



TERMS AND CONDITIONS

By acceptance of this attached Order, the Seller agrees to the following:

1. PAYMENT

Unless otherwise specified in the purchase order, Buyer will make payments in U.S. Dollars within 30 days after receipt of Seller's invoice, packing list, evidence of shipment or delivery in accordance with Buyer's instructions and such other documents as may be called for in the Order, all in proper form.

2. CHARGES FOR PACKING AND INSURANCE

No charges are allowed for boxing, packing, crating, and insurance unless specifically provided for in the Purchase Order.

3. ENTIRE AGREEMENT

The purchase order, including these Terms and Conditions and any other documents which are a part thereof, constitute the entire understanding between Buyer and Seller with respect to the purchase and sale of the goods ordered, and supersedes any previous negotiations, commitments and writings with respect thereto. Any change in such understanding shall be valid only if confirmed by a written amendment issued by Buyer. Any such amendment shall be deemed to have been accepted by Seller unless Seller notifies Buyer otherwise within a reasonable time.

4. CERTIFICATION

Unless otherwise specified on the face of the Purchase Order, each shipment shall be accompanied by a Certificate of Conformance, signed by authorized personnel from Suppliers quality department ensuring that Seller is in compliance with all requirements and specifications.

The certificate shall include:

- Identification of delivered products, i.e.: designation, part number, lot/batch number, quantity, serial numbers and show full chain of custody to the OEM/OCM.
- Reference to packing list and Purchase Order.
- Confirmation that the articles included in the delivery satisfy all the requirements as a specified in the purchase order / drawings / specifications. Confirmation that all applicable physical and / or chemical test reports and inspection records on file and available upon request.
- For raw materials a test report on the physical properties and / or chemical compound of the material according to the applicable specification shall be enclosed in each shipment.
- For purchase orders to independent distributors the following shall apply;
A copy of the original manufactures certificate and / or test reports shall accompany each shipment. If the manufacturer's documents cannot be provided, contact Sensor Systems' buyer prior to acceptance of order.
- For purchase orders to franchised distributors, the distributor's C of C shall include the manufacturer's name and address and the manufacturing lot numbers of all materials included in the shipment.

5. INSPECTION

Buyer acceptance of goods, shall be subject to Buyer's final test, examination, inspection and related instructions within a reasonable time after receipt at destination, notwithstanding any payment or prior test or inspections. Where Buyer delegates inspection/verification activities to the supplier, the scope and requirements shall be defined in the purchase order.

6. ANTICIPATION OF DELIVERY SCHEDULE

Unless otherwise agreed in writing, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet stated delivery schedule.

7. DELAY AND DEFAULT

Seller shall promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefore, and the actions being taken by seller to overcome or minimize the delay. If requested by Buyer, Seller shall, at Seller's expense, ship via air or other expedient method of transportation to avoid or minimize the delay to the maximum extent possible.

In the event Seller, for any reason, anticipates any difficulty in complying with the required delivery date, or in meeting any of the other requirements of this order, Seller shall promptly notify Buyer in writing, Seller will notify Buyer as soon as Seller learns of any change in ownership or control of Sellers products. If such change occurs, Buyer will have unilateral right to terminate this agreement. In the event of any such termination, Seller agrees to render full cooperation to Buyer in order to minimize disruption of the Buyer's program. In lieu of terminations, Buyer may require Seller to provide adequate assurance of performance, including, but not limited to the institution of special controls regarding the protection of Buyer's proprietary information.



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8. FOREIGN OBJECT DAMAGE (FOD) PREVENTION

Seller shall have or establish when applicable a Foreign Object (FOD) Prevention program procedures in accordance with NAS 412 to be implemented for the products being designed, developed, manufactured, assembled, operated, repaired, modified, refurbished and maintained. All deliverable products under this purchase order must be of Foreign Object Debris (FOD).

