



PROCUREMENT TERMS AND CONDITIONS

1. ACCEPTANCE AND AGREEMENT

Seller's acceptance of this Purchase Order will be effective only upon Buyer's receipt of written notice of acceptance from Seller. Buyer hereby objects to any different or additional terms that may accompany such acceptance with respect to (i) description of goods or services, (ii) quantity, (iii) price, or (iv) delivery schedule.

2. TERMINATION FOR CONVENIENCE OF BUYER

Buyer reserves the right to terminate this Purchase Order or any part hereof for convenience at any time and at its sole discretion. In the event of such termination, Seller shall immediately stop all work related to this Purchase Order and immediately cause all of its suppliers and subcontractors to cease such work. Upon such termination, Buyer shall pay Seller an amount equal to Buyer's good faith estimate of the percentage of the work called for by this Purchase Order performed by Seller prior to the notice of termination multiplied by the total amount anticipated to be paid by Buyer to Seller under this Purchase Order, plus extraordinary direct costs actually incurred by Seller solely as a result of such termination. Seller shall not be paid for any work done after receipt of the notice of termination, and neither Seller nor any of Seller's suppliers or subcontractors shall be reimbursed any costs incurred after Seller's receipt of the notice of termination.

3. TERMINATION FOR CAUSE

Buyer may also terminate this order or any part hereof for cause in the event of Seller's breach or default under any of the terms of this Purchase Order, including, by way of example, late deliveries, deliveries of nonconforming or defective products, or failure to provide Buyer, upon request, reasonable assurances of future performance. In the event of termination for cause, Buyer shall not be liable to Seller for any amount, and Seller shall be liable to Buyer for any and all damages sustained by reason of the default which gave rise to the termination.



4. PROPRIETARY INFORMATION – CONFIDENTIALITY – ADVERTISING

All information furnished by Buyer to Seller shall be deemed “Confidential Information” under this Purchase Order. Seller shall not disclose any Confidential Information to any third party or use Confidential Information other than in the performance of its obligations under this Purchase Order without the prior written consent of Buyer. For purposes of clarification, Confidential Information shall include drawings, specifications, photographs, or other documents prepared by Seller for Buyer in connection with this Purchase Order. Seller shall not advertise or publish the fact that Buyer has contracted to purchase goods from Seller, nor shall any information relating to this Purchase Order be disclosed without Buyer’s prior written consent. Unless otherwise agreed in writing, no commercial, financial, technical, or other information disclosed in any manner or at any time by Seller to Buyer shall be deemed secret or confidential, and Seller shall have no rights against Buyer with respect to Buyer’s disclosure or use thereof.

5. WARRANTY

Seller expressly warrants that all goods or services furnished under this Purchase Order shall conform to all specifications, applicable industry standards and best practices, will be new, and will be free from defects in material or workmanship. Seller warrants that all such goods or services will conform to any statements made on the containers or labels or advertisements for such goods or services, and that any goods will be adequately contained, packaged, marked and labeled. Seller warrants that all goods or services furnished under this Purchase Agreement will be merchantable and of workmanlike quality, as applicable, and will be safe and appropriate for the purpose or purposes for which goods or services of the kind are normally employed. If Seller knows or has reason to know the particular purpose for which Buyer intends to use Seller’s goods, Seller



warrants that such goods will be fit for such particular purpose. Seller warrants that goods or services furnished under this Purchase Order will conform in all respects to samples and demonstrations. Inspection, testing, acceptance or use of the goods or services furnished under this Purchase Agreement shall not limit or extinguish Seller's warranty obligations, and such warranties shall survive inspection, testing, acceptance, and use. Seller's warranties shall run to Buyer as well as Buyer's successors, assigns and customers, and to users of products sold by Buyer. Seller agrees to replace, repair or correct nonconforming or defective goods or services at Seller's sole expense, as and when requested by Buyer. In the event Seller fails to promptly replace, repair or correct nonconforming goods or services, Buyer, upon notice to Seller, may replace, repair or correct such goods or services at Seller's expense.

