



Standards

Law

Regulation

Export Compliance Manual

April 15, 2025

Martha Estrada, Export Compliance Officer

Policies

COMPLIANCE

Requirements

Rules



Export Compliance Manual

April 14, 2025

Prepared by:

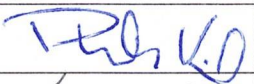

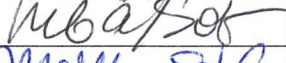



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THIS DOCUMENT SHALL BE REVIEWED IN DETAIL AT LEAST EVERY YEAR AS SOON AS POSSIBLE AFTER ITAR CHANGES FROM THE PAST YEAR ARE PUBLISHED IN CONSOLIDATED FORM IN THE MONTH OF APRIL. EAR CHANGES THROUGH THAT DATE WILL ALSO BE INCLUDED. THIS MANUAL WILL ALSO BE UPDATED AS NECESSARY WHEN SIGNIFICANT CHANGES ISSUE DURING THE YEAR.



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TABLE OF CONTENTS

<u>NOTICE TO ALL EMPLOYEES – FROM PSI MANAGEMENT</u>	<u>vi</u>
<u>1 POLICY</u>	<u>1</u>
<u>2 PURPOSE AND SCOPE</u>	<u>2</u>
2.1 PURPOSE	2
<u>3 EXPORT COMPLIANCE OFFICIALS</u>	<u>3</u>
3.1 EXPORT COMPLIANCE OFFICER	3
3.2 EMPOWERED OFFICIAL (PER ITAR PART 120.25) MEANS A U.S. PERSON WHO:	4
<u>4 INTRODUCTION TO EXPORT CONTROLS</u>	<u>5</u>
4.1 EVERY ITAR OR EAR EXPORT LICENSE (OR EXEMPTION) REQUIRES THESE FIVE THINGS	5
4.2 SCOPE OF U.S. EXPORT CONTROLS	7
4.3 COMMODITIES	7
4.4 “TECHNOLOGY” AND “TECHNICAL DATA”	7
4.5 “DEFENSE SERVICES”	8
4.6 HOW TO CHECK THE PROHIBITED LISTS	8
4.7 DEFENSE ARTICLE EXPORT LICENSES AND TWO IMPORTANT EXEMPTIONS	9
<u>5 GOVERNMENTAL RULES AND REGULATIONS, AND ASSOCIATED PENALTIES</u>	<u>9</u>
5.1 RULES & REGULATIONS	9
5.2 PENALTIES FOR NON-COMPLIANCE	10
<u>6 DEFINITIONS & ACRONYMS</u>	<u>10</u>
6.1 DEFINITIONS	10
6.2 ACRONYMS/GLOSSARY	12
<u>7 ORGANIZATIONAL REQUIREMENTS</u>	<u>12</u>
7.1 HUMAN RESOURCES ("HR")	12
7.1.1 HR RESPONSIBILITIES	12
7.1.2 E-VERIFY AND THE I-9 PROCESS	13
7.1.3 STATE/ITAR VS COMMERCE/EAR RE PERSONNEL	13
7.2 ENGINEERING	14
7.3 SOFTWARE DEVELOPMENT	15
7.4 BUSINESS DEVELOPMENT/MARKETING	15
7.5 INFORMATION TECHNOLOGY (IT)	15
7.6 FACILITIES	16
<u>8 WHAT TO DO WHEN TRAVELING</u>	<u>18</u>
8.1 COMPANY AND PERSONAL LAPTOP COMPUTERS & SMART PHONES	18
8.2 HARDWARE AND GENERAL RULES	18



9	SHIPPING AND RECORDKEEPING	19
9.1	DOMESTIC SHIPPING:	19
9.2	INTERNATIONAL SHIPPING	19
9.3	IN ALL SHIPPING MATTERS	20
9.4	ACE/EEI FILING REQUIREMENTS	21
9.5	EXPORTING TECHNICAL DATA USING EXEMPTIONS	22
9.6	RECORDKEEPING	22
9.6.1	EXPORT RECORDS:	22
9.6.2	IMPORT RECORDS:	22
9.6.3	RECORD RETENTION SPECIFICS:	23
9.6.4	TICKLER SYSTEM	24
9.6.5	RECORDKEEPING RESPONSIBILITIES:	24
10	ITEM CLASSIFICATION – IS IT UNDER COMMERCE OR STATE RULES?	24
10.1	USML CLASSIFICATION	25
10.2	CCL / ECCN CLASSIFICATION	26
10.3	NOTIFICATION OF FREIGHT FORWARDERS	29
11	EXPORT CONTROL REFORM GENERAL INFORMATION AND PROCEDURES	29
11.1	NOTES ON ITAR LICENSING IN TRANSITION	31
11.1.1	GRANDFATHERING OLD LICENSES	31
11.1.2	FOR ITEMS THAT TRANSITION BUT WERE PREVIOUSLY AUTHORIZED FOR EXPORT	31
11.2	USML PARAGRAPH .X	31
11.3	CJ DETERMINATIONS	32
11.4	NOTES ON 600-SERIES ECCNs	32
12	TEMPORARY IMPORTS FOR MAINTENANCE, REPLACEMENT AND REPAIR	32
12.1	TEMPORARY IMPORTS OF NON-ITAR-CONTROLLED DUAL-USE ITEMS (COMMERCE CCL)	32
12.1.1	INBOUND (I.E. RECEIVING SOMETHING FOR REPAIR):	32
12.1.2	OUTBOUND (I.E. RETURNING THE REPAIRED ITEM TO YOUR CUSTOMER):	33
12.2	TEMPORARY IMPORTS OF DEFENSE ARTICLES (STATE USML)	34
12.3	TEMPORARY IMPORTS OF DEFENSE ARTICLES FROM CANADA (“CANADIAN EXEMPTION”)	34
12.4	PERMANENT IMPORTS OF DEFENSE ARTICLES – THE U.S. MUNITIONS IMPORT LIST (“USMIL”)	35
12.5	SHIPPING PLACARDS	36
12.6	PURCHASING	36
12.6.1	ALWAYS SEEK WRITTEN CLASSIFICATIONS OF GOODS	36
12.6.2	HOW TO DEAL WITH OVERLY-CURIOUS OEMS OR VENDORS WHEN PURCHASING ITEMS	37
13	TRAINING	38
14	VIOLATIONS	38
14.1	AUDITING	38
14.2	PROCEDURES REGARDING SUSPECTED VIOLATIONS	38
14.3	VOLUNTARY DISCLOSURES (“VD”) AND VOLUNTARY SELF-DISCLOSURES (“VSD”)	40



15 RED FLAGS **40**

16 DOCUMENTS AND FORMS **42**

16.1	END-USER / END-USE STATEMENT	42
16.2	EXPORT-RELATED DISCLAIMER/ASSURANCE – FOR OVERLY CURIOUS US VENDORS	44
16.3	PRODUCT CLASSIFICATION PROCEDURES	45
16.4	CUSTOMER / PROJECT SHIPPING AUTHORIZATION	46
16.5	PACKAGING SLIP (COPY TO ACCOMPANY SHIPMENT)	47
16.6	CUSTOMER QUALIFYING CHECKLIST	48
16.7	TECH DATA EXPORT LOG	52
16.8	NOTIFICATION OF INITIAL EXPORTS OF TECH DATA UNDER A TAA OR MLA	53
16.9	TRACKING AND REPORTING THE VALUE OF EXPORT LICENSES	54
16.10	EMPLOYEE DSP-5 AND/OR DOC EMPLOYEE LICENSE MONTHLY REVIEW FORM	55
16.11	EXPORT ACTION CHECKLIST (CHECKED ACTIONS MUST BE DONE IN PRECISE ORDER)	56
16.12	ACTION CHECKLIST – DSP-73 TEMPORARY EXPORT LICENSE	57
16.13	SIGN – EXPORT CONTROLLED AREA	58
16.14	SIGN – VISITOR NOTICE	59
16.15	ADDITIONAL “PLACARDS” OR DISCLAIMERS TO BE USED AS APPROPRIATE	60

17 HELPFUL CONTACT INFORMATION **61**

ENCLOSURE (1): TECHNOLOGY CONTROL PLAN **63**

TCP Attachment A: Facility Control Procedures
TCP Attachment B: Foreign-Person Employee Non-Disclosure Agreement
TCP Attachment C: Foreign-Person Employee Checklist & Briefing Record
TCP Attachment D: Employee ITAR/EAR Out-Processing Form (for *all* employees)
TCP Attachment E: PSI Export Log

TABLES & ILLUSTRATIONS

PSI ORGANIZATION CHART	1
PRODUCT SHEET EXAMPLE, TO ACCOMPANY LICENSE APPLICATION, OR EXEMPTION/EXCEPTION	5
ITAR § 126.1 - PROBLEMATIC OR SENSITIVE COUNTRY LIST	12-13
USML CATEGORIES (FROM THE ITAR)	26
SUBJECT TO THE EAR – A LOGIC FLOW CHART	27
EXPORT-CONTROL DECISION TREE	28
ECCN COMPOSITION (FROM THE EAR)	28
EXPORT-CONTROL REFORM ("ECR") TABLE OF CHANGES USML-CCL	30
TABLE - GRANDFATHERING PRE-ECR EXPORT LICENSES	31
USMIL (U.S. MUNITIONS <i>IMPORT</i> LIST)	36



NOTICE TO ALL EMPLOYEES – EXPORT COMPLIANCE POLICY

It is the policy of Photo-Sonics, Inc. ("PSI") to fully comply with all U.S. export control laws and regulations. Specifically, all officers, directors, employees, and agents of PSI are required to comply with the terms and provisions of:

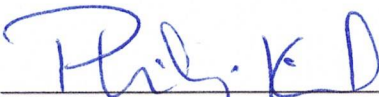
- The Arms Export Control Act, and the International Traffic in Arms Regulations ("ITAR") implemented and enforced by the U.S. Department of State.
- The Export Administration Act, the International Emergency Economic Powers Act, and the Export Administration Regulations ("EAR") implemented and enforced by the U.S. Department of Commerce.
- The regulations of the U.S. Treasury Office of Foreign Assets Control ("OFAC").
- The regulations of the U.S. Customs and Border Protection ("CBP").
- The Foreign Corrupt Practices Act ("FCPA").

The U.S. export-control laws and regulations are intended to protect the national security, economic, and foreign policy interests of the U.S. civil and criminal corporate and individual fines and penalties may be imposed for violation of these laws and regulations. In addition to fines and penalties, administrative actions may be taken against PSI and/or individual officers, directors, employees, and agents that include the revocation or suspension of export privileges.

PSI's Export Compliance Policy will be implemented through the processes and procedures described in PSI's Export Compliance Manual. This Policy Statement as well as the Export Compliance Manual advises all PSI employees of their compliance responsibilities relating to exports from the U.S. It is the policy of management of PSI that, under no circumstances will PSI transact, export, re-export from abroad, or import in contravention of U.S. laws or regulations. PSI will view the failure of an officer or employee to comply with this Policy as a serious violation of company policy and the person will be subject to disciplinary action for such failure. Disciplinary action may include warning, reprimand, probation, suspension, reduction in salary, demotion, or dismissal.

The U.S. government takes export violations very seriously and so does the management of PSI. Any questions concerning the legitimacy of a transaction or potential violations should be referred to the Export Compliance Officer immediately.

Export compliance is a requirement at PSI and it is a responsibility we all share. Your involvement in the process is vital to helping us ensure our safety and security through full and complete compliance.


Philip Kiel, President
Photo-Sonics, Inc.

May 12, 2025

Date



1 POLICY

It is the policy of Photo-Sonics, Inc. ("PSI") to be in full compliance with all applicable laws and regulations. Compliance with United States and other applicable export laws and regulations is critical to PSI's continued growth and success. For that reason, PSI has created and implemented the set of export controls described in this Manual.

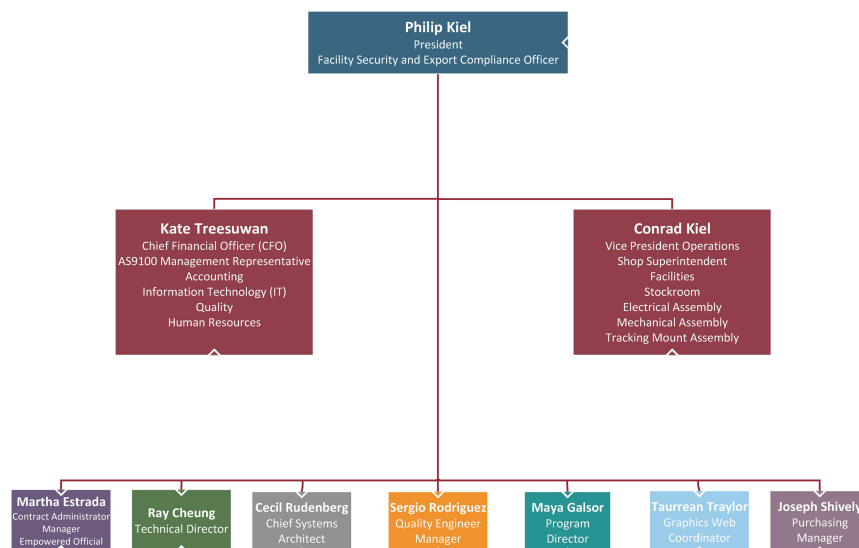
Photo-Sonics Inc. manufactures and distributes a complete line of photo-optical instrumentation that is used around the world for the test and evaluation of weapon systems, and many other applications. Product offering include manned and unmanned Optical Tracking Systems, digital cameras with superior image resolution.

Photo-Sonics focuses on two principle business activities:

- Optical Tracking Systems and gimbal mounts
- Head-Up-Display (HUD) and airborne cameras



Photo-Sonics Organizational Chart



Rev. 3/29/2024

As of March 29, 2024
(Headcount = 88 PSI Employees + 2 Agency Employees)

Page 1 of 4

Tracking Systems

Photo-Sonics designs and manufactures optical tracking systems and gimbals used in a variety of applications including the test and evaluation of weapons and directed energy applications. From the earliest days on the U.S. Test Ranges, Photo-Sonics has been delivering optical tracking systems known for their high performance, reliability, and versatility. Notably we are the world leaders in state-of-the-art Time-Space-Position-Information (TSPI) systems used to gather data for engineering analysis and documentation. Photo-Sonics offers complete integration services, commissioning, and operator training for these systems. We conduct sales to the defense communities around the world.



HUD Cameras

Photo-Sonics also designs and manufactures Head-Up Display cameras for fighter aircraft. The HUD camera is a critical component for training pilots and to document the engagement of opposing aircraft.

Photo-Sonics, Inc. also offers equipment repair, refurbishment, and upgrade services.

PSI expects all of our employees and contractors, under the direction of senior management and our Export Compliance Officer, to comply with the requirements of the Export Compliance Manual. Although the details of export regulation can be complex, we have designed a straightforward compliance program that requires all employees' cooperation.

That process is designed around three fundamental principles:

- (i) Our obligation to adhere rigorously to all applicable export-control laws and regulations.
- (ii) Our commitment to inform third parties with whom we interact that there are restrictions on export and re-export of our products and associated services, and our obligation to ensure that our third-party service providers undertake steps to comply with all applicable limitations.
- (iii) An understanding that no export or import will take place if there is any doubt as to its permissibility under this Compliance Manual or under applicable export-control rules more generally. In the case of any doubt, the concerned employee should consult with our Empowered Official or Export Compliance Officer prior to consummation of the transaction. Where necessary PSI, in turn, will consult with outside consultants or counsel.

Noncompliance with this Compliance Manual can have serious consequences. PSI could lose current export privileges or be denied future export licenses, where needed. In addition, PSI and its employees could be subject to stiff administrative or criminal penalties. These penalties may include both fines and imprisonment.

PSI's Empowered Official is responsible for assessing any potential violations of the Compliance Manual by PSI employees or contractors and for recommending potential disciplinary sanctions to the employee's or contractor's supervisor or, if deemed appropriate, to senior PSI management. Sanctions may include, but are not limited to, termination of employment or, in the case of a contractor, of the contractor's engagement.

For questions concerning export compliance or concerns regarding potential violations of the procedures described in this Manual, contact the Empowered Official, Martha Estrada at (818) 531-3206, or by e-mail at mestrada@photosonics.com.

2 PURPOSE AND SCOPE

2.1 PURPOSE

This document provides the policy and procedures that govern all PSI export and import activity, including shipments and transmission of controlled items and information abroad and disclosure of controlled information to non-US persons, wherever they are located.



3 EXPORT COMPLIANCE OFFICIALS

The responsibility for overall compliance within PSI are vested in an Export Compliance Officer, Empowered Official and Human Resources Manager. Separately, the ITAR requires that each registrant with the Directorate of Defense Trade Controls (“DDTC”) have an Empowered Official.