9. BUYER'S PROPERTY

(A) All tools, tool drawings, materials, drawings, computer software, documents or data of every description furnished to Sellers by Buyer or materials affixed or attached thereto, shall be and remain the personal property of Buyer, and, unless otherwise agreed to in writing by Buyer, shall be used by Seller solely to render services or provide products to Buyer. Such property, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as being the property of Buyer, and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any property for Buyer's property and shall not use such property except in filling Buyer's orders. Such property while in Seller's custody or control shall be held at Seller's risk and shall be insured by Seller for replacement cost with loss payable to Buyer. Such property shall be subject to removal at Buyer's written request, in which event Seller shall prepare such property for shipment and shall deliver it as directed by Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted, all at Seller's expense.

(B) Buyer hereby grants Seller a license to use drawings, specifications, computer software, and other data (hereinafter collectively referred to as "data") furnished or paid for by Buyer hereunder for the sole purpose of the performing this order for Buyer. All data is the property of Buyer and shall not be used, disclosed to others or reproduced for any purpose, including, but not limited to, the design, manufacture or repair of parts or to obtain FAA or other Government approval to do so; provided; however, Seller may provide data furnished or paid for by Buyer hereunder to Seller's contractors for sole purpose of enabling Seller's contractors to assist Seller in performing this order for Buyer and on condition that Seller's contractors agree in writing for Buyer's benefit. This license is non assignable, and this license is terminable with or without cause by Buyer at any time. All data furnished or paid for by Buyer shall be deemed to be proprietary to Buyer, whether or not it is marked with any restrictive legend.

10. CHANGES

Buyer at any time shall have the right to make changes in the quantities, specifications or delivery schedule. Any such change which has a significant impact shall entitle either Seller or Buyer to an equitable adjustment. However, no additional charge will be allowed unless authorized by Buyer's written amendment to this order. Information, such as technical direction or guidance provided to Seller by representatives of the Buyer in connection with the Seller's performance of this order, shall not be construed either as change within the meaning of this provision or as direction to proceed outside the scope of this order. If Seller considers that the conduct of any of Buyer's employees has constituted a change hereunder, Seller shall notify Purchaser immediately in writing as to the nature of the change and its effect on Seller's performance including delivery schedule and the amount to be paid to Seller. In any event, the maximum liability of the Buyer for obsolescence, scrap, and / or rework resulting from any change shall be limited to the value of the materials and parts in process at the time of the change, to the extent that such parts are within Seller's normal manufacturing cycle required to meet the established delivery schedule. Nothing in this clause, including any disagreement with Buyer as to the equitable adjustment to be made, shall excuse Seller from proceeding with the order as changed.

11. RETURNED GOODS

Buyer will issue a debit for all returned goods. Debit will include total cost of material and shipping charges shown on seller's Invoice's, and shipping charges to return material.

12. PACKAGING

Parts/product shall be packaged and shipped to Sensor Systems, Inc. in a manner to prevent scratches, dents, and/or damage during transportation. ESD sensitive components must be identified and labeled properly. If multiple lots are shipped packaging must be identified with lot numbers and quantities.

13. SHELF LIFE MATERIAL

All age dated material shall have a minimum of 80% shelf life left prior to expiration upon receipt at Buyer's facility. Shorter shelf life may be authorized on the Purchase Order as determined by Sensor Systems, Inc. The supplier must notify Sensor Systems, Inc. in advance if any purchased material is less than 80% of its shelf life before shipping. Sensor Systems, Inc. has the right to refuse any shipment received that is less than the 80% shelf life, at no cost to us.



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14. PARTS OBSOLESCENCE AND/OR DISCONTINUANCE OF SERVICES

Seller/Supplier shall provide Buyer a "last time buy" notice at least (12) twelve months prior to any action to discontinue any product(s) or Service(s) and/or if the same should be in danger of becoming obsolete the supplier shall: Offer a form, fit and functionally interchangeable alternative at no additional cost to the buyer. Determine whether there is an opportunity for a life-time buy beyond the current contractual requirements. Seller shall notify Sensor Systems, Inc. of any changes in product or process and if required, obtain approval from Sensor Systems Inc.