6. FORCE MAJEURE

In the event of Force Majeure, Buyer may, at its option, delay delivery or acceptance of goods and services provided under this Purchase Order. Seller shall hold such goods or suspend such services at the direction of the Buyer pending written notice by Buyer that Force Majeure has ceased. Buyer shall reimburse to Seller only those direct, additional costs actually incurred by Seller in holding goods or suspending services at Buyer's request. "Force Majeure" means any act or event, foreseen or unforeseen, that (i) prevents Buyer, in whole or in part, from performing its obligations or satisfying conditions to its performance obligations under this Purchase Order; (ii) beyond the reasonable control of Buyer; (iii) not the fault of Buyer; and (iv) which Buyer has been unable to avoid or overcome by exercise of due diligence. Force Majeure shall include, by way of example, incidents of adverse governmental action or failure of the government to act when action is required, strike or other labor disruption, as well as unusually severe weather or geologic activity.

7. INTELLECTUAL PROPERTY

Any copyrightable works, ideas, discoveries, inventions, patents, products, marks, or other information (collectively "Intellectual Property") developed in whole or in part by or on behalf of Seller in connection with or relating to the provision of goods or services under this Purchase Order shall be the exclusive property of Buyer. Upon request, Seller shall cooperate with Buyer



and take all action at Buyer's request, including signature and delivery of documents, necessary to assign, confirm, register, patent, establish or enforce Buyer's exclusive ownership rights in all Intellectual Property.

8. INDEPENDENT CONTRACTORS

The relationship between the parties this Purchase Order is that of independent contractors, and nothing contained in this Purchase Order shall be construed to create a relationship of employer and employee or principal and agent between Buyer and Seller, nor shall it be deemed a partnership, joint venture or fiduciary relationship for any purpose. Neither party shall act or have authority to act for or on behalf of the other party, and all representations made and agreements executed by each party shall be such party's sole responsibility.

9. INSURANCE

Seller shall maintain all necessary insurance coverage, including public liability and Workman's Compensation insurance. Upon the written request of Buyer, Seller shall furnish certificates of insurance to Buyer evidencing the maintenance of such insurance.

10. INDEMNIFICATION

Seller agrees to indemnify, defend and hold harmless Buyer, its present and future owners, directors, officers, employees, agents, affiliates, contractors, customers, representatives and successors from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, and costs and expenses incidental thereto (including cost of defense, settlement and reasonable legal fees) resulting from or arising out of any third-party claims, actions, suits or proceedings based on or arising out of (i) any grossly negligent act or omission or willful misconduct of Seller, its present and future stockholders, directors, officers, employees, agents, affiliates, contractors, representatives, and successors (collectively, "Seller Parties") in connection with Seller's performance under this Purchase Order; (ii) any defect or flaw in design, construction or assembly of any good provided under this Purchase Order; (iii) any violation of law by a Seller Party; or (iv) any



claim that goods or services provided under this Purchase Order infringe or misappropriate any intellectual property rights of a third party. Buyer may, at its option, be represented by and actively participate through counsel of its choosing in any such action, suit or proceeding, and the costs of such representation shall, at Buyer's option, be paid by Seller. Seller's obligations under this section shall be in addition to its warranty obligations.

11. CHANGES

Buyer to Seller

Buyer shall have the right, at any time and in its sole discretion, to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation applicable to goods and services provided under this Purchase Order. If any such change causes an increase or decrease in the cost of performance to Seller, or to the time required for Seller's performance, Seller and Buyer shall agree in writing upon a fair and equitable adjustment to the terms of this Purchase Order. Seller agrees to accept any such changes, subject in each case to the terms of this section.

Seller to Buyer

Seller shall communicate in writing within a minimum of 90 days in advance of any major manufacturing changes. Changes are not to be implemented for any open or new POs until approval from the Buyer is provided. The initial communication shall include information such as parts affected, details of the change (from/to), and timing of critical milestones such as cut in date, when/if samples will be available. Major manufacturing changes shall include the following conditions:

- From internal manufacturing to a supplier: Make to Buy
- From a supplier to internal manufacturing: Buy to Make
- Change from Supplier A to Supplier B: Buy to Buy
- Change of site in same organization: Make to Make
- Change of key processing steps, equipment, machinery

The Buyer and Seller will work collectively on support data, content, and requirements specific to the change. In some cases, Sensor System/Magnetic Motors may flow down additional requirements to gain approval for specific Customers. Please be aware that this secondary approval process may cause a delay in the suppliers' desired cut in date, therefore plan accordingly.