3.1 EXPORT COMPLIANCE OFFICER

In order to ensure PSI’s compliance with its export-control obligations, PSI’s President serves as the Export Compliance Officer. PSI’s Export Compliance Officer has assigned PSI’s oversight and implementation responsibilities for PSI’s Export Management System to the Empowered Official and Human Resources Manager. The Export Compliance Officer shall have the following primary responsibilities:

- (i) Maintain Export Classification List in a Central Database. The Empowered Official has been tasked with maintaining a compilation of USML and EAR classifications for all items that PSI exports. The source of each such classification ***shall be noted in writing***, whether a determination by the source/manufacturer or OEM, a self-classification by PSI, or by CJ (from State) or by CCATS (from Commerce). Each product jurisdiction should be supported by a jurisdictional justification or rationale, which should be retained in the central database.
- (ii) Maintain Proper Recordkeeping Procedures. The Empowered Official is responsible for all recordkeeping and reporting required under the ITAR and the EAR. This specifically includes a tracking system on controlled items, technical data and related decisions from the initial pursuit of an opportunity to the shipping of controlled items or the provision of related services.
- (iii) Maintain Explicit Safeguard Procedures. The Export Compliance Officer shall create and promulgate procedures to ensure that export-controlled technology or information is not posted or shared except in directories established for that purpose with access controls for authorized personnel.
- (iv) Employee Training and Compliance. The Human Resource Manager shall ensure that a copy of this Manual is provided to all appropriate personnel and that all other employees receive notice of PSI’s export compliance program as part of their employee orientation and that annual training will be scheduled and tracked for compliance.
- (v) Compliance with Technology Control Plan. The Export Compliance Officer shall ensure that PSI abides by the Technology Control Plan (“TCP”) contained in Enclosure (1), below, and any Attachments thereto. The TCP is essentially a “miniature” version of this Export Compliance Manual, containing many of its core elements. When PSI is asked to receive and transfer ITAR-controlled technical data, the Export Compliance Officer shall consult with the Empowered Official to ensure any required licenses are obtained.
- (vi) U.S. and Foreign Person Screening. The Empowered Official and Human Resource Manager shall ensure that timely screening of all employees, non-employees (e.g. janitorial staff, external IT service) and professional visitors/customers, are implemented in accordance with this Export Compliance Manual, and that this is properly documented.



- (vii) Trouble-Shooting and Export Compliance Review. The Export Compliance Officer is obligated to ensure the company's compliance with applicable ITAR and EAR controls. In the event of "red flags" in connection with a proposed or past transaction the Export Compliance Officer shall review the issue with the Empowered Official and, where appropriate, consult with outside export consultant and/or legal counsel to determine an appropriate response.
- (viii) Export-compliance and Product Development.

PSI's EXPORT COMPLIANCE OFFICER IS PHILIP KIEL, PRESIDENT

To ensure that PSI is fully aware of its obligations under the ITAR, PSI requires that the Empowered Official receives export compliance training at least once a year and obligates the Empowered Official to remain informed of amendments to the ITAR and to changes in DDTC application guidelines and policies.

3.2 EMPOWERED OFFICIAL (PER ITAR PART 120.25) MEANS A U.S. PERSON WHO:

- (1) Is directly employed by the applicant or a subsidiary in a position having authority for policy or management within the applicant organization; and
- (2) Is legally empowered in writing by the applicant to sign license applications or other requests for approval on behalf of the applicant; and
- (3) Understands the provisions and requirements of the various export-control statutes and regulations, and the criminal liability, civil liability and administrative penalties for violating the Arms Export Control Act and the International Traffic in Arms Regulations; and
- (4) Has the independent authority to:
 - (i) Enquire into any aspect of a proposed export or temporary import by the applicant, and
 - (ii) Verify the legality of the transaction and the accuracy of the information to be submitted; and
 - (iii) Refuse to sign any license application or other request for approval without prejudice or other adverse recourse.

PSI's EMPOWERED OFFICIAL IS MARTHA ESTRADA, CONTRACT ADMINISTRATOR

To ensure that PSI's Empowered Official satisfies the ITAR requirements, PSI requires that its Empowered Official receive export compliance training at least once a year, and obligates the Empowered Official to remain informed of amendments to the ITAR and to changes in DDTC application guidelines and policies.

The Empowered Official shall also work with the Human Resources Manager to ensure PSI employee compliance with this manual, and to develop corrective measures, when necessary to ensure PSI's compliance with its obligations under the export-control laws and regulations.



4 INTRODUCTION TO EXPORT CONTROLS

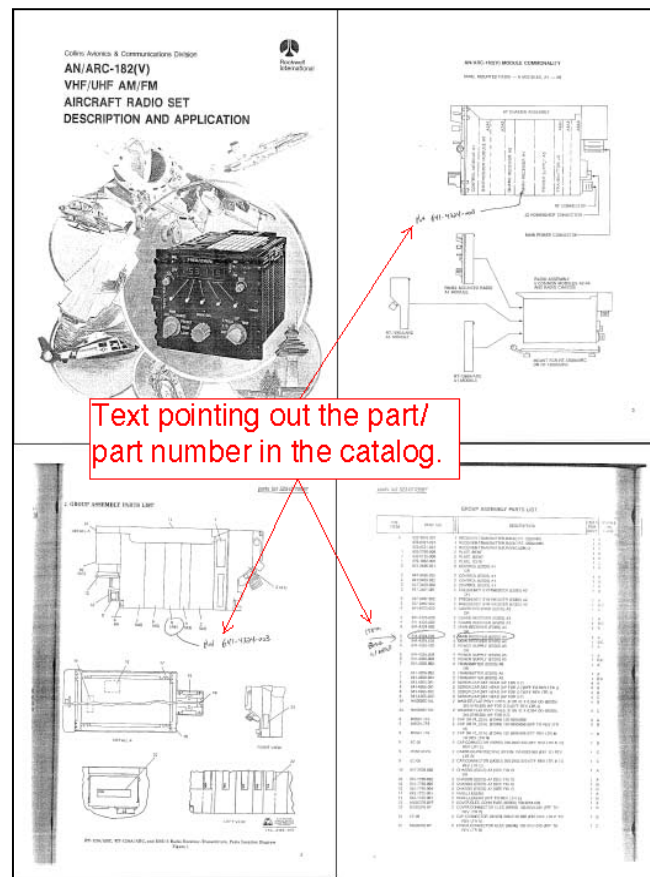
PSI maintains an up-to-date Export Compliance Manual in an effort to ensure full compliance with the export laws and regulations of the United States and other countries.

The remainder of this Export Compliance Manual will help explain U.S. export controls, the systems of classification that control the items PSI most regularly deals in, and your role in the company's export compliance program. However, this manual is not meant to be definitive or exhaustive. Export regulations change, and there are many areas of U.S. export law that are not covered by this manual. Please consult the Export Compliance Officer or Empowered Official with any questions.

4.1 EVERY ITAR OR EAR EXPORT LICENSE (OR EXEMPTION) REQUIRES THESE FIVE THINGS ¹

PSI's first rule of exporting is that each and every export requires that we have and retain documentation on the following points:

- (i) **Evidence of sale** – usually a Purchase Order (“PO”), a contract, or more rarely an LOI (typically for a “blanket” or “bulk” license). This sales document must contain a description of the item being sold – e.g. “P/N 641-4324-003, Main Receiver, \$18,450”.
- (ii) **Product description documentation.** On very low-level items, like bolts, this can usually be overlooked. For high-level items where product brochures are available we should include a copy. In most cases, at a minimum, catalog items have catalog entries that can be included, or appear in parts lists that can be abstracted and hand-annotated. Alternatively, these can be product brochures or briefing slides – whatever will give the ITAR or EAR licensing officer the sense that he knows exactly what he is being asked to approve for export and/or license production.



For items too low-level to have their own brochure, one can frequently satisfy the licensing documentation requirement with hand-annotated copies of parts lists or catalog sheets to accompany license app. A representative drawing from a build-to-print package also works.

¹ Note that in most cases Commerce/SNAP-R licenses do not require evidence of sale.



- (iii) **Description of the end-use** – e.g. “The goods are spare/maintenance parts for the AN/ARC-182 VHF/UHF Aircraft Radio Set, in the Qatari Sea King Commando Mk3 helicopter.” This must be on documentation supplied by our purchaser. It can be on a separate document, like an end-use statement, or it can be a statement within the PO. For the sale of defense articles (which need State Dept or ITAR licenses) that are SME items² the ITAR export license must include a DSP-83 form, a formal end-use/end-user statement. The DSP-83 is not required, however, in the case of a repaired defense article being returned under the exemption procedures in ITAR § 123.4(a)(1).³
- (iv) **Identification of the end-user** – e.g. “We certify that the goods are for the ultimate end-use of the Qatar Emiri Air Force, for Commander in Chief, Armed Forces, Doha, Qatar.” This must be on documentation supplied by the purchaser. It can be on a separate document, like an end-user statement, or it can be a statement within the purchase order itself.
- (v) **Identification of any parties involved in the transaction** – e.g. other companies in the chain of the transaction and foreign freight forwarders. These parties can be identified on the purchase order or end use statement or in separate correspondence. It is good practice to have the foreign customer provide a statement to PSI if no other parties are involved (i.e. “no other intermediate companies are involved in this transaction”).

These items should appear in the transaction file for each case of an export by PSI. This applies whether the item is under the jurisdiction of the State Department or the Commerce Department, and whether it is shipped under an export license or under an exemption or exception from licensing.

One final point on this basic documentation. It is PSI's policy that the parties to a transaction be properly identified. In all cases, we need a physical mailing address – P.O. Boxes are not acceptable. The reason is that both State and Commerce Departments make clear in their export license instructions, that applications using a P.O. Box address for any party to the license will be cause for an RWA.⁴

In many cases of export transactions, PSI will not have to submit all the documentation described above. Commerce licenses under their electronic SNAP-R system frequently specify that the applicant does not have to include one or another of the documents with the license; however, they specify that in most cases one must have the documents on file. And in the case of exemptions or exceptions,⁵ oftentimes there is no requirement for documentation being submitted (except for making an ACE/EEI filing in the ACE

² Identified by an asterisk where the item appears in the U.S. Munitions List in the ITAR.

³ Repair of commercial items – even ones that normally require a Commerce license – is likewise handled under an exception called RPL. See Section 12 of this Export Compliance Manual for a detailed discussion of PSI's procedures for temporary imports for repair or warranty replacement.

⁴ “RWA” stands for *Return Without Action*, a rejection of the application. We can reapply after an RWA, but the application goes to the back of the line.

⁵ The ITAR uses the term “exemptions”, while the EAR (Commerce) prefers “exceptions.”



system).⁶ This can be terminologically confusing, as the ITAR still lists “AES” filing interchangeably with “ACE” filing. They essentially mean the same thing.).

But in all cases of an export, the exporter is required to know it is not exporting to or for the benefit of certain excluded or debarred parties, or shipping to an end-user in certain prohibited countries (like those designated as terrorist-supporting), or for use in certain prohibited activities (like weapons of mass destruction). And without the above documentation, we cannot know we are obeying the law, and we *certainly* could not demonstrate to visiting export compliance officials that we are doing so.

4.2 SCOPE OF U.S. EXPORT CONTROLS

There are three sets of export regulations that control PSI’s exports of U.S.-origin products and services. These are the International Traffic in Arms Regulations (“ITAR”), 22 C.F.R. Parts 120-130, administered by the Department of State; the Export Administration Regulations (“EAR”), 15 C.F.R. Parts 730-774, administered by the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”); and United States sanctions regulations, 31 C.F.R. Part 500, et seq. which are administered by the Office of Foreign Asset Controls (“OFAC”) in the Department of Treasury.

Importantly, these rules and lists are updated constantly with changes, additions, and deletions, and, in a given situation, any – or none – may apply.

U.S. Export Controls can apply to commodities (products and equipment, including some manufacturing equipment), technology (including technical data and know how) (collectively, “Items”), and the furnishing of “defense services.”

4.3 COMMODITIES

The level of control applicable to an Item depends on its capabilities and intended use, and on the destination and nationality of the person or entity to whom it is being exported. A significant fraction of the items that PSI exports and imports are defense articles listed on the United States Munitions List (“USML”), as are certain associated technical data. Other company exports are items and technology controlled by the Export Administration Regulations (“EAR”) and its Commerce Control List (“CCL”).

4.4 “TECHNOLOGY” AND “TECHNICAL DATA”

Technology is defined broadly under the relevant regulations and includes the specific information necessary for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of controlled goods under the USML or CCL.

- (i) Technical assistance includes, among other things, instruction, skills, training, use or communication of working knowledge, and consulting services.
- (ii) Technical data includes, among other things, blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals and instructions written or recorded on other media or devices such as disk, tape or read-only memories.

⁶ The Automated Export System (“AES”) is now accessed via the Automated Commercial Environment (“ACE”). “AESDirect” is the application form hosted within ACE by which an exporter applies for an “EEI” (Electronic Export Information). The EEI is presented to Customs as proof of a proper AESDirect filing.



4.5 “DEFENSE SERVICES”

Defense services are defined as the furnishing of assistance, including training, to foreign persons, whether in the U.S. or abroad in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles. The furnishing of technical data to foreign persons is also a defense service.

4.6 HOW TO CHECK THE PROHIBITED LISTS

Certain persons and entities require a specific license to receive U.S.-origin Items. The Denied Persons List and the Specially Designated Nationals and Blocked Persons List each identify the persons and entities that require special consideration. Depending on the circumstances, other lists of prohibited persons and entities also may apply.

Note: As with nearly everything in export-compliance, if you don't have it in writing, it didn't happen. So you must do this in writing, date it, and keep a copy in the related export transaction file.

PSI does not do business with any person identified on one of these lists absent express authorization of the Export Compliance Officer. All potential employees, contractors, suppliers, customers and other third parties with which PSI intends to do business must be checked against the Prohibited Lists prior to the contemplated activity. Please contact the Export Compliance Officer to clear against these lists before proceeding with any new transaction. **The first listing, the "Consolidated Screening List", is generally sufficient**, since it actually includes most of the other lists' contents. The other lists may be checked for additional due-diligence if it seems warranted.

Consolidated Screening List (includes terror organizations and others)

<https://www.trade.gov/consolidated-screening-list>

State Debar (Statutory)

https://www.pmddtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=7188dac6db3cd30044f9ff621f961914

State Debar (Administrative)

https://www.pmddtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=8a89528adb3cd30044f9ff621f961931

BIS Denied Persons

<https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list>

BIS Entity List

<https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>

BIS Unverified

<https://www.bis.doc.gov/index.php/documents/regulations-docs/2713-supplement-no-6-to-part-744-unverified-list/file>

System for Award Management (formerly Excluded Parties List)

<https://www.sam.gov/SAM/>



Red Flag Indicators

<https://www.bis.doc.gov/index.php/all-articles/18-licensing/51-red-flag-indicators>

Office of Foreign Asset Controls ("OFAC") - Specially Designated Nationals

<https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

4.7 DEFENSE ARTICLE EXPORT LICENSES AND TWO IMPORTANT EXEMPTIONS

Whether a license is required to export an Item will depend on the Item's specific classification and its intended destination or end-user. A license is required for the export and import of defense articles, including technical data, and defense services unless otherwise exempted.

(i) Basic Operations, Maintenance, and Training Licensing Exemption

PSI and defense article manufacturers are exempt from the requirement to obtain separate DSP-5 licenses for the export of basic operations, maintenance, and training information relating to defense articles, so long as the defense articles the exports relate to are appropriately licensed for export to the same recipient(s). 22 C.F.R. § 125.4(b)(5). However, intermediate or depot-level repair and maintenance information may be exported only under a license or agreement approved specifically for that purpose. It is PSI's policy that defense article manufacturers are required to obtain any required licenses for intermediate or depot-level repair and maintenance information.

To claim an exemption for the export of technical data under the provisions of this subchapter PSI must certify that the proposed export is covered by 22 C.F.R. § 125.4(b)(5). Certifications consist of clearly marking the package or letter containing the technical data "22 CFR 125.4(b)(5) applicable." This certification must be made in written form and retained in PSI's files for a period of 5 years.

(i) Technical Data Pursuant to TAA or MLA Exemption

PSI will occasionally enter into Technical Assistance Agreements ("TAA") or Manufacturing License Agreements (MLA) with foreign companies, U.S. manufacturers and governments. The technical data listed in these Agreements qualifies for a licensing exemption under 22 C.F.R. § 125.4(b)(2), so long as the technical data does not exceed the scope or limitations contained in these TAAs and MLAs. See 22 C.F.R. § 124.3.

The Export Compliance Officer must personally sign off on the use of this exemption.

5 GOVERNMENTAL RULES AND REGULATIONS, AND ASSOCIATED PENALTIES

5.1 RULES & REGULATIONS

There are three sets of export-related regulations of principal applicability to PSI.

- (ii) International Traffic in Arms Regulations (**ITAR**) – US State Department (22 CFR Part 120 et seq.)



- (iii) Export Administration Regulations (EAR) – Commerce Department (15 CFR Part 730 et seq.)
- (iv) United States sanctions regulations – Office of Foreign Assets Control (**OFAC**) (31 C.F.R. Part 500, et seq.)