15. COUNTERFEIT WORKS CLAUSE

Seller shall comply with the requirements of Aerospace standard SAE AS5553 and AS6174. Seller agrees and shall ensure that Counterfeit Work is not delivered to Sensor Systems. Seller shall only purchase products to be delivered or incorporated as Work to Sensor Systems directly from Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through and OCM/OEM authorized distributor chain/Dealer. Work shall not be acquired from unauthorized sources unless approved in advance in writing by Sensor Systems. Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM at no charge. In order to mitigate the risk of counterfeit parts returning to the supply chain, SSI will not return the parts for a refund, replacement, etc., except under controlled conditions which would preclude resale of the suspect counterfeit parts into the supply chain and to allow the supplier to conduct internal investigation.

16. ESD REQUIREMENTS

Supplier must maintain an ESD program per ANSI/ESD S20-20-2007. Assemblies covered by this purchase order must be handled with appropriate ESD safeguards throughout stocking, manufacturing, testing, packaging and delivery. This requirement must be flowed down to electronic component suppliers and assembly subcontractors.

17. NOTICE OF QUALITY ESCAPE (NOE)

When a defect or potential defect is discovered by a Sensor Systems supplier or a sub tier supplier after the product was shipped the supplier or a sub tier must notify Sensor Systems purchasing department in writing immediately upon discovery of the defect or potential defect that could impact the integrity of the product used. The notice of escape notification report is to reflect, all applicable information such as, P/N, purchase order, batch/lot number etc. Notice of escapements may result in the issuance of a corrective action.

18. CONFLICT MINERAL CONTROL

Securities and Exchange Commission, 17 CFR Parts
Any Gold, Tantalum, Tin or Tungsten used in items or services to be delivered on this purchase order must be in compliance with the Securities and Exchange Commission rule regarding Conflict Mineral Control.

19. SUPPLIER RESPONSIBILITY

- a) The supplier will immediately report to Sensor Systems, Inc. when the supplier has found any product/material or any services that have been discovered and released from or provided by the supplier and subsequently found not to conform specified requirements. In addition to the notification, the supplier shall take prompt corrective action to determine and correct the cause of escape and prevent reoccurrence.
- b) Unless otherwise specified by purchase order, the Supplier must furnish and certify goods and/or services to the latest revision of applicable standards and specifications.

20. MOVING LOCATION / OUT THE COUNTRY

Seller shall notify buyer in writing within 12 months of any anticipated re-location either within the USA or out of the country.

21. RECORDS

Records will be retained and available for 10 years or as requested by contract. Supplier will keep records of all inspections and tests, including the nature and number of observations, the number and type of deficiencies, quantities approved and rejected, and corrective actions taken. Records should remain legible, readily identifiable and retrievable for the total retention period.



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22. ANTI-TRAFFICKING IN PERSONS

Supplier is required to comply with FAR 52.222-50 – Combating Trafficking in Persons.

23. STATEMENT TO PREVENT TRANSACTIONS WITH DENIED PERSONS/DEBARRED PARTIES/SDN

To ensure compliance of U.S. export laws, Sensor Systems does not conduct any business transactions with the “Denied Persons List” published by the U.S. Department of Commerce, the “Denied Parties List” published by the Department of State and the “Specially Designated Nationals List” published by the Department of Treasury, Foreign Assets Control. Sensor Systems expects all suppliers and its subcontractors to comply with these laws as well.



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AS9100 Requirements:

