



STANDARD PURCHASING TERMS AND CONDITIONS

Section 1 – Terms of Agreement
Section 2 – Pricing, Invoicing, and Payment
Section 3 – Packaging and Delivery
Section 4 – Warranty / Nonconforming Goods

Section 5 – Counterfeit Parts
Section 6 – Notification / Disclosures
Section 7 – Equal Employment Opportunity / Affirmative Action Compliance

1. TERMS OF AGREEMENT

1.1 The terms and conditions herein shall apply to all Purchase Orders (PO) for materials, equipment or services of any kind (referred to as "Products") issued by Sensor Concepts Incorporated (referred to as "Buyer"). The PO, together with these terms and conditions, and any attachments and exhibits, specifications, drawings, notes, instructions and other information, whether physically attached or incorporated by reference (collectively the "Purchase Order"), constitutes the entire and exclusive agreement between Buyer and supplier (referred to as "Supplier") identified in the PO. Supplier's electronic acceptance, acknowledgement of this PO, or commencement of performance constitutes Supplier's acceptance of these terms and conditions.

1.2 Changes, modifications, waivers, additions or amendments to the terms and conditions of this PO shall be binding only if such changes, modifications, waivers, additions, or amendments are in writing and signed by a duly authorized representative of Buyer and Seller.

2. PRICING, INVOICING, AND PAYMENT

2.1 The Supplier shall be required to furnish item(s) at the price(s) quoted in the PO. All item(s) shall be delivered within the time period(s) specified in the PO. The Supplier shall be compensated only for item(s) which are delivered and accepted by the Buyer.

2.2 The Supplier shall send or, if approved, e-mail an *invoice itemized by PO line item* to the address referenced on the PO promptly after the item(s) are delivered. The invoice should include only amounts due under the PO. A properly prepared invoice must include the PO number and when applicable, sales tax and shipping costs. Supplier will include cost on their invoice. Buyer shall make payment within terms established with Supplier. Payment may be delayed if the payment amount on an invoice is not based on the price(s) as stated in the PO.

3. PACKAGING AND DELIVERY

3.1 The Supplier at all times shall comply with the Buyer's written shipping instructions. Supplier shall be responsible for ensuring the proper packaging and shipping of Product hereunder in accordance with best commercial practice adequate to ensure safe arrival of the Products to the named destination. Supplier shall mark all packages and containers with all necessary lifting, handling, and shipping instructions, clearly identifying and marking items that require special care or special storage and/or transportation conditions, indicating the precautions to be taken.

For electronic components, the supplier shall package the electronic components from exposure to moisture per IPC/JEDC J-STD-033B.1. In addition, supplier shall package and protect materials for ESD sensitive items per ANSI/ESD 5541-2008. If required in the PO, Supplier's Certificate of Conformance of the work to the requirements, Safety Data Sheets (SDS), and/or any other documents must be included with shipment of product.

Supplier shall label each package and container with shipping information, PO number, and date of shipment. Damage resulting from improper Product packaging will be charged to Supplier. No charges will be allowed for packing, crafting, freight, and any other services unless so specified on the PO.

3.2 All item(s) shall be delivered FOB destination unless otherwise agreed within the PO. The Supplier agrees to bear the risk of loss, damage or destruction of the item(s) ordered prior to receipt of the items by the Buyer.

3.3 All item(s) must be delivered within the time period specified on the PO. Supplier will immediately notify Buyer if Supplier's timely performance under the PO is delayed or is likely to be delayed. Buyer's acceptance of Supplier's notice will not constitute



STANDARD PURCHASING TERMS AND CONDITIONS

Buyer's waiver of any of Supplier's obligations. As soon as such notification is received, the Buyer is entitled to terminate the PO without any cost to the Buyer.

3.4 Partial deliveries of a PO are only permitted upon express written agreement and are reflected in the PO, including delivery dates of future partial deliveries. If partial deliveries are invoiced with an overall bill, the due date or the period allowed for payment begins with the invoice date, but no earlier than after receipt of the final partial delivery.

4. WARRANTY / NONCONFORMING GOODS

4.1 The Supplier warrants that all Products delivered and all services performed by the Supplier, its agents, and subcontractors under this PO shall be free and clear of any defects in workmanship, design, materials, and manufacturing processes and conform to all PO requirements. Unless otherwise stated in the PO, all item(s) are warranted for a period of one year following delivery by the Supplier and acceptance by the Buyer. All warranties shall extend to Buyer and its customers.