Additionally, for procedures to deal with Customs-related problems including holds, detentions and seizures of shipments, PSI refers to the following official USCBP handbook:

- (v) Mitigation Guidelines: Fines, Penalties, Forfeitures and Liquidated Damages

5.2 PENALTIES FOR NON-COMPLIANCE

The Arms Export Control Act (AECA) provides for criminal penalties of up to \$1 million, per violation, and up to 10 years imprisonment, or both. 22 U.S.C. § 2778(c). The AECA also authorizes the Department of State to issue civil penalties of up to \$500,000 per violation. In addition, PSI could be temporarily debarred from acting as either broker or exporter of U.S.-origin defense items.

The penalties for non-compliance with the EAR and the OFAC regulations are similarly severe. Criminal penalties can be as high as \$1,000,000 per violation, and up to 20 years in prison. Civil penalties for non-compliance can be as high \$250,000 or twice the amount of the transaction at issue, whichever is greater. The Department of Commerce is also authorized to suspend the export privileges of those found in violation of its regulations. 50 U.S.C. § 1705.

6 DEFINITIONS & ACRONYMS

6.1 DEFINITIONS

US Person – For purposes of this policy, a US person is either a US citizen or a permanent resident (a green card holder) or a protected person under 18 USC 1324b(a)(3), including certain persons granted political asylee or refugee status. Any other Immigration or Naturalization Visa categories (regardless of uniqueness) do not qualify an individual as a US Person.

EAR – The Export Administration Regulations, which are the export-control rules administered by the Commerce Department. They cover “dual-use” items, and other commodities. These items are captured by the Commodity Control List, or CCL.

ITAR – The International Traffic in Arms Regulations, which are the export-control rules administered by the State Department. These items are “defense articles” delineated on the US Munitions List, or USML.

Deemed Export – This is a Commerce Department term, but the concept applies to both the EAR and the ITAR. Technical data (or in some cases hardware) can be deemed to have been exported even without crossing any border, say in the comfort of the company conference room. This is a source of many violations and must be the subject of training to sensitize personnel to the concept.

ECCN – This stands for “Export Control Commodity Number.” It has a 5-place alphanumeric structure: a numeral, a letter, and three more numerals, e.g. “3A001”.



Empowered Official – the designated PSI employee with authority to make filings with the government seeking export authorizations and to determine the existence and applicability of controls on exports by PSI. See ¶ 3.1, above, for additional details.

Export Compliance Officer – For PSI, this is the President. The Export Compliance Officer has overall responsibility and authority to implement and maintain compliance with the company's export controls. See ¶ 3.2, above, for additional details.

Technology - Technology is defined broadly under the relevant regulations and includes the specific information necessary for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of a product. Under the EAR, it may include "technical assistance" or "technical data." Technical assistance includes, among other things, instruction, skills, training, use or communication of working knowledge, and consulting services. Technical data includes, among other things, blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals and instructions written or recorded on other media or devices such as disk, tape or read-only memories.

"This Subchapter" – Whenever you see this phrase anywhere in the ITAR, it really just means "The ITAR". Remembering this one semantic trick makes understanding the ITAR far easier.

Brokering - In addition to exports and re-exports of controlled items, the ITAR also controls brokering activity. Brokering is defined broadly to include the financing, transportation, freight forwarding, or taking of any other action that facilitates the manufacture, export, or import of a defense article or defense service. 22 C.F.R. § 129.2(b). PSI's policy is to refrain from engaging in brokering, and has not registered as a broker with DDTC. No employee may engage in brokering without prior clearance from the Export Compliance Officer.

Defense Articles - any item or technical data on the USML. This term includes technical data recorded or stored in any physical form, models, mockups or other items that reveal technical data directly relating to items designated on the USML. It does not include basic marketing information on function or purpose or general system descriptions.

Defense Services - the furnishing of assistance, including training, to foreign persons, whether in the U.S. or abroad, in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles. The furnishing of technical data to foreign persons is also a defense service.

Export - the transmission or transfer of an item or information outside of the United States, whether physically, electronically (e.g., via e-mail or website download) or otherwise. Exports can occur in a variety of ways, including through oral or visual disclosures or through e-mail communications. "Release" or disclosure of technology or source-code to foreign nationals is also an export, even if the foreign national is a PSI employee, and even if he or she is located within the United States. "Release" can include oral exchanges of information, visual inspection and the application to situations abroad of knowledge or technical experience acquired in the United States.

Re-Export - the transfer or transmission (by whatever means) of an item or information from one foreign country to another foreign country, or to an unlicensed dual-



national/third-country national ("DN/TCN") in any country. Re-exports of U.S.-origin items or technology are subject to U.S. control. Thus, if the original export of an ITAR or EAR-controlled item from the United States to a foreign country required a license, the transfer of that item to another country, or to an unlicensed DN/TCN, also may require the approval of DDTC or BIS.

Re-Transfer – the transfer or transmission (by whatever means) of an item or information from the original recipient to a third party. Export licenses are not transferable. For example, a license issued to company X to export a defense article or service to company Y, does not authorize the transfer by Y of the article or service to company Z, unless company Z was originally designated on the license. Similarly, if an item was authorized for export for a particular end-use, it cannot be transferred for a new end-use without authorization.

6.2 ACRONYMS/GLOSSARY

ECCN	Export Control Classification Number – A database of classification numbers for products.
IT	Information Technology
ITAR	International Traffic in Arms Regulations – State Dept export rules
EAR	Export Administration Regulations – Commerce Dept export rules
USML	US Munitions List – 21 categories of items subject to the ITAR
CCL	Commerce Control List – some 592 ECCNs describing items subject to the EAR
IT	Information Technology
MLI	Munitions List Items
CCLI	Commerce Controlled List Items
VPN	Virtual Private Network
DSP-61	Form required for temporary import of Unclassified Defense Articles
DSP-5	Permanent Export License for Defense Articles
DSP-73	Temporary Export License for Defense Articles
TAA	Technical Assistance Agreement
MLA	Manufacturing License Agreement
BIS	Bureau of Industry and Security – US Dept. of Commerce
DN/TCN	Dual-National/Third-Country National
ECR	Export Control Reform – a major Presidential initiative that will, among other things, transfer export licensing of many ITAR parts and components to the EAR

7 ORGANIZATIONAL REQUIREMENTS

7.1 HUMAN RESOURCES ("HR")

Hiring and assigning new personnel should be through utilization of the definition of a US person as per the ITAR and EAR. Only a designated US person is allowed access to data, technology and material that are controlled under the ITAR, without government authorization. EAR-controlled information may also require a license before disclosure. H.R. should consult with the Export Compliance Officer before hiring any non-US person to determine what restrictions may apply.

7.1.1 HR Responsibilities

HR must identify and vet domestic and foreign persons (e.g. employees, contractors, interns) through appropriate background checks and the use of "E-Verify". HR must



work closely with the company's empowered officials and other ITAR/EAR compliance-trained personnel to ensure that the screening process is appropriate for the position, whether filled through a new hire or through internal transfers. HR should also ensure that ITAR/EAR compliance training is given promptly on the assumption of new responsibilities. As part of this, HR must caution new employees not to discuss the substance of their ITAR-controlled knowledge or activities with individuals lacking appropriate clearances or license authorizations, and should ensure employees are appropriately briefed on their obligations and responsibilities with regard to ITAR compliance.

7.1.2 E-Verify and the I-9 Process

Certain combinations of identifications that are sufficient to establish work authorization are insufficient to confirm as a U.S. Person. Moreover, once work authorization is established using the I-9, further inquiry into additional ID must cease as a matter of law. *Therefore HR must use a separate procedure separate from the I-9 or E-Verify to qualify those employees whose duties allow access to ITAR or EAR controlled material.*

All employees with trade compliance responsibilities should be evaluated on how well they perform these responsibilities. Export control compliance should be taken into consideration during any performance evaluation. Procedures should be developed to identify foreign job applicants and the clearance process for employment. Internal transfers of foreign person employees should also be explicitly addressed.

"Green cards" can expire, so HR must maintain a tickler file with their expiration dates, so that appropriate and timely action can be initiated to prevent inadvertent violative disclosures to foreign-person employees.

7.1.3 State/ITAR vs Commerce/EAR re Personnel

State/ITAR personnel rules are more restrictive than Commerce/EAR rules. Since PSI deals with both jurisdictions, our procedures must default to the more restrictive. Therefore the list HR maintains of all foreign national employees should include the birth nationality, if different from their current foreign national status. Additionally, if any foreign nationality involves those listed in ITAR § 126.1, HR should (i) read the details in the particular country § 126.1 citation paragraph, and (ii) coordinate any issues with the company's empowered official.

The following table of embargoed or otherwise restricted list of countries appears in the ITAR at § 126.1. (Country restrictions are less restrictive in the EAR, compared to the ITAR.) A country's presence on this list can affect whether any given *employee* license will be approved, and with what special restrictions. It also affects any the likelihood of any type of ITAR export license or agreement being approved.

ITAR § 126.1 Policy of Denial List	
<i>Belarus: 126.1(d)(1)</i>	<i>Iran: 126.1(a), (c), (d)</i>
<i>Burma: 126.1(d)(1)</i>	<i>North Korea: 126.1(d)(1)</i>
<i>China: 126.1(d)(1)</i>	<i>Syria: 126.1(d)(1)</i>
<i>Cuba: 126.1(d)(1)</i>	<i>Venezuela: 126.1(d)(1)</i>



ITAR § 126.1 Policy of Denial (except for listed paragraph)	
Country	Country specific ITAR paragraph location
<i>Afghanistan</i>	<i>See also paragraph (g) of this section.</i>
<i>Cambodia</i>	<i>See also paragraph (o) of this section.</i>
<i>Central African Republic</i>	<i>See also paragraph (u) of this section.</i>
<i>Cyprus</i>	<i>See also paragraph (r) of this section.</i>
<i>Democratic Republic of Congo</i>	<i>See also paragraph (i) of this section.</i>
<i>Ethiopia</i>	<i>See also paragraph (n) of this section.</i>
<i>Eritrea</i>	<i>See also paragraph (h) of this section.</i>
<i>Haiti</i>	<i>See also paragraph (j) of this section.</i>
<i>Iraq</i>	<i>See also paragraph (f) of this section.</i>
<i>Lebanon</i>	<i>See also paragraph (t) of this section.</i>
<i>Libya</i>	<i>See also paragraph (k) of this section.</i>
<i>Russia</i>	<i>See also paragraph (l) of this section.</i>
<i>Somalia</i>	<i>See also paragraph (m) of this section.</i>
<i>South Sudan</i>	<i>See also paragraph (w) of this section.</i>
<i>Sudan</i>	<i>See also paragraph (v) of this section.</i>
<i>Zimbabwe</i>	<i>See also paragraph (s) of this section.</i>

7.2 ENGINEERING

New product development efforts should always include, early in the process, a review by the Export Compliance Officer. One reason is that the intent of the design engineers can make a difference later on in item classification. An export-savvy review early-on can ensure that documentation clearly reflects the intent in a way that does not unintentionally bias a later-classification towards ITAR-jurisdiction.

Any exchange of technical data, including but not limited to drawings and specifications, whether in writing, on a disk, within email or verbal exchanges between US and Non-US Persons may be governed by the ITAR/EAR regulations.

All technical people should avoid discussing any technical aspects of the business conducted at PSI with any non-PSI employee, on the phone, via email or in person, unless that person is clearly identified as a US Person (citizen or Green Card) or prior approval of the Export Compliance Officer is obtained.

NOTE: All PSI developed technical documents will display the following statement:

EXPORT WARNING - THIS DOCUMENT MAY CONTAIN TECHNICAL INFORMATION WHOSE EXPORT IS GOVERNED BY THE INTERNATIONAL TRAFFIC IN ARMS REGULATIONS ("ITAR") OR THE EXPORT ADMINISTRATION REGULATIONS ("EAR") OF THE UNITED STATES. INFORMATION SUBJECT TO U.S. EXPORT CONTROLS MUST NOT BE TRANSFERRED TO A FOREIGN PERSON/ENTITY WITHOUT PROPER AUTHORIZATION OF THE U.S. GOVERNMENT. VIOLATIONS MAY RESULT IN ADMINISTRATIVE, CIVIL OR CRIMINAL PENALTIES.



7.3 SOFTWARE DEVELOPMENT

The exchange of technical data and source code, including but not limited to drawings and specifications, whether in writing, on a disk, in email or verbal exchange between US and Non-US Persons or with overseas locations may be governed by the ITAR/EAR regulations.

All software developers should avoid discussing any technical aspects of the business conducted at PSI with any non-PSI employee, on the phone, via email or in person, unless that person is clearly identified as a US Person (citizen or Green Card), located within the United States, or prior approval of the Export Compliance Officer is obtained.

7.4 BUSINESS DEVELOPMENT/MARKETING

All marketing materials including mock-ups or demos must be scrubbed of any data or product information that would violate the ITAR and EAR regulations. In most instances detailing the “What” of the products performance may be acceptable, but not the specific “How” of the systems capabilities.

These rules apply whether a Demo is performed at a PSI facility, at a customer site, an overseas facility (in which case an Export License may be required) or at a trade show (again, if overseas, an export license may be required). At all Demos and Trade shows, the principal risk is the unintentional disclosure of technical data. The equipment / mock-ups / data / software, must be closely monitored and controlled at all times. This would include nighttime and any other off duty hours.

Any non-functional mock-ups that do not disclose any technical details would not fall under this proviso. The mock-up should not provide any technical detail that might assist in reverse engineering the product.

7.5 INFORMATION TECHNOLOGY (IT)

PSI's IT administrators must all be cleared as US Persons to avoid inadvertent foreign person access to ITAR/EAR technology. IT administrators must have sufficient training in ITAR/EAR compliance to accomplish this responsibility. Regularly scheduled oversight and self-assessment are integral to this program. In relationship to export regulations and control, PSI's IT dept. is tasked with the protection of sensitive technical data from leaking to the outside world. This is both a business competition issue and an export-compliance issue.

For any export that is by electronic means (email and telephone) or by visual or oral disclosure, a record of the export needs to be maintained. The record should identify the date, method of transmission, and a description of the technical data that was exported. We have created a "Tech Data Export Log" form for this purpose. See ¶16.8 herein.

IT develops and maintains explicit policies and procedures for the segregation of ITAR-controlled technical data, designs and related documents to prevent unauthorized disclosure to foreign persons.

NO ACCESS WILL BE ALLOWED TO PSI'S INTERNAL NETWORK. THIS INCLUDES SOFTWARE DEVELOPMENT DATA, TEST DATA AND SUPPORTING DOCUMENTATION. ADDITIONALLY, NON-PSI INDIVIDUALS SHALL NOT HAVE ACCESS TO PSI SYSTEMS USING ANY TYPE OF VPN.

Viewing Access Exception



If the need arises to grant access to a Non-U.S. Person as a requirement for an on-going project or for a marketing demonstration or any technical discussions, permission shall be granted only by a PSI employee of Director level with the consent of the Export Compliance Officer.

Such permission shall be granted only to US Persons or as otherwise permitted by license or under the EAR, and only after an appropriate briefing/training relative to US export controls.

Any special access to PSI's FTP sites must be granted by the IT department with the approval and consent of the Export Compliance Officer and in accordance with PSI's FTP procedures.

7.6 FACILITIES

As a general rule, all technical data drawings and documents, ITAR/EAR controlled equipment and the like, should be stored in such a manner that visitors to PSI's offices, lab areas and development areas do not have viewing access to the material. Special attention should be devoted to visitors that are Non-US Persons.

All employees will use their designated access badges to enter the facility. If you have forgotten to bring your access card on a particular day, you will obtain a temporary access card at the reception desk. PSI employees shall wear a White identification badge. The badge should be visible at all times and displayed on the exterior of their clothing.,

The reception person should screen all visitors to PSI's facilities. All visitors will record their information on the daily Log-Sheet located at the reception desk and receive a temporary BLUE badge. All visitors should be escorted by the person with whom they have an appointment. Visitors will return the badge upon exit and will record the time leaving PSI in the log sheet. The visitor must be advised to wear the badge at all times while in the facility.

It is the hosting PSI employee's responsibility to enforce the above escort procedure. It is also the PSI hosting employee's responsibility to make sure that the temporary badge is returned to the receptionist at the end of the visit.

Non US Persons (non-US Citizens or non-permanent residents) should, in addition to the above, receive a specially designated **RED** color coded badge stating in bold letters: "**Escort Required**". Such card bearers will NOT have the access privileges of regular PSI employees.

PSI has clearly labeled ITAR areas. Entry to the Facility is strictly controlled by cardkey access. Cardkey access is only provided to employees that are US Persons. Non US Persons are not allowed in the facility unless they are approved and escorted by a PSI employee.

Under no circumstances, will Non-US Persons be allowed in direct view of ITAR/EAR controlled items, Technical data of any type, Drawings etc., without express approval of the Export Compliance Officer.

All Non US Persons will produce their foreign passport for ID upon entry. A photocopy of the Passport's front page (with personal details and picture) will be kept on file.