- a) The purchased order lists the name or other positive identification and applicable issues of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data for the order.
- b) Agreement between the external provider and the Buyer concerning approval of product, procedures, processes, services and equipment is documented. Deviation from the documented method requires written approval by Buyer.
- c) An agreement between the external provider and the Buyer concerning qualification of personnel is documented.
- d) Sensor Systems Inc. will communicate with external suppliers the interactions through these Terms and Conditions and Purchase Orders.
- e) The control and monitoring of the external providers performance is monitored by Sensor Systems Inc. Should any external provider fall outside our criteria, Sensor Systems Inc. will initiate corrective action.
- f) Sensor Systems Inc. has the right to perform verification or validation activities that we require or that our customer requires at the external providers premises.
- g) Sensor Systems Inc. shall communicate to our external providers our requirements for design and development control through our drawings and specifications. Deviation from the documented agreement requires approval by Buyer
- h) Sensor Systems Inc. shall communicate to our external providers our requirements for special requirements, critical items, or key characteristics through our drawings and specifications. Deviation from the documented agreement requires approval by Buyer.
- i) An agreement between the Supplier and the Buyer concerning requirements for design, test examination, inspection/verification and related instructions for acceptance by the organization is documented. Deviation from the documented agreement requires approval by Buyer.
- j) Sensor Systems Inc. maintains statistical data for the product acceptance and related instructions for acceptance. Should any results lead to customer delays or nonconformance, we will communicate to our external provider through corrective action
- k) The need to:
 - Quality Management System requirement – External provider shall maintain quality management system that ensures conformance of products provided whether manufactured or processed by external provider or procured from sub-tier provider. The external provider is responsible for performing or assuring all inspections, tests and calibrations necessary to substantiate that the product or service furnished conforms to requirements. External provider shall maintain records of conformance and upon request make them available or provided for review. External provider shall maintain effective procurement, receiving inspection, control of nonconforming product, and corrective action procedures. External provider will take prompt corrective action to determine and correct the cause of non-conformance and prevent their reoccurrence. A requirement for a quality management system exceeding the basic terms and conditions is stipulated on the purchase order.
 - A requirement for the use of a specific customer designated or approved external provider, including process sources, and sub-tier supplier is documented on the purchase order. When adherence is not possible, the Supplier shall obtain a revision to the purchase order and the Buyer has the right to cancel the contract and seek a different supplier.
 - Nonconforming material shall not be shipped prior to receiving Buyer approval. Supplier shall request approval by furnishing documentation specifying the nonconformance. The Buyer will furnish the Supplier documentation of the Company's decision. After shipping a partial or complete order, the Buyer shall be notified if the Supplier suspects a non-conformance exists.
 - Prevention of the use of counterfeit parts (see clause 15 of Terms and Conditions)
 - External provider shall document and notify the Buyer of any changes (e.g. form, fit, function, specification, process definition software Quality, software Engineering Design) in product or its realization. Documented approval of the change by the Buyer is required prior to shipment. The external provider is required to notify the Buyer of a change in manufacturing facility location. Additionally, the Buyer has the right to cancel the contract and seek a different Supplier.
 - External provider shall flow down the supply chain all applicable Buyer purchase order requirements including customer requirements.
 - An agreement between the Supplier and the Buyer concerning requirements for test specimens (e.g. production method, number, storage conditions) for design approval, inspection/verification, investigation and auditing is documented. Deviation from the documented methods requires written approval by the Buyer.
 - An agreement between the Supplier and the Buyer concerning records shall exist when specific documents are required or the retention time exceeds that listed in the Quality Management System Requirements clause.



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- l) The Buyer, their customer, and regulatory authorities have the right to access and inspect the quality system, applicable records, facilities, technical data, and any manufactured articles and witness any test, including inspection or test at a suppliers facility.
- m) External provider will ensure that their personnel are aware of:
- Their contribution to product or service conformity
 - Their contribution to product safety
 - The importance of ethical behavior
- n) When a documented agreement specifies the use of an approved or accredited procedure, process, special process, or inspection/verification method the supplier is required to maintain the method for the length of the contract. When a documented agreement (e.g. the use of accredited personnel, specific equipment, or other similar controls) exists, the Supplier is required to adhere to the method for the length of the contract. When adherence with this documented agreement is not possible, the Supplier shall obtain a revision to the agreement or return the items. When loss of the ability to adhere to an agreement occurs, the Buyer has the right to cancel the contract and seek a different Supplier.
- o) **NO PART SUBSTITUTIONS ALLOWED:**
The exact material callout in the specification must be used to fulfill the Purchase Order. There is no provision for the use of better than parts as all changes must be approved. No substitutions are allowed and if there is difficulty acquiring material then the seller must notify Sensor Systems, in advance for approval.