt of such notice, Seller shall immediately or at the end of the potential prior notice period, depending on the case, stop work on this Purchase Order or the terminated portion thereof, and notify any subcontractors to do likewise. Buyer shall pay to Seller the Purchase Order price for all goods or services that have been completed in accordance with this Purchase Order and not previously paid for. Where articles or materials are to be specifically manufactured for Buyer hereunder and where Seller is not in default, an equitable adjustment shall be made to cover Seller's actual cost, excluding profit, for work-in-process and raw materials as of the date of termination, to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting principles to the terminated portion of this Purchase Order. Buyer will not be liable for any charges or expenses incurred by Seller in advance of the normal lead time necessary to meet scheduled delivery dates nor for any expenses, charges or liability incurred subsequent to the giving of notice of cancellation. Buyer will make no payments for finished goods, work-in-process, or raw materials in amounts in excess of those authorized by Buyer or for any undelivered goods which are in Seller's standard stock or which are readily marketable. Seller must submit any claim to Buyer within fifteen (15) business days after the date of termination or that claim will be waived. Payments made to Seller under this Paragraph 13 represent the sole responsibility of Buyer in case of cancellation of the Purchase Order and Seller agrees not to charge any other costs, expenses or fees to Buyer nor will Buyer be liable for any other costs, expenses, losses or fees arising out of the cancellation or termination of the Purchase Order under this Paragraph 13. Buyer has relied upon Seller's agreement to manufacture the goods or provide the services at the price and on the terms stated in the Purchase Order to allow Buyer to fulfill its contract to sell to Buyer's Customer the products that incorporate the goods or services. Consequently, Seller may not terminate this Purchase Order before expiration.
 13. Termination for Default. In addition to any other remedies or rights afforded by law, Buyer reserves the right to cancel all or any part of this Purchase Order, for default of Seller, if Seller: (i) repudiates or breaches any of the terms of this Purchase Order, including Seller's warranties; (ii) fails to perform services or deliver goods as specified by Buyer; or (iii) fails to make progress so as to endanger timely and proper completion of services or delivery of goods, and does not correct such failure or breach within ten (10) days after receipt of written notice from Buyer specifying such failure or breach. If Buyer terminates its purchase obligations pursuant to this paragraph, Buyer will have no obligations to Seller in respect of the terminated portion of this Purchase Order and Buyer's liability will be limited to the delivered portion of this Purchase Order at the rate specified on the face hereof. Buyer will be entitled to recover all damages or losses attributable to such repudiation, breach, or failure by Seller.
 14. Transition of Supply. In connection with the expiration, cancellation or termination of the Purchase Order by either Buyer or Seller, in whole or in part, for any or no cause (including, without limitation, Buyer's decision to change to an alternate source for manufacture of the goods in question, including but not limited to a Buyer-owned or -operated facility), Seller will cooperate in the transition of supply. Seller will continue production and delivery of all goods and services as ordered by Buyer, at the prices and in compliance with the terms of the Purchase Order, without premium or other condition, during the entire period reasonably needed by Buyer to complete the transition to the alternate seller(s). Subject to Seller's reasonable capacity constraints, Seller will provide special overtime production, storage and/or management of extra inventory of the goods or services, extraordinary packaging and transportation and other special services (collectively, "Transition Support") as expressly requested by Buyer in writing. If resource of the goods or services occurs for reasons other than Seller's termination or breach, Buyer will, at the end of the transition period, pay the reasonable, actual cost of Transition Support as requested and incurred, provided that, upon request, Seller has advised Buyer prior to incurring such amounts of its estimate of such costs. If the parties disagree on the cost of Transition Support, Buyer will pay the agreed portion to Seller and pay the disputed portion into third-party escrow for disbursement after the dispute has been resolved.
 15. Labor Disputes. Seller shall provide at least four months' written notice to Buyer prior to the scheduled expiration of any current organized labor contract. If requested by the Buyer, Seller shall establish, at Seller's expense, a 30-day inventory of finished goods, at a site mutually agreed upon with Buyer, before the expiration of any such labor contract. Seller shall notify Buyer immediately of any actual or potential labor dispute delaying or threatening to delay the timely performance of any open purchase order.
 16. Customer Requirements. Seller shall comply with the applicable terms and conditions of any agreements between Buyer and Buyer's Customer (the "Customer Purchase Orders") pursuant to which Buyer agreed to sell to Buyer's Customer products or assemblies which incorporate the goods provided by Seller hereunder. This provision specifically includes costs and obligations imposed by warranty programs instituted by the original equipment manufacturer that ultimately purchases Buyer's products that incorporate the goods sold by Seller if applicable to Buyer under the terms of the Customer Purchase Order. If Buyer is not acting as a Tier One seller, the defined term "Customer Purchase Order" shall also include the terms and conditions of the original equipment manufacturer that ultimately purchases Buyer's product that incorporates the goods or services sold by Seller. Seller will be responsible to ascertain how the disclosed terms affect Seller's performance under the Purchase Order. By written notice to Seller, Buyer may elect to disclose and have the provisions of the Customer's Purchase Orders prevail over any term of the Purchase Order at any time.
 17. Patents. Seller warrants that (1) the supplies specified in the Purchase Order, and (2) their sale or use, alone or in combination, according to the Seller's specifications or recommendations, if any, will not to the extent designed by Seller infringe any United States or foreign patents, and, to the extent liability is attributable to Seller's design, agrees to indemnify and hold harmless Buyer against all judgments, decrees, costs and expenses resulting from any alleged infringement and, to the extent liability is attributable to Seller's design, agrees that Seller shall, upon request of Buyer and at Seller's own expense, defend or assist in the defense of any action which may be brought against Buyer by reason of any such alleged infringement. In case said products or any part thereof is held to constitute infringement and the use of said products or part are enjoined, the Seller shall, to the extent liability is attributable to Seller's design, at its own expense, either procure for the Buyer the right to continue using said products or modify them so they become non-infringing, or replace such goods with non-infringing goods satisfactory to Buyer.
 18. Indemnification. Seller agrees to defend, hold harmless, and indemnify Buyer from and against all claims, actions, or demands, including all liabilities, damages, losses and costs (including all legal and administrative costs and expenses and consequential damages) resulting from or related to (i) any breach of Seller's obligations pursuant to this Agreement, including breach of warranty under Section 9 hereof, and (ii) any recall, property damage or personal injury attributed to, in whole or in part, any defect in the goods or services provided by Seller.
 19. Quality Control. Seller shall maintain adequate and consistent quality control inspection and testing to assure that goods will consistently conform to specified requirements, and shall, at Buyer's request, furnish substantiated results of quality control inspections and testing in accordance with the Kem Krest Seller Manual. Seller shall notify Buyer in writing before changing in any way processes used in production or Buyer's specified requirements of goods ordered by Buyer under this Purchase Order. Buyer's specified requirements used in production must not be changed without Buyer's prior written consent and in accordance with the [Kem Krest Supplier Quality Manual](#), any OEM approvals, and any OEM requirements, which include, without limitation, production parts approval process (PPAP).