Use the form below for US Export Control Compliance Visitor Verification:



US EXPORT CONTROL COMPLIANCE VISITOR VERIFICATION

The purpose of the form is to assist in verifying your export control status. U.S. laws and regulations prohibit the unauthorized export of restricted technology to non-US persons.

VALID IDENTIFICATION MUST BE PRESENTED AND ALL PARTS OF THIS FORM ARE REQUIRED TO BE FILLED OUT PRIOR TO ENTRY INTO ANY SECURED FACILITY



Last Name		First Name		Middle Name	
Country of Citizenship		Other Citizenship		Country of Residence	
Employer			Company Represented		
Signature			Today's Date		
IDENTIFICATION					
SELECT THE DOCUMENT BELOW THAT PROVIDES PROOF OF CITIZENSHIP					
Are you a U.S. Citizen? YES NO					
ONE OF THE FOLLOWING FORMS OF IDENTIFICATION IS REQUIRED, PLEASE CHECK BOX NEXT TO SUPPLIED DOCUMENT					
<input type="checkbox"/> United States Passport (Unexpired) Expiration Date:		<input type="checkbox"/> Certificate of United States Citizenship (INS form N-560 or N-561)			
<input type="checkbox"/> Certificate of Naturalizations (INS form N-550 or N-570)		<input type="checkbox"/> Lawful Permanent Resident Green Card Holder		Expiration Date:	
<input type="checkbox"/> Unexpired Foreign Passport (with I-551 stamp)		Expiration Date:		<input type="checkbox"/> Certificate of Live Birth Abroad (FS-545 or DS-1350) or Report of Birth Abroad (FS-240)	
<input type="checkbox"/> Original or Certified Copy of Birth Certificate (Issued by US government agency bearing a seal or watermark)		<input type="checkbox"/> Unexpired Foreign Passport (with I-94 if available)			
<input type="checkbox"/> A Foreign National Granted Asylum in the United States (a protected individual as defined by 8 U.S.C. 1324b(a)(3))		<input type="checkbox"/> Other Approved Documentation – SPECIFY DOCUMENT			
WITNESS MUST BE A PSI EMPLOYEE		Witness Signature		Date	
The Witness MUST check with the Export Compliance Officer/Empowered Official IF USING A DOCUMENT OTHER THAN AN UNEXPIRED FOREIGN PASSPORT.					
US PERSON ONLY: CHECK ALL THAT APPLY					
<input type="checkbox"/> NOT APPLICABLE		<input type="checkbox"/> Acting on behalf of a Foreign Person/Entity			
<input type="checkbox"/> (Check if you are NOT representing a Foreign Person/Entity)		<input type="checkbox"/> Acting in furtherance of U.S. Program while Resident abroad			
<input type="checkbox"/> Working for a Company that is incorporated in a country other than the U.S.		<input type="checkbox"/> Acting in a governance role for a Foreign Person/Entity			
IF ANY BOX OTHER THAN "NOT APPLICABLE" IS CHECKED, SPONSOR MUST CONTRACT THE EXPORT COMPLIANCE OFFICER/EMPOWERED OFFICIAL.		<input type="checkbox"/> Acting in a Management or Operation Role for a Foreign Person/Entity			
OFFICE USE: COMPLIANCE OFFICER(S) ONLY					
Above Person/Entity was checked against the BIS Consolidated Screening List on:				Initials: _____	
Date of Consolidated Screen List:				_____	
Determination Listed: Not Listed _____ Listed _____				Initials of Export Compliance Officer/Empowered Official: _____	

Signs will be posted at the entrance to all technical areas that indicate that that the area is an Export Controlled Area and that Non-US Persons Must be Escorted”.

Plant visits by Non US Persons must be reviewed by the Export Compliance Officer or Empowered Official in advance of granting entry.

All PSI employees should secure all technical information such as: manuals, drawings, software etc. at the end of each work day. Such documentation should be placed in a drawer, a cabinet or locked in a controlled-access room. Employees are directed to seek assistance from their respective supervisor to implement this requirement.



8 WHAT TO DO WHEN TRAVELING

8.1 COMPANY AND PERSONAL LAPTOP COMPUTERS & SMART PHONES

All PSI employees are cautioned that ITAR- or EAR-controlled data are very likely present on any engineer's computer. Even if you have assiduously cleansed your hard drive of tech data and drawings from recent "hot topic" proposals, the simple accumulation of tech data from various projects over the years virtually assures that your laptop contains controlled data not covered by current export licenses. E-mails and their attachments are another source of commonly-overlooked transgressions.

Fortunately, there are ITAR exemptions and EAR exceptions that can apply to all PSI employees, since they are all cleared as U.S. persons. The ITAR exemption is at ITAR § 125.4(b)(9), and in the EAR we will normally employ license exception TMP at EAR § 740.9 (although other EAR exceptions may also apply).

The ITAR exemption at § 125.4(b)(9) allows PSI employees to carry controlled-data-laden computers, etc. internationally without a license to export said data. But it also requires adequate security over that data:

"(b)(9) Sufficient security precautions must be taken to prevent the unauthorized release of the technical data. Such security precautions may include encryption of the technical data; the use of secure network connections, such as virtual private networks; the use of passwords or other access restrictions on the electronic device or media on which the technical data is stored; and the use of firewalls and other network security measures to prevent unauthorized access."

- These procedures apply to portable digital media of any variety, whether a computer hard drive, USB stick, or smartphone.
- PSI policy is that any employee leaving the U.S. or crossing a border in travel must carry only encrypted media. This is now the default status of Hunt laptop computers. Security at the operating system level, such as OS X or Windows passwords, are unacceptable.
- The risk of data-compromise is real, and governments from Beijing to Moscow to Washington may feel free to copy the contents of your devices. Should this occur, the employee must contact PSI's empowered official at the earliest possible moment.
- Treat your computer as if it were a stack of cash. All tech data must be carefully protected while overseas, whether covered by an export license or not. Use the same sense of prudence that you would with a wallet full of cash. Don't leave your computer or that stack of scale drawings on the hotel bed; put it in the room or hotel safe, or carry it with you. Avoid any situation where the documents or files might be easy compromised by foreign persons.
- Remember that exporting is not just crossing a border. Disclosing tech data to a foreign person in a conference room or bar is just as bad a violation.

8.2 HARDWARE AND GENERAL RULES

Export-control regulations do not require that you be invulnerable, nor omniscient. If you are accosted on the street and your laptop or papers are stolen, that is not necessarily a



violation. If your hotel room is burglarized while you sleep and the brazen thief steals your briefcase from your room, that is also likely not a violation, assuming you took diligent measures to protect it in the first place. What the regulations require is that you exercise the due-diligence that a prudent person would follow. This is why we tell you in training to treat your briefcase or computer as if it were filled with cash, and act accordingly. Two final notes:

- If you do suffer some mishap regarding loss or compromise of ITAR/EAR-controlled hardware, software or tech data, you must contact our Export Compliance Officer at once.
- Hardware defense articles cannot be exported without a license or a specific exemption. Unlike most tech data, hardware not covered by a license or a specific exemption cannot be FedEx'd to you under the exemption.

9 SHIPPING AND RECORDKEEPING

9.1 DOMESTIC SHIPPING:

As a general rule, domestic shipping will not trigger a requirement for an export license or other authorization, unless the shipment is intended for a non-US person and/or the US destination is a freight-forwarder. However, all domestic shipments should include the below-specified destination control/diversion statement on the packing list and invoice.

*Unless otherwise noted, this quote or invoice may include items from the U.S. Munitions List (USML) or the Commerce Controlled List (CCL). USML/CCL commodities are controlled by the U.S. Government and in many cases cannot be transferred (exported, sold or given) to a foreign country, a non-U.S. Citizen/National, or a non-Permanent U.S. Resident without a valid State/Commerce Department export authorization. **It is the responsibility of the purchaser to determine what the applicable requirements may be and to obtain all necessary authorizations, licenses or approvals.** The use, disposition, export and re-export of the property covered or included in this quote or invoice, is subject to the provisions of law included in, inter alia, the Arms Export Control Act (22 USC 2751 et seq.); Export Administration Act of 1979 (50 USC App. 2401 et seq.) as contained under Executive Order 1294; International Traffic in Arms Regulation (22 CFR 120 et seq.); Export Administration Regulations (15 CFR 730 et seq.); Foreign Assets Control Regulations (31 CFR 500 et seq.) and the Espionage Act (18 USC 793 et seq.).*

9.2 INTERNATIONAL SHIPPING

Determining whether a license is necessary.

This is the responsibility of the Empowered Official. As the Volume of export activity increases, it will be assessed whether additional training will be afforded to specific employees for the purpose of classifying items for export.

Required Documentation:



Air Waybill, Commercial Invoice, Destination Control Statement (statement is on Air Waybill and Commercial Invoice), ACE/EEI filing.

Shipping with a license:

A license from State or Commerce must be secured prior to any overseas shipping requiring one, or prior to any deemed export. License control and tracking (decrementing quantities and /or dollar values per license limits) must be maintained at all times. DSP-61s/-62s and DSP-73s/-74s are presented to Customs at time of exit/entry. On December 21, 2015, DDTC posted a notice on their website that DSP-5s no longer need to be lodged with Customs. Commerce licenses do not need to be lodged with Customs. Freight forwarders have various procedures for handling controlled shipments. Consult with the freight forwarder to determine that their particular procedures are being properly followed to ensure that the shipment is handled correctly.

Diversion Clause is required for all international shipments:

PSI's Bill of Lading and Commercial Invoice on all international shipments must display the following statement, known as the destination control statement ("DCS"), no matter whether the items are governed by the ITAR (State) or by the EAR (Commerce).

"These items are controlled by the U.S. government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations."

Moreover, the classification of the goods (either USML category or ECCN) must appear on a document such as our Bill of Lading that accompanies the shipment all the way to the end-user.

9.3 IN ALL SHIPPING MATTERS

Sometimes, exports are drop-shipped for PSI by other U.S. manufacturers.⁷ Of course, PSI also makes export shipments directly. When PSI exports directly, the following rules apply, with supporting forms in the back of this manual.

- (i) For each customer and/or project, an End-Use / End-User statement must filled out and signed prior to shipping, if that information is not already included in the Purchase Order. The corresponding Purchase Order must be cited on separate End-Use/End-User statements. (See sample document, below, at ¶ 16.1)
- (ii) A Customer / Project Shipping Authorization (See sample document at ¶ 16.4) must be properly detailed and signed by all parties for approval. Any required

⁷ PSI is still responsible for export violations made by others manufacturers or freight-forwarders on behalf of PSI. Therefore, PSI's empowered official is responsible for insuring that all such exports are conducted in compliance with all U.S. export laws and regulations.



licenses (Commerce or State Dept.) must accompany these authorizations and must be attached in hard copy form to this authorization.

- (iii) All shipments must have a packing list detailing all components. Such Packing List must have the proper warning language as detailed above. If the item is classified as a 600-series ECCN, the ECCN must be printed on all shipping documents. *See sample Packaging Slip, below, at ¶ 16.5.*
- (iv) The above is mainly for hardware. Analogous documentation and procedures for exporting technical data by any method is described in ¶ 9.5, below. Note that even in exempted exports of ITAR/EAR tech data, all such exports must be logged and records kept. Additionally, the first tech-data export under any State/ITAR license or exemption must also be notified in writing to State/DDTC. The forms at ¶ 16.7 and ¶ 16.8 apply.

9.4 EEI FILING REQUIREMENTS

The Automated Commercial Environment (ACE) is the system used by U.S exporters to electronically declare their international exports to the Customs and Border Protection. Formerly, this declaration was only made by the paper form called Shipper's Export Declaration (SED). The electronic equivalent to the paper SED form is the EEI (electronic export information), which is filed via the ACE system. Nowadays, an exporter can file the export declaration electronically via ACE, or pay a freight-forwarder do it. Currently PSI generally relies on its freight-forwarders to make needed ACE/EEI filings; however, all PSI personnel need to have a basic understanding of when ACE/EEI filings are required. The ITAR transitioned to ACE from an earlier electronic filing system known as AES (automated export system); however, neither "ACE" nor "AES" is mentioned in the ITAR, referring instead simply to the "Electronic Export Information" system. Earlier definitions in the ITAR for "ACE" and "AES" now are deleted. Just know that the U.S. Customs & Border Administration's ACE system is still in place, and is how exporters generate the "EEI" constantly referenced in the ITAR. Access to the newly-renovated AES system can be found here: <https://ace.cbp.gov/>.

- (i) When is the ACE/EEI information required? On *all* licensable shipments (EAR or ITAR), shipments made using an ITAR exemption, plus some others.
- (ii) ACE/EEI entries are ***not*** required when exporting technical data – only for hardware.
- (iii) An ACE/EEI record must be filed for exports of physical goods valued at more than \$2,500 per commodity classification code (OR ANY VALUE WHEN BIS LICENSE, DDTC LICENSE or DDTC LICENSE EXEMPTION IS REQUIRED), when shipped as follows:
 - From U.S. to foreign countries,
 - Between the U.S. and Puerto Rico,
 - From Puerto Rico to foreign countries,
 - From Puerto Rico to U.S. Virgin Islands,
 - From the U.S. to the U.S. Virgin Islands, and
 - Licensable commodities (regardless of value).



- (iv) The ACE/EEI filing must be made **only after** any related ITAR export license is lodged with Customs. And the following lead times are required, depending on method of shipment and whether the items are under ITAR/USML or EAR jurisdiction:

USML shipments ACE/EEI lead times, per ITAR ¶ 123.22(b)(1):

- Air or Truck – 8 hours prior to departure
- Vessel or Rail – 24 hours prior to departure

Non-USML shipments ACE/EEI lead times, per AES Best Practice Manual:

- Vessel – 24 hours prior to departure from U.S. port where cargo is laden
- Air & Courier – 2 hours prior to departure from U.S.
- Rail – 2 hours prior to arrival at the border
- Truck – 1 hour prior to crossing the border
- Mail/Other – 2 hours prior to exportation

9.5 EXPORTING TECHNICAL DATA USING EXEMPTIONS

There are numerous exemptions in the ITAR and EAR for exporting technical data. At PSI, for example, we make extensive use of certain tech data exemptions whenever we get an approved TAA. Our policy is to document each use of tech-data exemptions as well as tech-data exports under the auspices of a TAA or a DSP-5 tech-data license (“TDL”) by recording all such transactions in usable form in the license or transaction file. DDTC has been developing a new tech-data electronic notification system. As that system is developed and deployed, PSI will continue to maintain all such records, whether formally notified to DDTC or not, in accordance with ¶ 9.6.3, below.

9.6 RECORDKEEPING

9.6.1 Export Records:

All records relating to export shipments from PSI must be maintained for a period of the greater of five years from the date of expiration of the license that authorized shipment or nine (9) years from the date of shipment. Each export shipment should include: an Air Way Bill, a Commercial Invoice and a Packing List. In addition, any materials used to self-classify a product, any emails from vendors indicating an ECCN, or any screening process, need to be documented and maintained with the above-mentioned shipping documents.

9.6.2 Import Records:

All records relating to incoming shipments to PSI must be maintained for a period of at least five (5) years. It may be necessary at some point in the future to ship items back for repair or exchange at which time the proof of entry into the U.S. may be required.

NOTE: You must inspect the packaging, inside and out, for shipping documentation.

If the export or import was done under the auspices of an ITAR or EAR license, the retention period is five (5) years from the date of expiration of the related license.



9.6.3 Record Retention Specifics:

In order to comply with PSI's record retention obligation, the following records must be maintained for five (5) years after the last date of export or report:

1. Records concerning the political contributions, fees, or commissions furnished or obtained by PSI employees.
2. Records concerning CCL and USML item classifications and classification requests;
3. Commercial invoices, bills of lading, air waybills and contracts that evidence or document export transactions; and
4. Copies of ACE/EEI filings.
5. Records need to be easily available for inspection and copying by the appropriate government agency with jurisdiction.
6. Records stored in electronic form must be capable of being printed on paper and must be stored in a manner that none of it may be altered once it is initially recorded without recording all changes, who made them and when they were made.
7. In addition, whenever one is required to make any of the various reports under ITAR part 130, those records must be kept for a period of five years following the date of the report.
8. The original, signed versions of all required documents should be kept with the master set. In the event of a State or Commerce compliance audit, they will need to see the originals.
9. Records retention rule-of-thumb is 9 years, based on the typical term of DDTC licenses. However, 5 years from date of expiration of any license or last export activity under the license is required. Certain licenses must be returned by PSI to the DDTC after they expire, either by date or when the total value or quantity authorized is expended. This applies to DSP-61 and DSP-73 form licenses. DSP-5 licenses that are required to be lodged with Customs are not your responsibility to return to DDTC. You are responsible, however, for returning DSP-5 licenses that are not required to be lodged with Customs, such as certain tech data/marketing licenses.
10. Commerce Department licenses generally are not returned to Commerce/BIS at any point, including after expiration. A rare exception involves returning DSP-5 licenses that are not required to be lodged with Customs, such as certain tech data/marketing licenses "revoked" or "suspended" DOC/BIS licenses. See EAR § 750.8(b) for details.
11. When an exemption is claimed for the export of unclassified technical data, the exporter must comply with the procedures in ITAR section 124.3 or 125(b). At a minimum, records must be maintained for each such export to include a description of the unclassified technical data, the name of the recipient, end-use, the date and time of the export, and the method of transmission.