4.2 If Supplier fails to comply in any respect to the warranty set forth above and delivers defective or nonconforming products, Buyer will notify Supplier and may:

4.2.1 Accept all or part of the defective or nonconforming products at an equitable price reduction; or

4.2.2 Reject all or any part of a delivery of defective or nonconforming products, notify the supplier of such rejection, ask for authorization to return and require delivery of conforming products. All rejected Products shall be shipped to Supplier at Supplier's expense. Replacement Products shall be sent freight prepaid from Supplier, who will absorb the burden of premium transportation when defective or replacement Product places critical time or delivery schedule constraints on Buyer; or

4.2.3 If Supplier does not resolve the nonconforming product within a reasonable timeframe, Buyer has the right to make, or have a third party make, all repairs, modifications, or replacements necessary to enable such Product to comply in all respects with PO requirements and charge the expense incurred to Supplier; or

4.2.4 Terminate the PO for default in whole or in part without any cost to Buyer.

4.3 When an item is replaced, it shall be replaced with an item of equivalent or superior quality without any additional cost to the Buyer. Transportation of replacement Product and return of nonconforming product shall be at Supplier's expense.

4.4 If the Buyer discovers nonconformity and the Supplier is responsible for the root cause, a Supplier Corrective Action Request (SCAR) form shall be sent to the Supplier to complete and address the nonconformance. The SCAR must identify the root cause and corrective action taken by the Supplier to prevent recurrence. If the SCAR is not completed and returned within the timeframe identified, Buyer may withhold acceptance of all future shipments and/or remove the Supplier from our Approved Supplier List.

5. COUNTERFEIT PARTS

5.1 The Supplier shall ensure only new and authentic materials are used in products delivered to SCI. Parts shall not be used or reclaimed and misrepresented as new. The Supplier may only purchase parts directly from Original Component Manufacturers (OCMs) or Original Equipment Manufacturers (OEM), franchised or authorized distributors. If the supplier cannot procure directly from these sources, then purchase from independent distributors may be made, but the evidence of supply chain traceability back to the OCM/OEM shall be provided and SCI notified. Traceability documentation can be delivered in the form of a Certificate of Conformance and Traceability (COCT).

If counterfeit parts are delivered under this purchase agreement, the Supplier shall promptly replace such items with authentic items which conform to the requirements of the Purchase Order. The Supplier may be liable for all costs relating to



STANDARD PURCHASING TERMS AND CONDITIONS

impoundment, removal, and replacement. SCI may turn such items over to US Governmental authorities for investigation and reserves the right to withhold payment for the items pending the results of the investigation.

6. NOTIFICATION / DISCLOSURES

6.1 Supplier shall immediately notify Buyer in writing when discrepancies or nonconformities in Supplier's process or materials are discovered or suspected which may affect the Services/Products delivered or to be delivered under the PO. Notification to the Buyer shall be submitted on company letterhead and include a clear description of the discrepancy, and identification of all suspect parts (to include PO Numbers, Item Numbers, serial numbers, manufacturing dates, quantities, etc.) and material affected by the deficiency, and date(s) delivered. Notification should include any information relating to the Root Cause / Corrective Action steps initiated to address the defective condition, and preventive measures taken to preclude recurrence of the process failure. Modifications of a disclosure (additions or deletions of data) requiring subsequent issuances shall be revision controlled to provide definitive sequencing (i.e. Rev 'A', 'B' etc.).

6.2 Supplier shall notify Buyer of any knowledge of supply issues or part obsolescence of any components historically purchased from Supplier. Notification should be in the form of an official notification but no less than an email from the Supplier.

7. EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION COMPLIANCE

7.1 Sensor Concepts Incorporated (SCI) is an Equal Employment Opportunity (EEO) employer and does not illegally discriminate in our employment decisions based on race, color, national origin, religion, sex, physical or mental disability, veteran status or pregnancy. (CFR 60-41-1.4(a))

7.2 SCI is a federal contractor obligated to take affirmative action to employ women, minorities, disabled individuals, and veterans. SCI has developed and has on file an affirmative action program required by the rules and regulations of the Secretary of Labor (41 CFR 60-1, 60-2, 60-20, 60-741, and 60-300).

7.3 SCI is also required to inform those with whom it conducts business that they, too, may have such obligations as a result of doing business with us. If you meet certain qualification thresholds, you may also have to comply by and abide by any and all of the EEO and affirmative action requirements.