12. INSPECTION/TESTING

Payment for goods delivered under this Purchase Order shall not constitute acceptance thereof. Buyer shall have the right to inspect goods and to reject any or all of any delivery of goods that Buyer believes are defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for by this Purchase Order may be returned to Seller at Seller's sole expense, and Buyer may, at its option, charge Seller all expenses of unpacking, examining, repacking, and reshipping such rejected goods. In the event Buyer receives goods whose defectiveness or nonconformity is not apparent upon examination, Buyer shall be entitled to replacement goods, as well as payment of damages. Nothing contained in this Purchase Order shall relieve Seller of any obligation to test, inspect or control the quality of its goods.

13. AUDIT RIGHT

Buyer shall have the right to audit product quality at Seller's premises.

14. ENTIRE AGREEMENT

This Purchase Order constitutes the entire agreement between the parties with respect to the purchase of the goods or services it describes.

15. AGREEMENTS AND SUBCONTRACTING

Seller may not delegate or subcontract any performance under this Purchase Order. Any purported delegation of performance in violation of this section is void.

16. SET-OFF

All claims for money due or to become due from Buyer to Seller shall be subject to deduction or set-off by Buyer in amounts equal to amounts due or to become due from Seller to Buyer, whether under this Purchase Order or related to any other transaction, at Buyer's sole discretion.



17. DELIVERY, NOTICE OF DELAY, AND OBSOLESCENCE

If any goods are not delivered or any services are not completed by the time specified under this Purchase Order, if unexcused, shall be considered a material breach of this Purchase Order and the Buyer reserves the right, at no cost to Buyer and in addition to any other rights and remedies, to terminate this Purchase Order as to items not yet shipped or services not yet completed, by notice effective when received by Seller. Seller shall reimburse to Buyer the actual cost to Buyer of substitute items or services procured as cover.

Seller shall notify Buyer in writing immediately of any actual or potential delay to the performance of this Purchase Order and shall include a revised schedule. During the performance of this Purchase Order, Seller shall notify Buyer of any planned obsolescence of the good(s) set out in this Purchase Order.

18. SHIPMENT

Unless otherwise stated, shipping terms are FOB Destination, and Seller shall bear the cost of packing and shipping goods. Seller shall bear the risk of loss or damage to goods shipped, and title in such goods shall not pass to Buyer until delivery of such goods to the destination specified by this Purchase Order. Each shipment of goods shall include a packing list stating (i) a number uniquely identifying this Purchase Order, (ii) the quantity of goods contained, and (iii) the date such goods were shipped. Seller, and not Buyer, shall pay any additional expedited, rush or extraordinary packaging or shipping costs necessary to make timely delivery under this Purchase Order, unless the necessity for such additional costs is solely attributable to Buyer's action, inaction or delay.

19. BUYER'S PROPERTY

All drawings, tools, jigs, dies, fixtures, materials, and other property supplied or paid for by the Buyer shall be and remain the property of the Buyer. All such items shall be used only in the performance of work under this Purchase Order unless Buyer consents otherwise in writing.



20. AMENDMENT AND WAIVER

No waiver or modification of this Agreement will be binding upon either party unless made in writing and signed by duly authorized representatives of such party, and no failure or delay enforcing any right be deemed a waiver of such right.

21. LIMIT ON BUYER'S LIABILITY – STATUTE OF LIMITATIONS

IN NO EVENT SHALL BUYER (OR ITS AFFILIATES) BE LIABLE TO SELLER OR ANY THIRD PARTY FOR ANY PUNITIVE, SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, LOST PROFIT OR OTHER SIMILAR DAMAGES ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL BUYER'S TOTAL AGGREGATE LIABILITY FOR DIRECT DAMAGES UNDER OR IN CONNECTION WITH THIS AGREEMENT, REGARDLESS OF THE FORM OF THE ACTION OR THE THEORY OF RECOVERY, EXCEED THE AMOUNT PAID BY BUYER TO SELLER PURSUANT TO THIS PURCHASE ORDER. ANY ACTION OR PROCEEDING RESULTING FROM ANY BREACH ON THE PART OF BUYER AS TO THE GOODS OR SERVICES DELIVERED HEREUNDER MUST BE COMMENCED WITHIN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