12. As described above, shipping records are required, to include ACE/EEI files, invoices, waybills, etc. To summarize, the minimum records in the document-retention system should be:

- Export License or Other Approval
- Documents Supporting the Approval Request
- Invoice
- Packing Slip
- Bill of Lading
- Airway Bill
- Purchase Order
- DSP-83
- Delivery Verification
- Foreign Import Certificate
- Technical Data Exemption
- Other Exemptions and Exceptions
- Visits and Tours by Non-US Persons

9.6.4 Tickler System

- (i) A tickler system must be established regarding certain license provisos, renewal dates of DTC registration & digital certificates, and so on. Other required notifications that are event-based, such as material changes to the data in the DS-2032 or various prior notifications, are also needed in the system.
- (ii) The tickler system must also track certain export licenses that must be returned by PSI to the DDTC after they expire, either by date or when the total value or quantity authorized is expended. This applies to DSP-61 and DSP-73 form licenses. DSP-5 licenses that are required to be lodged with Customs are not the responsibility of PSI to return to DDTC. PSI is responsible, however, for returning DSP-5 licenses that are not required to be lodged with Customs, such as certain tech data/marketing licenses.

9.6.5 Recordkeeping Responsibilities:

The Export Compliance Officer has delegated to the Empowered Official responsibility for maintaining all of these documents, in written or electronic form consistent with the EAR and the ITAR. The Empowered Official has trained relevant personnel for the appropriate generation, forwarding and retention of these documents. For more information about PSI's record retention procedures please contact the Empowered Official.

10 ITEM CLASSIFICATION – IS IT UNDER COMMERCE OR STATE RULES?

The level of control, requirements, restrictions, and potential license exceptions or exemptions that are applicable to a proposed export Item are determined by the item's classification. PSI's exports and imports are classified on *either* the ITAR's United States Munitions List (USML), 22 C.F.R. § 121.1, *or* on the EAR's Commerce Control List ("CCL").

USML classifications are typically identified by a roman numeral and sub-heading, e.g., Category XI(c). Items on the USML are controlled because they are specially designed for military end use. Our F-16 HUD cameras, for example, are under Cat. XIII(a).

CCL classifications are referred to as Export Control Classification Numbers, or ECCNs and consist of a number, the letters A through E, and three additional numbers, e.g., 9A991. Items that are not classified on the USML list will be classified on the CCL,



or have the designation EAR 99. Items on the CCL are controlled as “dual use” items, items that are predominantly for commercial use, but which are known to have military applications. Additionally, the Export Control Reform (initial implementation started October 15, 2013) moved some items from the USML to the CCL. These items are military items controlled by the EAR. They are classified as “600-series” items and have some special rules and procedures.

Order of Review – when classifying commodities, the following order of review should be followed:

- 1.** Always begin with the ITAR – review the USML for enumerated commodities and if necessary do the specially designed analysis.
- 2.** If not on the USML or caught by the specially designed definition, move to the EAR.
 - a. First review the 600 series for enumerated commodities and if necessary do the specially designed analysis.
 - b. If not in the 600 series ECCN or caught by the specially designed definition move the remaining CCL
 - c. If not in the CCL, the item is EAR99.

It is PSI’s policy to obtain in writing from the manufacturer the USML and/or CCL classification of the items it is asked to broker, export or import. In the event a manufacturer provides you with a classification that does not seem correct, please contact the Export Compliance Officer or Empowered Official to determine the correct classification.

10.1 USML CLASSIFICATION

As a general rule of thumb, if an item is specially designed as a defense article, or to be component of a defense article, it is controlled as a defense article. The comprehensive listing of these is found in Part 121 of the ITAR, and is known as the U.S. Munitions List (“USML”).

In order to determine the USML classification of an item, you must read through each of the USML Category and sub-category descriptions contained in 22 C.F.R. § 121 of the ITAR. Items will be classified under one of Categories I through XXI on the USML. But you must also balance your careful review of the § 121 USML category descriptions against the new definition of the term “specially designed” at ITAR § 120.41, which is both convoluted, totaling nearly 2 full pages in the ITAR, and more a logic flow than a simple definition.⁸

⁸ There is a nearly-identical definition of “specially designed” in the EAR at Part 772. But because the ITAR “trumps” the EAR, the order of review requires that the ITAR be ruled in or out first, before considering the ECCN classifications in the EAR’s Commerce Control List.



U.S. Munitions List (USML)



Photo-Sonics, Inc.

ITAR Overview

Code	Description	Code	Description
I	Firearms and Related Articles <small>I(d) Combat Shotguns I(g) Barrels etc. I(h) Parts I(i) Tech Data</small>	XII	Fire Control, Range Finder, Optical and Guidance and Control Equipment <small>XII(a) FC3 etc. XII(c) NVG etc. XII(e) Parts XII(f) Tech Data</small>
II	Guns and Armament <small>II(a) Over 50 cal. II(j) Tech Data II(k) Tech Data</small>	XIII	Materials & Miscellaneous Articles
III	Ammunition/Ordnance <small>III(d) Parts III(e) Tech Data</small>	XIV	Toxicological Agents, Including Chemical Agents, Biological Agents, Associated Equip. <small>- Various - XIV(m) Tech Data</small>
IV	Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines <small>- Various - IV(n) Parts IV(o) Tech Data</small>	XV	Spacecraft Systems and Associated Equipment <small>- Various - XV(e) Parts XV(f) Tech Data</small>
V	Explosives and Energetic Materials, Propellants, Incendiary Agents and Their Constituents <small>V(j) Tech Data</small>	XVI	Nuclear Weapons, Design and Testing Related Items <small>XVI(b) Parts XVI(e) Tech Data</small>
VI	Surface Vessels of War and Special Naval Equipment <small>VI(f) Parts VI(g) Tech Data</small>	XVII	Classified Articles, Data & Services Not Otherwise Enumerated
VII	Ground Vehicles <small>VII(g) Parts VII(h) Tech Data</small>	XVIII	Directed Energy Weapons <small>XVIII(e) Parts XVIII(g) Tech Data</small>
VIII	Aircraft & Associated Equip. <small>VIII(h) Parts VIII(i) Tech Data</small>	XIX	Gas Turbines & Assoc. <small>XIX(f) Parts XIX(g) Tech Data</small>
IX	Military Training Equipment <small>IX(e) Tech Data</small>	XX	Submersible Vessels & Related Articles <small>XX(c) Parts XX(d) Tech Data</small>
X	Protective Personnel Equip. <small>X(d) Parts X(e) Tech Data</small>	XXI	Articles, Data & Services Not Otherwise Enumerated
XI	Military Electronics <small>XI(c) Parts XI(d) Tech Data</small>		

Apr 2024

USML List updated as of Apr 15, 2024

32

Significant Military Equipment ("SME") is identified by a asterisk preceding the USML category. Technical data directly related to the manufacture or production of any defense articles enumerated in any category designated as SME is also designated as SME. SME items require a DSP-83 to be executed.

Missile Technology Control Regime ("MTCR") Annex is identified with the parenthetical "(MT)" at the end of a U.S. Munitions List paragraph. MTCR is a treaty-like policy instrument among the United States, the United Kingdom, the Federal Republic of Germany, France, Italy, Canada, and Japan, announced on April 16, 1987, to restrict sensitive missile-relevant transfers based on the MTCR Annex, and any amendments thereto. 34 countries are Partners in the MTCR, per <https://mtcr.info/partners>

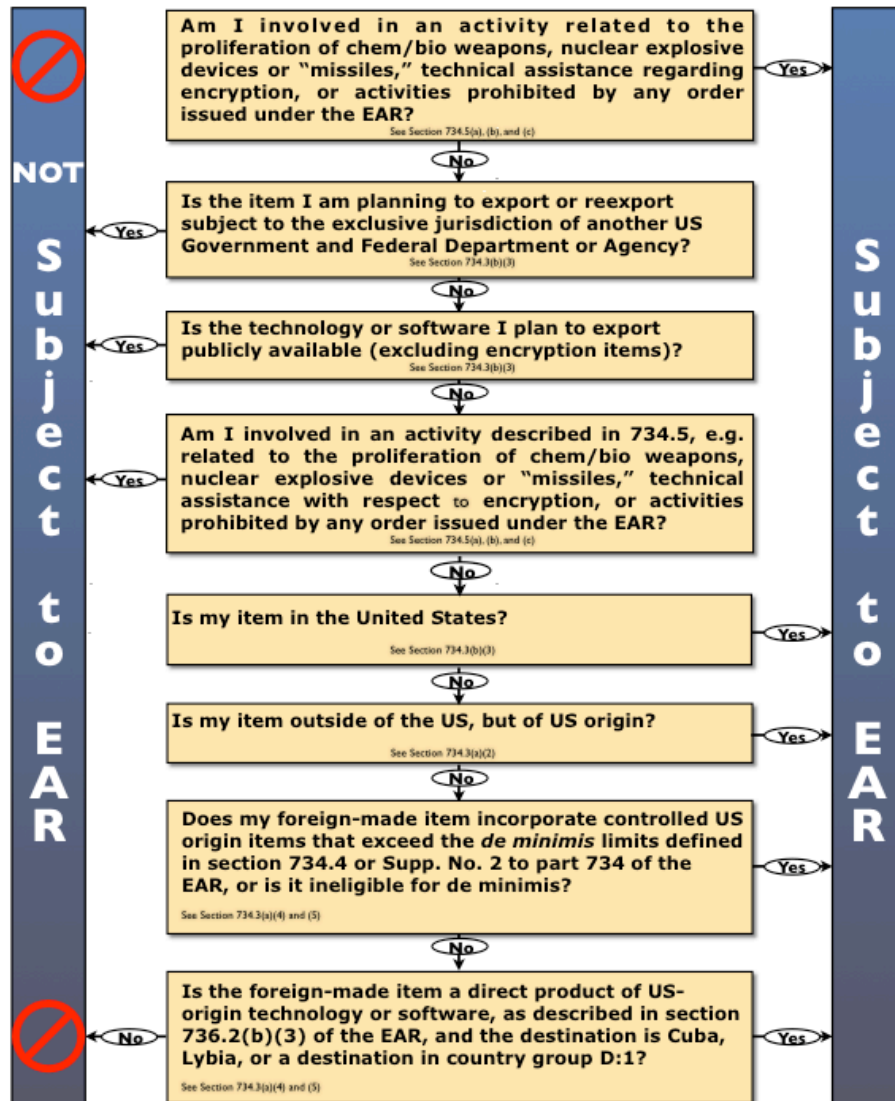
Specially Designed definition will catch some commodities not enumerated on the USML. See the ITAR § 120.41 for the details of the specially designed definition. DDTC's website also offers a decision tool on their website at https://www.pmddtc.state.gov/ddtc_public?id=ddtc_public_portal_dt_specially_designed.

10.2 CCL / ECCN CLASSIFICATION

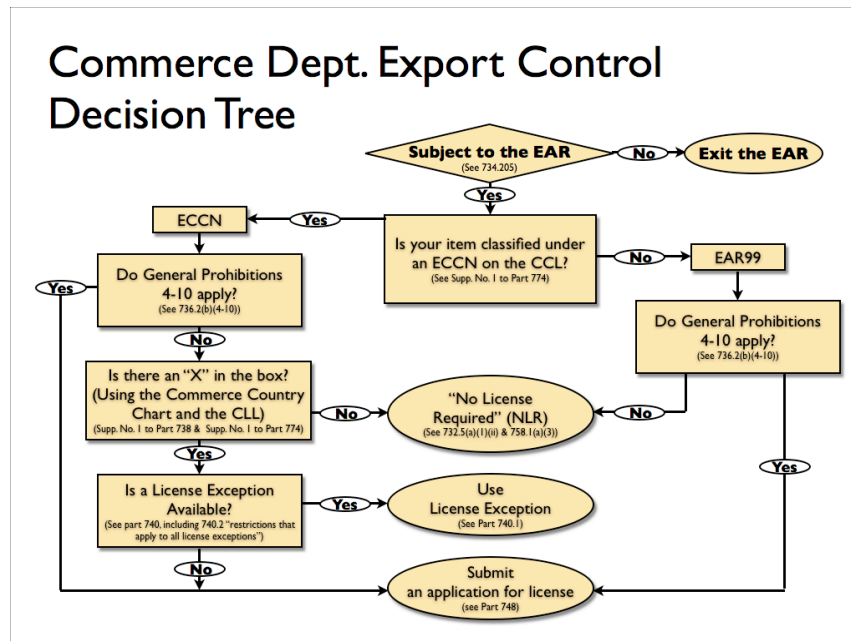
If you have already determined that the item is not under the USML, then it is necessary to determine whether the item is subject to the Commerce Department jurisdiction under the EAR. The following logic flow chart can be useful here.



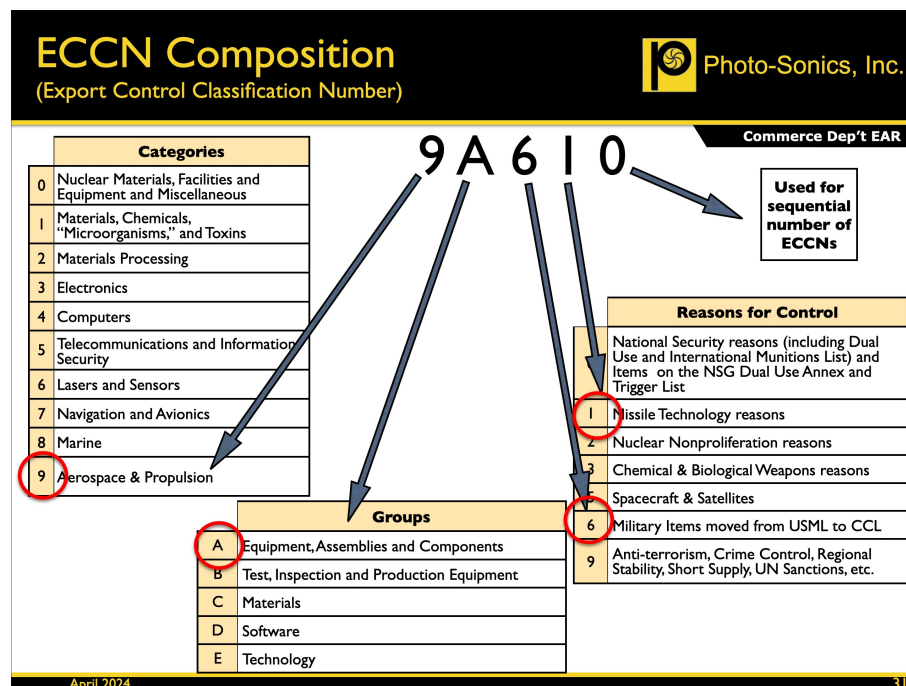
Subject to the EAR?



A key in determining whether an export license is needed from the Department of Commerce is knowing whether the item you are intending to export has a specific Export Control Classification Number (ECCN). The ECCN is an alpha-numeric code, e.g., 9A610, that describes a particular item or type of item, and shows the controls placed on that item. All ECCNs are listed in the Commerce Control List (CCL) (Supplement No. 1 to Part 774 of the EAR) which is available on the BIS Website. Items that are not identified on CCL are referred to with the ECCN "EAR 99."



Once determined to be subject to the EAR, per the previous page graphic, one can follow the above decision tree (together with the “country charts” in the EAR) to decide Commerce Department licensing issues. A common ECCN for our purposes is 9A610, for military aircraft that transitioned from the ITAR to the EAR under Export Control Reform (“ECR”).



The CCL is divided into ten broad categories, and each category is further subdivided into five product groups.



Unlike most defense articles (i.e. State Department or “ITAR” items), whether a CCL-classified item requires an export license depends upon the policy under which it is controlled, (e.g., Anti-Terrorism or AT), and the destination. The Commerce Department regulations require companies to consult the Commerce Country Chart, 15 C.F.R. § 738 Supplement No. 1, to determine whether a particular ECCN is controlled for export to a particular country. This process is counterintuitive, prone to subtleties, and the regulatory rules are constantly under revision. So in PSI, all item classifications will be performed by the Export Compliance Officer.

License Exemptions / Exceptions

If a license is required for your transaction, a license exemption or exception may be available. License Exceptions (Commerce), and the conditions on their use, are set forth in 15 C.F.R. Part 740 of the EAR. License Exemptions are noted in a number of places in the ITAR. Your Export Compliance Officer must approve in writing the use of any license exemption or exception (State Department and Commerce Department terms, respectively).

10.3 NOTIFICATION OF FREIGHT FORWARDERS

ITAR and Commercial items can both be included the same shipment or even crate, with a single invoice, waybill, etc., provided that each line item is appropriately designated with the classification. Similarly, the ACE/EEI entry to go with this shipment is created on a line-item basis that should match the listing on the shipping documents.