Seller will not change its specifications, materials, material suppliers or production of testing process or locations, without the prior notice to and written approval from Buyer and assuring that such change will have no effect on the Product's conforming to the specifications, drawings, or other requirements provided or required by Buyer or its customer. Certificate of Analysis (CofA) is required for all incoming chemicals for every shipment – new or finished goods. Before initial shipment, a master is sent to the Kem Krest Buyer to allow Kem Krest engineering to establish incoming inspection processes. After initial shipment, a CofA will be required with every shipment coming into Kem Krest.
 20. Right to Audit. Buyer shall have the right, at any reasonable time, to send its authorized representatives to examine all of the Seller's documents and materials relating to Seller's obligations under this Purchase Order or relating to Seller's charges to Buyers. If requested by the Buyer, Seller will provide the Buyer with past, present and pro forma financial reports including, but not limited to, income statements, balance sheets, cash flow statements and supporting data for the Seller and any affiliate or subsidiary of Seller involved in producing, supplying, or financing the goods or any component part of the goods. The Buyer may use financial reports provided under this Section 22 only to assess the Seller's ongoing ability to perform its obligations under the Purchase Order and for no other purpose, unless the Seller agrees otherwise in writing. Seller shall maintain all pertinent books and records relating to this Purchase Order for a period of seven (7) years after completion of delivery of products pursuant to this Purchase Order.
 21. DISCLAIMER OF CONSEQUENTIAL DAMAGES. IN NO EVENT SHALL BUYER BE LIABLE FOR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION BREACH OF ANY OBLIGATION IMPOSED ON BUYER HEREUNDER OR IN CONNECTION HEREWITH. CONSEQUENTIAL DAMAGES FOR PURPOSES HEREOF SHALL INCLUDE WITHOUT LIMITATION LOSS OF USE, INCOME OR PROFIT, OR LOSSES SUSTAINED AS THE RESULT OF INJURY, OR LOSS OF OR DAMAGE TO PROPERTY.