22. CHOICE OF LAW AND FORUM

The laws of the State of Florida (without giving effect to its conflicts of law principles) shall govern all matters arising out of or relating to this Purchase Order, including, without limitation, its validity, interpretation, construction, performance, and enforcement. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Purchase Order (a "Covered Proceeding") must bring such Covered Proceeding in the United States District Court for the Middle District of Florida or in any court of the State of Florida sitting in Pinellas County (the "Designated Courts"). The Parties hereby irrevocably submit to the jurisdiction of the Designated Courts, and further irrevocably waive any objection which they may now or hereafter have to the laying of venue for a Covered Proceeding brought in a Designated Court or any defense of inconvenient forum for the maintenance of such dispute. Both parties agree to waive trial by jury for all claims arising pursuant to this agreement.



23. SELLER COMPLIANCE

Seller acknowledges and agrees that this Purchase Order is subject to, and must comply with, certain provisions of the Federal Acquisition Regulations (FAR) and Department of Defense Federal Acquisition Regulations Supplement (DFARS). Such provisions, as in effect as of the date of an applicable prime government contract, including those listed below, are incorporated herein by this reference. In the event of any conflict between the terms of this Purchase Order and the terms of any provision of FAR or DFARS required to be included or implemented herein, the terms of such FAR or DFARS provision shall govern.

For reference purposes, Seller and Buyer note that many of the FAR and DFARS provisions flowed down to this Purchase Order are phrased in the original text of regulation as concerning a "Contract" between "Government" and "Contractor." As incorporated here, such provisions concern this Purchase Order, Buyer and Seller, respectively.

FAR/DFARS

Reference Title

For Commercial Contracts (as defined by the US Federal Acquisition Regulation), only the following apply:

52.222-21 Prohibition of Segregated Facilities

52.222-26 Equal Opportunity

52.222-35 Equal Opportunity for Veterans

52.222-36 Affirmative Action for Workers with Disabilities

52.222-37 Employment Reports on Veterans



52.222-40 Notification of Employee Rights Under the National Labor Relations Act

52.222-50 Combating Trafficking in Persons

52.222-54 Employment Eligibility Verification

52.222-55 Minimum Wages Under Executive Order 13658

The above plus the following apply for all other contracts:

52.203-6 Restrictions on Subcontractor Sales to the Government

52.203-7 Anti-Kickback Procedures (Applicable to Orders that Exceed \$150,000 or Applicable Dollar Threshold at Time of Contract)

52.203-12 Limitations on Payments to Influence Certain Federal Contracts (Applicable to Orders that Exceed \$150,000 or Applicable Dollar Threshold at Time of Contract)

52.203-17 Contract Employee Whistleblower Rights and Requirements to Inform Employees of Whistleblower Rights

52.204-9 Personal Identity Verification of Contractor Personnel

52.204-21 Basic Safeguarding of Covered Contractor Information Systems

52.209-6 Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment

52.215-12 Subcontractor Certified Cost or Pricing Data

52.215-14 Integrity of Unit Prices

52.215-19 Notification of Ownership Changes



52.223-18 Encouraging Contractor Policies to Ban Text Messaging While Driving

52.225-13 Restrictions on Certain Foreign Purchases

52.225-1 Buy American – Supplies (N/A to COTS items)

52.227-1 Authorization and Consent

52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement

52.228-5 Insurance – Work on a Government Installation

52.244-6 Subcontracts for Commercial Items

52.248-1 Value Engineering

252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies

252.203-7002 Requirement to Inform Employees of Whistleblower Rights

252.204-7000 Disclosure of Information

252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting

252.223-7008 Prohibition of Hexavalent Chromium

252.225-7002 Qualifying Country Sources as Subcontractors

252.225-7008 Restriction on Acquisition of Specialty Metals

252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals



252.225-7014 & Alt 1 Preference for Domestic Specialty Metals & Alt 1

252.225-7048 Export-Controlled Items

252.227-7037 Validation of Restrictive Markings on Technical Data

252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD Contracts)

252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System

252.247-7023 Transportation of Supplies by Sea