- PSI should inform the freight forwarder of the USML classification and the license number or license exemption that applies to its shipments.
- and/or
- PSI should inform the freight forwarder of the ECCN of the items that are being exported as well as if the export of the item is eligible for a license exception, as the designation for a license exception is required on the export documentation filed with the U.S. Government.

PSI should maintain copies of all shipping documentation filed by its freight forwarders. (See details of records retention ¶ 9.6, above.)

11 EXPORT CONTROL REFORM GENERAL INFORMATION AND PROCEDURES

The Export Control Reform revises some categories on the USML and moves some items to the 600-series in the EAR and is incrementally being implemented. As of the date of this compliance manual revision, the following table is current. Note: "Y" is a placeholder in the ECCNs, standing in for "A" (hardware), "B" (test/production



equipment), "C" (materials), "D" (software), or "E" (technology). See "ECCN Composition" chart on page 29, above.

Revised Export Categories per the ECR				
USML	CCL		Description	Effective Date
I	0Y501		Firearms	Mar 9, 2020
II	0Y602		Artillery	Mar 9, 2020
III	0Y505		Ammunition	Mar 9, 2020
IV	9Y604	0Y604	Launch Vehicles/Missiles	Jul 1, 2014
V	1C608 - 1E608		Explosives/Propellants	Jul 1, 2014
VI	8Y609	8Y620	Vessels of War	Jan 6, 2014
VII	0Y606		Tanks/Military Vehicles	Jan 6, 2014
VIII	9Y610 7Y610 (Avionics)		Aircraft and Associated Equipment	Oct 15, 2013
IX	0Y614		Training Equipment	Jul 1, 2014
X	1Y613		Personal Protective Equipment	Jul 1, 2014
XI	3Y611	9Y620	Electronics ("Interim Final Rule")	Dec 30, 2014
XII	6Y615 - 7Y611		Fire Control/NV	Dec 31, 2016
XIII	0Y617		Miscellaneous	Jan 6, 2014
XIV	1Y607		Toxicological Agents	Dec 31, 2016
XV	9Y515	3Y611 - 9Y604	Spacecraft/Satellites	Jul 1, 2014 (Radiation-hardened) Nov 10, 2014 (All others)
XVI	0B618 - 0A607		Nuclear Weapons	Jul 1, 2014
XVII			Classified Articles, Data, Services	Oct 15, 2013
XVIII	6Y619		Directed Energy Weapons	Dec 31, 2016
XIX	9Y619		Gas Turbine Engines	Oct 15, 2013
XX	8Y620		Submersible Vessels	Jan 6, 2014
XXI			Items Not Otherwise Enumerated	Oct 15, 2013
ITAR §120.41	EAR Part 772.1		"Specially Designed" Definition	Oct 15, 2013

Once a final rule is published in the Federal Register for a particular category, the implementation becomes effective 6 months later. The effective dates are shown in the chart above, and the changes already in effect are also color-coded green. At this point, the massive rewriting of the ITAR and EAR export categories begun in 2014 is complete, as shown in the effective dates in the chart, above. Both the ITAR and EAR are under continual review, however, so be alert for future regulatory changes.



11.1 NOTES ON ITAR LICENSING IN TRANSITION

11.1.1 Grandfathering Old Licenses

	Contains Only Items Transitioning to the CCL	Contains Both Transitioning and Non-Transitioning Items
DSP-5	May use for up to 2 years after effective date of transition unless license expires or returned. May amend after effective date on case-by-case basis.	Valid for all items until expiration. May amend after effective date on case-by-case basis,
DSP-61 DSP-73	Valid until expiration. May amend after effective date on case-by-case basis.	
TAA MLA WDA	May use for up to 2 years after effective date of transition unless agreement expires. May amend after effective date on case-by-case basis.	May use for up to 2 years after effective date off transition unless agreement expires. Agreement may be kept valid beyond the 2-year period by submitting amendment to authorize transitioning items under § 120.5(b)

11.1.2 For items that transition but were previously authorized for export

- Any limitation, proviso, or other requirement imposed on the DDTC authorization will remain in effect if the DDTC authorization is relied upon for the export.
- Inactive/Expended Authorizations: Reexport/retransfer authorizations will be under Commerce authorizations.
- Active Legacy Authorizations: If the exporter chooses to no longer use the legacy authorization to export EAR controlled items, the exporter must upload a statement into the additional documentation for the DDTC license in the electronic licensing system, DECCS (which replaced the previous “DECCS” licensing system in early 2020). The statement should indicate that the DDTC authorization will no longer be used (identify items on the license by their new ECCN) and identify the relevant BIS license number or license exception which replaces the DDTC license.
- If using a legacy license, the ACE/EEI entry should correspond to the information on that license.
- Minor amendments (DSP-6, -62 and -74) are permitted to legacy licenses but any other change requires a replacement license under the new licensing procedures.

11.2 USML PARAGRAPH .X

To address the concern of “dual licensing,” a .x sub-category has been created for each revised USML category.

You will see .x in the ITAR as follows: (x) Commodities, software, and technical data subject to the EAR (see 120.42 of this subchapter) used in or with defense articles controlled in this category. Note to paragraph (x): Use of this paragraph is limited to license applications for defense articles controlled in this category where the purchase documentation includes commodities, software or technical data subject to the EAR (see 123.1(b) of this subchapter.



To use:

- The purchase documentation must include both USML defense articles and CCL items.
- The items subject to the EAR must be used in or with the USML defense articles
- If used, the exporter must provide the end user and all consignees the appropriate ECCN

11.3 CJ DETERMINATIONS

CJs that determined a commodity is subject to the EAR remain valid. However, CJs that determined a commodity is USML may be superseded by the revisions. A re-classification may be needed per the new rules.

11.4 NOTES ON 600-SERIES ECCNS

- If exporting 600-series items, the ECCN of those items must be printed on all shipping documents.
- Restrictions on use of License Exceptions for 600-series items – Refer to § 740.2 **BEFORE** using a license exception for any 600-series item. Most 600-series items may use the following license exceptions if all applicable requirements are met:
 - LVS
 - TMP
 - RPL
 - TSU
 - GOV
 - STA

12 TEMPORARY IMPORTS FOR MAINTENANCE, REPLACEMENT AND REPAIR

PSI is sometimes required to make arrangements on behalf of its overseas customers, or U.S. manufacturers, for the maintenance and repair of defense articles. The temporary import of these items into the United States is exempt from licensing under 22 C.F.R. § 123.4. However, incorrect use of the exemption can result in violations of the ITAR or Export Administration Regulations (EAR). Following are the correct procedures.

12.1 TEMPORARY IMPORTS OF NON-ITAR-CONTROLLED DUAL-USE ITEMS (COMMERCE CCL)

These are governed by the Export Administration Regulations (EAR), in terms of licensing (or exceptions to licensing). Compared to ITAR shipments, this is little more than, figuratively, putting a stamp on the crate and shipping, as in most cases they are conducted under an exception called RPL. But there are a few points of importance to reduce your customs/duty exposure, as outlined below. Key highlights of the process are set out below, but consult your Export Compliance Officer for more detailed instruction and information

12.1.1 Inbound (i.e. receiving something for repair):

1. Our customer should be sure to ship as “American goods returned.” The HTS number (the first 6 digits of the Schedule B number) for inbound commercial items that are coming for repair or replacement, whether under warranty or not, is 980110.
2. The customer’s shipping documents should say specifically something like “American goods returned” or “U.S.-origin goods being returned for repair or



replacement.” **The HTS code 9801.00.1012 is specifically for this characterization, so it will help US Customs do the right thing if that HTS is also specified.** Note: the 6-digit HTS code is internationally agreed upon, but each participating country is allowed to tailor an additional 4 digits.

3. If this is not clear to Customs in the customer’s documentation, you may be assessed duties on the whole shipment.

12.1.2 Outbound (i.e. returning the repaired item to your customer):

1. Our shipping documents, waybill, invoice or whatever should have a phrase like “U.S. goods repaired under warranty.”
2. The value of the shipment for Customs purposes will be just the value of the repair or replacement.
3. This procedure applies only to 2nd exports, i.e. if the part exited the U.S. before and duties were paid once.
4. **The Schedule B number for all these items is 9801.10.0000.**
5. The Schedule B number for the item is not required if the value of the line item is under \$2500. ACE/EEI filing is likewise not required. Commerce-*licensed* goods are an exception, and ACE/EEI is mandatory. (Note: outbound defense articles always require an ACE/EEI filing, whether shipped under license or exemption.)
6. An ACE/EEI filing is required for:
 - (i) All export shipments valued at or over \$2500 per Schedule B entry from the U.S. to foreign countries (except Canada);
 - (ii) All licensed shipments regardless of value, including those to Canada;
 - (iii) All exports valued at or over \$2500 from the U.S. through Canada destined to a country other than Canada; and
 - (iv) All export shipments over \$2500 to/from Puerto Rico and to the U.S. Virgin Islands.
7. Classification. Make sure you use the correct ECCN. For your paperwork on these commercial shipments, and especially any ACE/EEI (electronic SED system) filings you may make, the ECCN for commercial imports and exports could be EAR99, or for aircraft parts 9A991, and so on. Also in the ACE/EEI filing, enter the Commerce Department export license number for the shipment, or if no license is required then NLR (no license required). Note that ACE/EEI filings are required for commercial shipments valued at \$2,500 or more.
8. For higher ECCN classification number items that would normally require a license to export back to the customer, you can probably use license exception known as “RPL,” saving yourself the time and expense of securing a Commerce Department license. Always coordinate with the Export Compliance Officer on this question.
9. Duties, tariffs and taxes may apply, though whether PSI or our customer pays them is a separate question. One can look these up at this Website: https://usitc.gov/harmonized_tariff_information or call 877-227-5511 and some very knowledgeable people will help you.



12.2 TEMPORARY IMPORTS OF DEFENSE ARTICLES (STATE USML)

The International Traffic in Arms Regulation (ITAR) govern these imports. See https://www.pmddtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=24d528fddbfc930044f9ff621f961987.

1. First, the export and the temporary import of all defense articles require either a State Department license or an exemption therefrom. For temporary imports, there is an exemption that applies to unclassified U.S.-origin goods. It's from § 123.4(a)(1) of the ITAR.
2. PSI cannot enhance performance while the goods are temporarily here – no upgrades.
3. The items must go back to the same entity listed on the import documents.
4. HTS and Schedule B numbers are the same as for commercial: 980110 and 9801.10.0000, respectively.
5. This is critically important: on the way inbound, our customer must have properly cited “22 CFR 123.4(a)(1)” as the authority to import, using the appropriate Customs form (see below). **When clearing the goods through Customs, our Customs broker or freight-forwarder must ensure that it cites this in the entry document.** Otherwise this exemption may not be used. Here is a quote from the ITAR:

(1) At the time of temporary import—

- (i) File and annotate the applicable U.S. Customs and Border Protection document (e.g., Form CF 3461, 7512, 7501, 7523 or 3311) to read: “This shipment is being imported in accordance with and under the authority of 22 CFR 123.4(a) (identify subsection),” and*
- (ii) Include, on the invoice or other appropriate documentation, a complete list and description of the defense article(s) being imported, including quantity and U.S. dollar value.*

6. Put another way, if a defense article arrives for repair without proper import credentials, you cannot ship it back to the customer without applying for and securing a permanent export license (DSP-5) from the State Department.
7. Possible ITAR Violation. The event described in the previous paragraph may in fact count technically as a violation of the ITAR, depending on details. While permanent imports of defense articles do not require an ITAR license at all, temporary imports (which repairs by definition are) cannot be made without a license (DSP-61) or a perfected § 123.4(a)(1) exemption, except from Canada, which uses the exemption in § 126.5(a). Contact the Compliance Officer immediately if this happens.

12.3 TEMPORARY IMPORTS OF DEFENSE ARTICLES FROM CANADA (“CANADIAN EXEMPTION”)

Repairs of defense articles inbound from Canada are covered by a different part of the ITAR, § 126.5(a). The shipping documents should state this on the inbound. And outbound you must do so, too – not just in your invoice or waybill etc., but also in your ACE/EEI filing. (Permanent exports to Canada under license exemption are a bit more complicated and are not detailed here. See your Export Compliance Officer.)



The ITAR rule governing Canadian temporary import from Canada is this:

“... the temporary import and return to Canada without a license of any unclassified defense articles (see § 120.6 of this subchapter) that originate in Canada for temporary use in the United States and return to Canada”

There is really no more to it than that. There is not even a requirement to use certain forms (e.g., Form CF 3461, 7512, 7501, 7523 or 3311), such as is required for § 123.4 temporary imports from countries other than Canada. So the only real procedural requirements come from outside § 126.5 altogether, i.e. the shipping label verbiage required by ITAR 123.9 (b). *Still, every cross-border transaction of controlled goods, import or export, under license exemption or license exception, must be recorded and documented, with files created and maintained on a transaction basis. This is because even no-license-required ("NLR") imports/exports can be "trumped" by prohibited parties, end-uses, end-users or ultimate destinations. And without proper records, one cannot know (or prove to regulators) that a given shipment did not contravene such prohibitions.*

Shipment Label “Disclaimer”. There is a minimum phrase that must be placed on the paperwork for all outbound (export) shipments. We recommend you put it on the invoice, bill of lading, air waybill, etc. for all exports of defense articles, including the return leg of a § 126.5(a) temporary import from Canada.

“These items are controlled by the U.S. government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.”

EXCEPTIONS TO THE RULE.

Defense articles inbound temporarily from Canada, repaired, then outbound to third country: Get a DSP-61 temporary import license from DTC (see ITAR § 123.3).

Defense articles inbound temporarily from Canada, improved or upgraded, then outbound to third country: (i) import using § 123.4(b) to make the improvement and (ii) export using a new DSP-5. Note: § 123.4(b) is not for the permanent import of goods. Also, read the “requirements” in § 123.4(c).

12.4 PERMANENT IMPORTS OF DEFENSE ARTICLES – THE U.S. MUNITIONS IMPORT LIST (“USMIL”)

PERMANENT IMPORTS NORMALLY DO NOT REQUIRE ANY state department LICENSE since state has no jurisdiction over them (cf. ITAR § 120.5). It is BATF that has jurisdiction over the *permanent* imports of defense articles. But their “import certificate”, called “form 6”, is only required for a subset of categories of goods found on the U.S. Munitions Import List, which in turn is a subset of the USML. Under the Export Control Reform initiative, eventually the USMIL will gain an autonomous status, as opposed to being defined only in terms of the USML. But for now this graphic shows the USMIL.



U.S. Munitions Import List is a subset of the U.S. Munitions List (USML)

Code	Description	Code	Description
I	Firearms Includes howitzers, mortars, cannons, recoilless rifles, etc.	XII	[Reserved]
II	Artillery Projectors	XIII	[Reserved]
III	Ammunition	XIV	Toxicological Agents and Equipment & Radiological Equipment
IV	Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines	XV	[Reserved]
V	[Reserved]	XVI	Nuclear Weapons Design & Test Equipment
VI	Vessels of War and Special Naval Equipment	XVII	[Reserved]
VII	Tanks & Military Vehicles	XVIII	[Reserved]
VIII	Aircraft & Assoc. Equipment	XIX	[Reserved]
IX	[Reserved]	XX	Submersible Vessels, Oceanographic & Assoc. Equipment
X	[Reserved]	XXI	Miscellaneous Articles
XI	[Reserved]		

12.5 SHIPPING PLACARDS

Note: All export shipments must carry certain warning labels or “disclaimers,” sometimes also referred to as “placards.” See ¶ 16.15, below.

12.6 PURCHASING

- When procuring for the purpose of exporting material overseas, always make sure to ask for the ITAR or ECCN classifications from the manufacturer. Additionally, ask for the Schedule “B” Harmonized code. If any issues arise concerning this requirement, refer the matter to the Empowered Official. See 9.6.1 below for more details.
- Always allow ample time in the case of license needs to assure approval from the appropriate Federal agency.
- If certain controlled hardware is brought into the U.S. on a temporary basis (for a demonstration, development or testing), a Temporary Import license may be required (DSP-61) for the purpose of returning same equipment to its overseas origin.

12.6.1 Always Seek Written Classifications Of Goods

When we export, we must know whether our goods are under the jurisdiction of the ITAR or the EAR, and the detailed USML or CCL classification. If we export something we buy in the U.S., or if we incorporate those U.S. goods in a larger system that we then export, the manufacturer or vendor of those items is the best source of product classification information. Certainly, manufacturers are the best source of USML/CCL identification. If we are buying from distributors or vendors rather than the OEM, it is less likely, but still possible, that these intermediaries will know the classification of the good. That is why our policy, when buying anything that we may later export, or



incorporate into a system that we may export, is always to ask the source of the item for its classification.