22. General. This Purchase Order shall be governed by the laws of the State of Indiana. THE PARTIES FURTHER AGREE AND STIPULATE THAT ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY INDEBTEDNESS ARISING UNDER THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREIN SHALL BE BROUGHT ONLY IN A SUPERIOR OR CIRCUIT COURT OF ELKHART COUNTY, STATE OF INDIANA OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF INDIANA, SOUTH BEND DIVISION. SELLER HEREBY CONSENTS TO THE PERSONAL JURISDICTION OF EACH SUCH COURT.

- SELLER WAIVES ALL RIGHTS TO A JURY TRIAL ON ALL ISSUES IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY INDEBTEDNESS ARISING HEREUNDER ON THE TRANSACTIONS CONTEMPLATED HEREIN AND AGREES THAT NO ATTEMPT SHALL BE MADE TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION OR PROCEEDING WITH ANY OTHER ACTION OR PROCEEDING IN WHICH THERE IS A TRIAL BY JURY OR IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.
- Under no circumstances may Seller make any assignment of this Purchase Order or of its rights hereunder without the prior written consent of Buyer. The sale of a controlling interest in Seller's outstanding voting securities, or a merger or combination involving Seller that changes the voting control of Seller or in which Seller is not the surviving corporation, shall be deemed an assignment of the Purchase Order requiring Buyer's consent. Payment to Seller absent notice of assignment shall constitute full and complete discharge of Buyer's payment obligations hereunder. Payments to any assignee of Seller's rights hereunder shall be subject to setoff or recoupment for any present or future claim or claims which Buyer may have against Seller. Buyer reserves the right to make direct settlements and/or adjustments in price with Seller under the terms of this order, notwithstanding any assignment or claims by Seller.
- No waiver or failure to enforce compliance with the terms hereof by Buyer shall constitute a waiver of Buyer's right to insist upon strict compliance with the terms of this order thereafter.
- The headings used in this Agreement are solely for the convenience of the parties and shall have no force or effect upon the interpretation of any provisions hereof.
- Buyer's sole liability to Seller under the Purchase Order (including its termination, expiration or cancellation) is to pay for the goods and services and to pay the specific termination related amounts described above. IN NO EVENT SHALL BUYER BE LIABLE TO SELLER FOR ANTICIPATED OR LOST PROFITS, INTEREST, PENALTIES OR INCIDENTAL, CONSEQUENTIAL, PUNITIVE, MULTIPLE, OR EXEMPLARY DAMAGES OR LIABILITIES IN CONNECTION WITH THIS ORDER, WHETHER FOR BREACH OF CONTRACT, TORT LIABILITY, LATE PAYMENT, PROPERTY DAMAGE, PERSONAL INJURY, ILLNESS, OR DEATH OR OTHERWISE.
- If any term of this Purchase Order is invalid or unenforceable under any statute, regulation, ordinance, executive Purchase Order, or other rule of law, that term will be deemed reformed or deleted as reasonably determined by Buyer, but only to the extent necessary to comply with such statute, regulation, ordinance, Purchase Order or rule, and the remaining provisions of this Purchase Order will remain fully in effect. If this Purchase Order covers goods or services to be exported into or imported from a country other than the United States whose laws, rules or regulations affect the composition or quality of the goods or services, or any other material term hereof, Seller shall so inform Buyer and Buyer may, at its option, attach to this Purchase Order a supplement reasonably addressing such laws, rules or regulations, or may direct Seller to those terms and conditions of sale that govern Buyer's purchases in such other country and, upon such direction by Buyer, such alternate terms and conditions shall then govern the Purchase Order.
- The rights and remedies reserved to Buyer in this Purchase Order will be cumulative and additional to all other remedies available to Buyer in law or equity.