- If the product's source knows the classification, get it in writing from that source. An email is as good as a formal product brochure for this purpose, provided the source or OEM is identified. Likewise, if the source of the item advertises, say, "USML Cat. VIII(h)" or maybe "EAR99" in its catalog or on its Website, that is fine – but print and keep a copy. Your notes from a telephone call are not credible, since an export problem later on would turn those phone notes into a he-said/she-said validity. As with most export-compliance issues, "if you don't have it in writing, it didn't happen".

12.6.2 How to Deal With Overly-Curious OEMs or Vendors When Purchasing Items

When any entity in the U.S. exports licensable goods, it is mandatory to know the USML or CCL classification, so that proper licensing and security for the export can be arranged. And for all exports – even of low-sensitivity EAR99 items – we must always document the end-use and end-user of the goods as well as the item classifications. This is why we routinely and formally ask our overseas customers about the end-use and end-user for every export transaction, and of course we get it in writing. But if we sell ITAR goods to a "U.S. Person" here in the U.S., this is not an export, and therefore that information is not required.⁹

- Along this line, occasionally, a manufacturer or vendor in the U.S. from whom we purchase goods may ask detailed questions about the end-use of the items we are buying. Usually, this is just the OEM trying to exercise his due-diligence, just as we do. For ITAR or sensitive EAR items he is entitled to satisfy himself that selling to PSI will not count as an export. Even if we are reselling the OEM's item to our overseas customers, this is still not an export transaction from the OEM's perspective, provided the OEM is delivering to PSI in the U.S.
- Sometimes that OEM may ask unwarranted and intrusive details about our use of the item, whether we will in turn export it, and if so to whom and for what purpose. Normally this circumstance is just due to overzealousness or ignorance of US export control rules on the part of the OEM. Other times, however, an OEM or vendor may be misusing reference to export rules to conduct business intelligence. Either way, intentional or misguided, once we provide the correct assurances in writing to the OEM to demonstrate that (i) for them this transaction is not an export, and (ii) they are not entitled under the ITAR or EAR to further details about our business plans. Please report any such unwarranted or suspicious inquiries to PSI's Export Compliance Officer. We prepared a special export-related disclaimer/assurance form-letter herein at ¶ 16.2, that can be used in cases like this, in that it explains diplomatically the metes and bounds of what information such overly curious US vendors are entitled to request from PSI. We do not want to unnecessarily antagonize our vendors or our customers.

⁹ There are certain exceptions, such as selling or shipping licensable goods to a foreign embassy, a freight-forwarder or customs broker, all of which are presumptive exports, or to a foreign person in the U.S., which counts as an export. When in doubt, consult PSI's Export Compliance Officer.



13 TRAINING

- (i) Periodic yearly training for Export Compliance will be done by division heads or the Empowered Official for all individuals with supervisory or shipping responsibilities.
- (ii) All newly hired employees will be provided a special training session which will be conducted as soon as possible but no later than one month from the actual start date. Online training is offered and can be accessed anytime during or after work hours as long as the time is pre-approved by HR or management.
- (iii) Focused training will be made available as it becomes necessary. Employees and Department heads are encouraged to request special training on the specific issues that they may be facing.
- (iv) The company maintains an export training website for annual recertification that is used for periodic update training and testing of all employees in ITAR and EAR procedures.
- (v) HR will maintain a log with all attendees' names and signatures that will be retained in HR and online as appropriate and will be made available to the Empowered Official following each training session.

14 VIOLATIONS

14.1 AUDITING

The company ECO will organize periodic audits to ensure compliance with the export rules that affect PSI. An audit of one scope or another may also be appropriate if the ECO has determined there have been possible violations.

The audit process involves a review of ITAR/EAR-related procedures and includes examination of organizational structure, reporting relationships, and individuals assigned to export/import controls process.

Internal export-compliance audits will emphasize verification and validation of full ITAR/EAR compliance, including adherence to license provisos and other requirements.

Audits will also include random reviews of recordkeeping and related document transfer, maintenance and retention practices.

Internal audits will use a "process" auditing approach that traces export compliance processes to their functional roots. This approach documents existing deficiencies, and permits the focused remediation of policies, processes and practices to prevent violations from occurring.

Continuous export control self-assessment by business unit or function is a best practice that complements and ensures a successful ITAR/EAR compliance program.

14.2 PROCEDURES REGARDING SUSPECTED VIOLATIONS

All violations or suspected violations of the above referenced policy and procedures must be reported at once to either your direct supervisor, Human Resources, or Philip Kiel, President and the company Empowered Official, Martha Estrada at (818) 531-3206. Additionally you can e-mail Martha Estrada at mestrada@photosonics.com.

Reports may be submitted via email or hard copy with the following details:



- (i) Your full name and department where you work
- (ii) Your work telephone number and extension
- (iii) A brief description of the potential violation, the date of occurrence and the people involved
- (iv) Any additional relevant information relating to this potential violation

In the event of emergency, reports can be submitted telephonically by contacting our Export Compliance Officer. In addition, any report may be submitted anonymously, although please be advised that e-mail or telephonic submissions may reflect the e-mail address or telephone number from which they are originated.

In addition to reporting a problem, you must:

- (i) **Hold the Transaction.** Stop processing the transaction if it has not already been completed and suspend all communications with foreign nationals in connection with the transaction.
- (ii) **Notify Compliance Personnel.** Contact the Export Compliance Officer or Empowered Official.
- (iii) **Preserve Documentation.** Pull together the relevant records or files, then forward them to the Export Compliance Officer. *Do not destroy any related electronic or physical communications.*
- (iv) **Maintain Confidentiality.** Do not discuss the matter with third parties or other employees. Communications between PSI and its outside legal counsel are generally protected from discovery (access to the information by outsiders) under the attorney-client privilege. We can waive (or lose) this privilege, however, if the communications are revealed to non-PSI personnel or even to PSI personnel who do not have a need to know the information. Therefore, it is critical that you keep strictly confidential your communications with Export Compliance Officer regarding possible violations of U.S. law. **Under no circumstances may you share privileged communications with other PSI employees or with non-PSI personnel. Do not email anyone about these situations except the Export Compliance Officer or PSI's legal counsel.**

In the event you receive a visit from a government investigator or law enforcement agent, or receive a subpoena, contact the Export Compliance Officer immediately and await further instructions.

Upon receipt of a report of a suspected violation, the Export Compliance Officer will initiate several steps:

- (i) The ECO will immediately advise the company president of such reports. The ECO will perform an initial investigation and will take 'ad-hoc' measures to correct the problem or violation.
- (ii) The ECO will convene an Incident Review Board (IRB) to further review the violation. The IRB will be comprised of the Empowered Official, Human Resources Manager, PSI Officers, Managers and other employees as deemed appropriate by the ECO.



- (iii) The IRB will further investigate the violation and will recommend a remedial course of action.
- (iv) The ECO will incorporate the corrective action into the Export Compliance Manual when appropriate, as an Addendum.

14.3 VOLUNTARY DISCLOSURES ("VD") AND VOLUNTARY SELF-DISCLOSURES ("VSD")

When it comes to export-related activities, even with the best of intentions, companies sometimes make mistakes. When exporters discover such errors, the regulators encourage companies to report this to the appropriate authorities on their own initiative, and to take needed corrective actions, instituting new procedures as necessary to prevent such mistakes from recurring.

The ECO, in concert with PSI management and, as needed, company legal counsel, will make a determination whether a deviation from our internal export compliance procedures rises to a level that warrants either a Voluntary Disclosure ("VD") under § 127.12 of the ITAR to State/DDTC, or a Voluntary Self-Disclosure ("VSD") under § 764.5 of the EAR to Commerce/BIS, or both.

15 RED FLAGS

Red Flags are pieces of information coming from various sources that indicate that a problem may exist. If something irregular gets your attention, assess the situation, gather details and inform the proper authority.

You must look at the information presented by each customer, their address, shipping instructions, country of destination, and the potential for diversion of the product. In all instances be alert, discriminating and vigilant.

Examples:

1. The customer or purchasing agent is reluctant to offer information about the end-use of a product.
2. The product's capabilities do not fit the buyer's line of business; for example, a small bakery places an order for several sophisticated lasers.
3. The product ordered is incompatible with the technical level of the country to which the product is being shipped. For example, semiconductor manufacturing equipment would be of little use in a country without an electronics industry.
4. The customer has little or no business background.
5. The customer is willing to pay cash for a very expensive item when the terms of the sale call for financing.
6. The customer is unfamiliar with the product's performance characteristics but still wants the product.
7. Routine installation, training or maintenance services are declined by the customer.
8. Delivery dates are vague, or deliveries are planned for out-of-the-way destinations.
9. A freight-forwarding firm is listed as the product's final destination.
10. The shipping route is abnormal for the product and destination.



11. Packaging is inconsistent with the stated method of shipment or destination.
12. When questioned, the buyer is evasive or unclear about whether the purchased product is for domestic use, export or reexport.
13. You receive an order for “parts” or “components” for an end item in the “600 series.” The requested “parts” or “components” may be eligible for License Exception STA, another authorization, or may not require a destination-based license requirement for the country in question. However, the requested “parts” or “components” would be sufficient to service one hundred of the “600 series” end-items, but you “know” the country does not have those types of end items or only has two of those end items.
14. The customer indicates or the facts pertaining to the proposed export suggest that a “600 series” item may be reexported to a destination listed in Country Group D:5 (see Supplement No. 1 to part 740 of the EAR).



16 DOCUMENTS AND FORMS

16.1 END-USER / END-USE STATEMENT

Note: The following form is not required to be used as written, provided that all the information therein is obtained in writing from the customer before any export of hardware or disclosure of related technical information. Our empowered official must approve."

**THIS FORM MUST BE COMPLETED
IN ORDER TO PROCESS YOUR SHIPMENT/PURCHASE ORDER**

Photo-Sonics Inc.	
Form: FSCL	01Aug19, Rev. 1
Foreign Shipment Check off List	
<input type="checkbox"/> Intl' Traffic in Arms Regulations <input type="checkbox"/> Export Administration Regulations	
Date: _____	
Item to ship: _____	
Company Name, Address and country of shipment: _____ _____	
Ref: your Purchase Order or Contract #: _____	
End User: _____	
End Use: _____	
Ultimate Consignee (same as End User <input type="checkbox"/> Yes or <input type="checkbox"/> No): _____	
Intermediate Consignee: _____	
Freight Forwarder: _____	
Consolidated Screen List Date Checked: _____	
Consolidated Screen last updated on: _____	
U.S. Munitions List: _____ or ECCN: _____	
Shipped under License: _____	
Shipped under Exemption: _____	
How was it concluded exemption can be used: _____	
<input type="checkbox"/> NLR <input type="checkbox"/> EAR99	
EAR AES 600-Series Shipment, use C60, type DY6 into license field and list ECCN on invoice <input type="checkbox"/>	
AES Filing done: _____	
ITN: _____	
Notes: _____ _____	

Also please certify to the following:

1. I (We) understand and agree that these commodities, software and technology (collectively, "Items") are authorized by the U.S. Government for export only to the stated country of ultimate destination for use by the stated end-user. They may not be resold, diverted, transferred, or otherwise be disposed of, to any other country or to any person other than the authorized end-user or consignee(s), either in their original form or after being incorporated into other end-items, without first obtaining approval from the U.S. Department of State, or the U.S. Department of Commerce, as appropriate, or by the use of an applicable exemption.
2. I (We) will not sell, transfer, export or re-export any item for use in activities, which involve the development,



production use or stockpiling of nuclear, chemical or biological weapons or missiles, nor use products in any facilities which engage in activities relating to such weapons.

3. I (We) acknowledge that U.S law prohibits the sale, transfer, export or re-export or other participation in certain transactions involving products with individuals or companies listed in the U.S Commerce Department's table of Denial Orders, the U.S Department of State's list of individuals debarred from receiving Munitions List items, the OFAC Specially Designated Nationals and other Blocked Persons list or other similar lists published by agencies of the U.S Government.
4. I (We) will abide by all applicable U.S export control laws and regulations for any products purchased from Photo-Sonics, Inc., and will obtain any licenses or prior approvals required by the U.S Government before exporting, re-exporting or transferring title or control. I (We) will safeguard such Items in a reasonable manner that will exhibit full control.
5. I (We) agree that all the export control requirements in No. 1-4 above shall survive the completion, early termination, cancellation or expiration of the applicable purchase order, agreement or contract.

Signature

Print Name and Title

Date



16.2 EXPORT-RELATED DISCLAIMER/ASSURANCE – FOR OVERLY CURIOUS US VENDORS

Export-Related Disclaimer/Assurance

Related Purchase Order or Invoice number: _____

Thank you for your inquiry about such details as the end-use, end-user, destination, aircraft or weapon system, or similar, regarding the disposition of the item(s) we ordered from you.

All such information is proprietary to Photo-Sonics, Inc. ("PSI"). We appreciate that your inquiry is made in the spirit of your insuring compliance with the export-control provisions of the International Traffic in Arms Regulations ("ITAR") and of the Export Administration Regulations ("EAR"). Accordingly, we hereby assure you that:

- PSI is a U.S. Person engaged in the lawful buying and selling of defense articles and commercial items.
- PSI is not a foreign embassy.
- With regard to this transaction, PSI is purchasing the item(s) for resale, and is not acting as a freight-forwarder/customs-broker for any other entity.
- PSI maintains a current registration with the State Department's Directorate of Defense Trade Controls, as well as current DDTC/DECCS and BIS/SNAP-R licensing accounts.
- PSI creates and retains its records in accordance with provisions of the United States' export-control regulations, including but not limited to § 122.5, § 123.26, and § 125.6 of the ITAR, and by Part 762 of the EAR.
- **PSI understands its obligations under the ITAR and EAR, and hereby assures you that, if PSI intends to sell or transfer these item(s) in a way that creates an export, PSI will secure any needed export license, or ensure a perfected license exemption/exception. In any such case, PSI would be the exporter-of-record and USPP, which, coupled with the above-listed disclaimers and assurances, would relieve you, the seller, of any residual export-related liability.**

If you have any further questions along this line, please feel free to contact me directly. Please fill in the box below my signature block.

Thank you,

Martha Estrada, PSI Empowered Official

Date

As your inquiry suggests that the item(s) is export-sensitive, please list the USML category or ECCN for the item(s) in the following space, and return to us at your earliest convenience: _____.

Note: If you list the item(s) as on the USML, and you are its manufacturer, then 22 CFR 122.1 requires that you maintain a current DTC registration. Please provide confirmation that you are so-registered by returning a copy of this form to PSI, signed and dated here by an Empowered Official:

Printed name/title

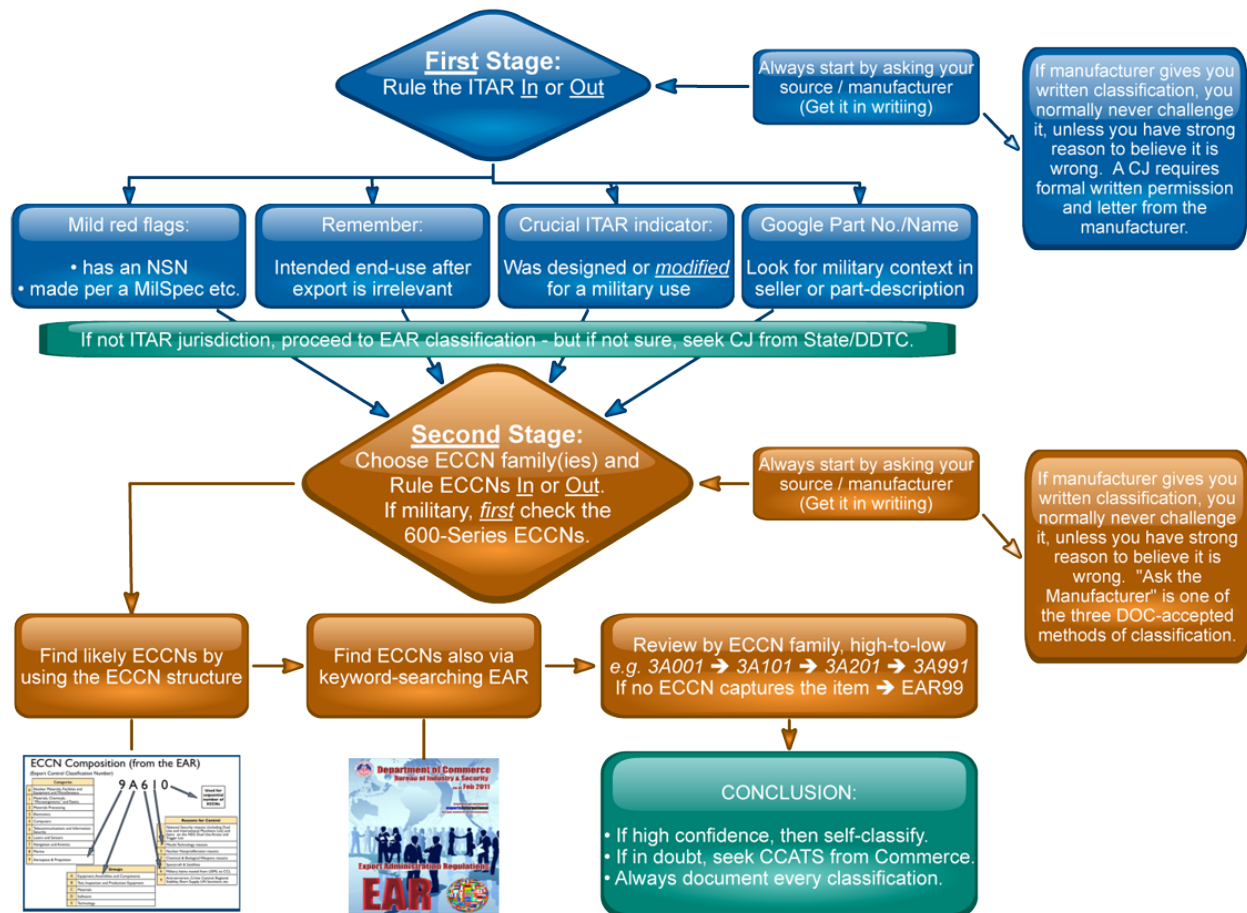
Signature

Date



16.3 PRODUCT CLASSIFICATION PROCEDURES

Classification Flow Chart (Procedure to be followed by Empowered Official)