23. Equal Opportunity. This Purchase Order shall be deemed to include, to the extent applicable hereto (a) all provisions of 41 CFR 60-1-4, the Equal Employment Opportunity Clause referred to in Executive Order 11246, as amended; (b) all provisions of 41 CFR 60-250, as amended pertaining to Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era where the value of goods or services furnished hereunder exceeds \$10,000; (c) all provisions of 41 CFR 60-741 as amended pertaining to Affirmative Action for Handicapped Workers where the value of goods or services furnished hereunder exceeds \$2,500; and (d) similar applicable requirements of any state, local or municipal law.

24. Customs and Origin. Seller will promptly notify Buyer in writing of material or components used by Seller in the supply of Goods to Buyer, which Seller purchases in, or transfers from, any country or other customs recognized regions. Seller shall provide certificates of preferential origin, non-preferential origin, and all other customs related documents necessary to comply with US customs requirements, the customs requirements of the destined country, and any special trade programs, including applicable free trade agreements, and any other importation and exportation documents requested by the Buyer.

Seller guarantees that "made in ...", "fabriqué en ...", or other similar statements that may appear on the supplies, packaging, label, and delivery notes are true and correct, and Seller shall ensure the internal consistency of such materials, i.e., that they are not contradictory in any respect.

25. Forced Labor. Seller represents and warrants that no portion of the goods delivered under this Purchase Order (including any of the components and materials) will be extracted, mined, produced, manufactured, assembled, or processed using any form of convict, indentured, or forced labor, including indentured or forced child labor.

26. Compliance with Applicable requirements; Ingredient Disclosure; Special warnings and Instructions. Seller will comply with applicable Law and Buyer's requirements then in effect regarding: (i) the handling, transportation, labeling, processing, registration, notification, prohibition, use, disposal or recyclability of the Goods, containers, and packaging, including the formulation and use of raw materials and other substances in the Goods and (ii) disclosures on the content and origins of raw materials and substances, including chemical and substance of concern disclosures.

Seller will promptly provide to Buyer, in such form and detail as requested by Buyer: (a) the formula and list of all ingredients in the Goods, including safety data sheets; (b) the amount of all ingredients and the percentage of each ingredient in the Goods; (c) an updated formula and list of ingredients promptly upon any change from that provided to Buyer; and (d) a list of the countries of origin for each ingredient contained in the Goods; provided, however, Buyer may only require such information from Seller only to the extent necessary to enable Buyer to comply with applicable Law. Seller will immediately notify Buyer if Seller is not in full compliance with any Law. Seller must use resources effectively and efficiently to minimize environmental impact. Seller shall not purchase or sub-contract from any illegal or noncompliant channel or supplier and is committed to promote a responsible supply process.

Seller will promptly provide, in writing, any information regarding the Goods requested by Buyer so that Buyer may comply in a timely manner with reporting requirements under applicable Law, with respect to consumer protection, environmental protection, worker protection, "Conflict minerals" or similar materials or ingredients. Seller will track down to the very origin (in particular smelters, mines...) of any ingredients or (raw-) materials in the Goods and certify this in writing without delay upon Buyer's request.

DMS 27610792.5

7.2 Manual Acknowledgement Receipt

Supplier Manual Receipt Acknowledgement

Please sign and return this page as an acknowledgement of receipt and acceptance of terms outlined in Kem Krest Supplier Manual. Acknowledgement should be returned within 2 weeks of receipt. If Supplier Manual Receipt Acknowledgement is not received within this time period, Kem Krest will consider as acceptance of this manual.

Company Name _____

Kem Krest _____

Signature _____

Signature _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____