16.4 CUSTOMER / PROJECT SHIPPING AUTHORIZATION

CUSTOMER/PROJECT SHIPPING AUTHORIZATION

Date: ____/____/2024

Project / Customer Name:	
Ship-To Address:	

Please describe the hardware, PSI software and 3rd party software as detailed on the Packaging Slip:

Please describe any special circumstances about this shipment:

COMPLETED PACKING LIST MUST ACCOMPANY THIS AUTHORIZATION

YES NO

<input type="checkbox"/>	<input type="checkbox"/>	TO BE DROP-SHIPPED FROM VENDOR TO PROJECT/CUSTOMER LOCATION
<input type="checkbox"/>	<input type="checkbox"/>	ITAR / COMMERCE LICENSE REQUIRED (If Yes, It must be attached to form)
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

AUTHORIZATIONS:

NAME	TITLE	DATE	SIGNATURE
Philip Kiel	President		
Martha Estrada	Empowered Official/ Contract Admin Manager		
Kate Treesuwan	CFO		
Maya Galsor	Program Manager		



16.5 PACKAGING SLIP (COPY TO ACCOMPANY SHIPMENT)

PACKING SLIP	
Number:	Date:
SSHP-00000-1	12/10/2015

Page: 1

Photo-Sonics, Inc. 9131 Independence Avenue Chatsworth CA 91311 Phone: (818) 842-2141 Fax: (818) 842-2610 Website: www.photosonics.com Email: mestrada@photosonics.com	Ship To: Company Name Street Address City/State/Zip Code Country	Ship To: Company Name Street Address City/State/Zip Code Country	P.O. Number: PO-00000 P.O. Date: 07/02/15 Our Order No.: SO-00000 Shipping Method: Air Freight Shipping Agent: US Com Logistics, Inc.
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Item	P/N	Ref. No.	Description	Unit	Qty Ordered	Qty Shipped
1	F15171H001	50-8082	Base Computer Unit (except Auto-Tach) S/N 032	EA	1	1
2	F15171H002	13417	NOTS Control Computer Unit (Toughbook CF-53) S/N 5BTSA88050, S/N 5BTSA88051 Country of Origin: Taiwan, HTS: 8471.30.0100	EA	3	3

ALL ITEMS ABOVE SHIPPED PIECES / WEIGHT:
2 BOXES: BOX 1: 27" X 24" X 14", 47 POUNDS; BOX 2: 27" X 24" X 16", 32 POUNDS; TOTAL WEIGHT: 89 POUNDS.

PLEASE NOTE SOME ITEMS ARE STATIC-SENSITIVE DEVICES – HANDLE ONLY AT STATIC-SAFE WORKSTATIONS
SHIPPED ON U.S. DEPARTMENT OF STATE EXPORT LICENSE NO. XXXXXXXXXX

THESE COMMODITIES ARE AUTHORIZED BY THE U.S. GOVERNMENT FOR PERMANENT EXPORT TO COUNTRY OF EXPORT. THEY MAY NOT BE TRANSFERRED, TRANSSHIPPED ON A NON-CONTINUOUS VOYAGE, OR OTHERWISE BE DISPOSED OF IN ANY OTHER COUNTRY, EITHER IN THE ORIGINAL FORM OR AFTER BEING INCORPORATED INTO OTHER END ITEMS, WITHOUT PRIOR WRITTEN APPROVAL OF THE U.S. DEPARTMENT OF STATE.

PHOTO-SONICS, INC.

Martha Estrada

MARTHA ESTRADA – CONTRACT ADMINISTRATIVE MANAGER



16.6 CUSTOMER QUALIFYING CHECKLIST

STEP# 1

Photo-Sonics Inc.	
Form: NFC	Revision A 11MAY16
New Foreign Customer	

Customer Name:	
Address (No P.O. Box):	
Country	
Product of Interest	
Program Manager	

DSP-5 License	
Marketing License	
TAA	
MLA	
Other:	

Previous Exports:

Lists to check:

List	✓	Date	Checked by:
Denied Persons List			
Unverified List			
Entity List			
Specially Designated Nationals List			
Debarred List			
Nonproliferation Sanctions			



STEP# 2

Photo-Sonics Inc.	
Form: NFC	Revision A 11MAY16
New Foreign Customer	

Know Your Customer	
The customer or purchasing agent is reluctant to offer information about the end use (or end-user) of a product.	Yes _____ No _____
The customer has little or no business background. For example, financial information unavailable from normal commercial sources and corporate principals unknown by trade sources.	Yes _____ No _____
The customer is willing to pay cash for very expensive item when the terms of the sale call for financing.	Yes _____ No _____
The Customer is unfamiliar with the product's performance characteristics but still wants the product.	Yes _____ No _____
The customer declines routine installations, training, or maintenance services.	Yes _____ No _____
When questioned, the buyer is evasive or unclear about whether the purchased products are for domestic use, export, or reexport.	Yes _____ No _____
Customer uses only "P.O. Box" address or has facilities that appear inappropriate for the items ordered.	Yes _____ No _____
Customer is known to have, or is suspected of having, unauthorized dealings with embargoed countries.	Yes _____ No _____

Notes: _____

Completed by: _____

Date: _____



STEP# 3

PG-2 of 3

General Prohibitions (per EAR Part 736.2(b), but also as best-practice to ITAR items)

1. You may not, without a license or License Exception export or reexport controlled items to listed countries.
2. You may not, without a license or license exception, export or reexport from abroad, foreign-made items containing more than a *de minimis* amount of controlled U.S. content to listed countries.
3. You may not, without a license or license exception, export or reexport from abroad, foreign-produced items that are a direct product of U.S. technology and software.
4. You may not take any action prohibited by a denial order issued under part EAR Part 766.
5. You may not, without a license or license exception, export or reexport any item subject to the EAR to an end-user or end-use that is prohibited by EAR Part 744.
6. You may not without a license exception export or reexport items subject to U.S. jurisdiction to countries embargoed by the U.S. or otherwise made subject to controls. (Cuba, Iran, Syria, North Korea and Sudan) (other Sanction/ controls Iraq and Rwanda)
7. You may not without a license, knowingly export or reexport to an end-use or end-user prohibited by part 744 (Nuclear proliferation, Missile Technology, Chemical/Biological Weapons).
8. You may not export or reexport an item through or transit through certain countries unless authorized by a license or license exception, or export/reexport is eligible to such country without a license. (Armenia, Azerbaijan, Belarus, Cambodia, Cuba, Georgia, Kazakhstan, Kyrgyzstan, Laos, Mongolia, North Korea, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Vietnam).
9. You may not violate any term or condition of a license or license exception nor violate any order issued under or made part of the EAR [or ITAR].
10. You may not proceed with transactions with knowledge that a violation has occurred or is about to occur.

NAME: _____

DATE: _____

SIGNATURE: _____



STEP# 4

PG-3 of 3

14 Red Flags (EAR Part 732, Supplement No. 3)

Possible indicators that an unlawful diversion might be planned by your customer include the following:

1. The customer or purchasing agent is reluctant to offer information about the end-use of a product. The customer or purchasing agent is reluctant to offer information about the end-use of the item.
2. The product's capabilities do not fit the buyer's line of business; for example, a small bakery places an order for several sophisticated lasers.
3. The product ordered is incompatible with the technical level of the country to which the product is being shipped. For example, semiconductor manufacturing equipment would be of little use in a country without an electronics industry.
4. The customer has little or no business background.
5. The customer is willing to pay cash for a very expensive item when the terms of the sale call for financing.
6. The customer is unfamiliar with the product's performance characteristics but still wants the product.
7. Routine installation, training or maintenance services are declined by the customer.
8. Delivery dates are vague, or deliveries are planned for out-of-the-way destinations.
9. A freight forwarding firm is listed as the product's final destination.
10. The shipping route is abnormal for the product and destination.
11. Packaging is inconsistent with the stated method of shipment or destination.
12. When questioned, the buyer is evasive or unclear about whether the purchased product is for domestic use, export or reexport.
13. You receive an order for "parts" or "components" for an end item in the "600 series." The requested "parts" or "components" may be eligible for License Exception STA, another authorization, or may not require a destination-based license requirement for the country in question. However, the requested "parts" or "components" would be sufficient to service one hundred of the "600 series" end-items, but you "know" the country does not have those types of end items or only has two of those end items.
14. The customer indicates or the facts pertaining to the proposed export suggest that a "600 series" item may be reexported to a destination listed in Country Group D:5 (see Supplement No. 1 to part 740 of the EAR).


NAME: _____

DATE: _____

SIGNATURE: _____



16.7 TECH DATA EXPORT LOG

 SELF-ENDORSEMENT OF EXPORT OF ITAR/EAR-COVERED TECH DATA BY LICENSE OR LICENSE EXEMPTION/EXCEPTION [Not to be used for exports of hardware]							
• Form must be maintained up-to-date by company Empowered Official • Form is not normally submitted to DDTC • Entries should be made <u>before</u> export							
TYPE OF LICENSE: <input type="checkbox"/> DSP-5 <input type="checkbox"/> TAA/MLA <input type="checkbox"/> DOC <input type="checkbox"/> ITAR/EAR EXEMPTION (MLA additionally requires different forms, and includes hardware exports, and also requires as an annual report to DDTC)				TYPE OF EXPORT: <input type="checkbox"/> TECH DATA <input type="checkbox"/> SOFTWARE <input type="checkbox"/> DEFENSE SERVICE <input type="checkbox"/> CHECK HERE IF USED AS CONTINUATION SHEET FOR AN ORIGINAL LICENSE (Note: Continuation sheets must be maintained with the original license.)			
LICENSE N°: _____ and/or EXEMPTION USED: _____				TOTAL AUTHORIZED VALUE: \$ _____			
EXPORT or DISCLOSURE DATE	QTY	COMMODITY (Include USML or ECCN)	SHIPMENT VALUE (\$US)	CUMULATIVE VALUE (\$US)	EXPORTED OR DISCLOSED TO WHAT PARTY	SIGNATURE	PORT OF EXIT or TRANSMISSION METHOD (e.g. electronic, FedEx, hand-carry, briefing given in U.S., etc.)

Updated 11/01/2015

NOTES OF INTEREST

THIS FORM IS NORMALLY FOR ONE TECH DATA LICENSE, OR FOR ONE AGREEMENT WITH ASSOCIATED "IN FURTHERANCE OF" DSP-LICENSES, OR FOR MANY LICENSE EXCEPTIONS OR EXEMPTIONS

- Line item shipment values must be aggregated in the "Cumulative Value" column, so as not to exceed authorized value of the license/agreement

KEEP THE ORIGINAL OF THIS FORM FOR AT LEAST FIVE YEARS AFTER EXPIRATION OR TERMINATION OF THE LICENSE OR AGREEMENT:

- If this form is used in a notification to an agency, send a copy only, and maintain the original in the related export transaction file.

COMMON ITAR EXEMPTIONS and EAR EXCEPTIONS USED IN EXPORTING TECH DATA:

- ITAR § 123.22(b)(3) – Tech data under a technical data license (DSP-5), or in furtherance of a TAA or MLA, or exports under a specific exemption.
NOTE: THE 1ST SUCH TECH DATA EXPORT MUST ALSO BE NOTIFIED IN WRITING TO DDTC, IN ADDITION TO MAINTAINING THIS ENDORSEMENT FORM. PENDING AVAILABILITY OF FORM DS-4071 IN THE DECCS SYSTEM, THIS FORM MAY BE USED FOR THAT NOTIFICATION OF INITIAL EXPORT, TOGETHER WITH A TRANSMITTAL LETTER.
- ITAR § 125.4 and § 123.22(b)(3)(iii) – Exports of technical data in furtherance of an agreement exported using a U.S. port. *Note: A copy of the electronic notification to DDTC must accompany the technical data shipment and be made available to the U.S. Customs and Border Protection upon request.*
- ITAR § 125.4(b)(4) – Copies of tech data previously authorized for export to the same recipient, provided revisions (if any) are solely editorial and do not go beyond what was originally authorized for export.
- ITAR § 125.4(b)(5) – Basic O&M – basic operations, maintenance and training & related manuals regarding previously authorized defense articles.
- ITAR § 125.4(b)(9) – Tech data sent by a U.S. corporation (including via e-mail) to a U.S. person employed by that corporation overseas (certain restrictions apply to all these exemptions, so the full ITAR section must be reviewed).
- EAR § 740.9(a) – "TMP" – Temporary exports, reexports and transfers, including software and tech data as employee "tools of the trade"
- EAR § 740.13 – "TSU" – This license exception is similar to the Basic O&M exemption, allowing training and manuals for normal maintenance and ops.

ALL ITAR TECH DATA EXPORTS MUST BE CERTIFIED IN WRITING, INCLUDING SPECIFYING THE LICENSE OR EXEMPTION (cf. § 125.6):

- For ITAR tech data physically sent, such as with drawings or on CD-ROM, the exporter must put in an envelope, then mark the envelope "[License N° _____ or ITAR exemption N° _____] applicable. This export has also been notified directly to DDTC per ITAR § 123.22(b)." Include a copy of this form. This envelope then goes into a normal mailing envelope such as FedEx, USPS, or UPS. For now notify DDTC via paper, eventually DS-4071 via DECCS.
- For tech data exports that are oral, visual or electronic, the exporter must memorialize this in writing. This form is suitable for that. (Again, the 1st such tech data export must also be notified in writing to DDTC, in addition to maintaining this endorsement form. This form may be used for that notification, together with a transmittal letter. All such notifications are now sent to DDTC via the "document upload" feature of DECCS, from the case designator.)
- This form, or a similar written record for these exports, must be maintained for a period of at least 5 years.
- The EAR has similar requirements to log certain technology exports, deemed exports to and by foreign-person employees, data transfers or meetings under a License Exception STA, and similar. See EAR § 762 for recordkeeping requirement details.

WHEN A TAA OR MLA REQUIRES SUBMITTING SIGNED DSP-83s:


- When a requirement is placed upon the applicant to execute DSP-83s for the transfer of classified technical data or technical data for the manufacture of SME abroad, the applicant must submit the original signed DSP-83s to DDTC along with the executed copy of the agreement or amendment.
- If the agreement involves the transfer of SME or classified defense articles, a DSP-83 must be submitted along with the DSP-5 or DSP-85 license request for shipment of hardware in furtherance of the agreement.
 - A copy of each DSP-83 must be maintained by the applicant. *Note: when a license request is submitted electronically via DECCS, it is not possible to include the original DSP-83, so a scan PDF is included and the original DSP-83 maintained by the applicant.*

Updated 11/01/2015



16.8 NOTIFICATION OF INITIAL EXPORTS OF TECH DATA UNDER A TAA OR MLA

In addition to maintaining a comprehensive log of tech data exports under any approval or ITAR/EAR exemption, the first tech data export under an ITAR Agreement must also now be notified in writing to DDTC. PSI will use the form below as a transmittal letter, and attach a copy of the Tech Data Export Log in 15.5, above. This is an interim measure. DDTC plans eventually to make available a Form DS-4071 in DECCS to be used for such notifications. On the other hand, plans for the DS-4071, including a draft form and guidelines, have been published since 2005, so we do not know how long a temporary solution this is.

 <div style="display: inline-block; vertical-align: middle;">Photo-Sonics Inc <small><i>International leaders in specialized photographic instruments</i></small></div>	<div>9131 Independence Avenue Chatsworth, CA 91311 U.S.A TEL (818) 842-2141 FAX (818) 842-2610 Email: mail@photosonics.com</div>
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November __, 20__

November __, 20__

Mr. Kevin Maloney, Director
Office of Defense Trade Controls Licensing
Directorate of Defense Trade Controls
Bureau of Political Military Affairs
U.S. Department of State
2401 E Street, NW
Washington, DC 20037

REGISTRANT CODE: M-3521

SUBJ: Notification of Initial Exports of Technical Data and/or Defense Services per 22 CFR 123.22(b)(3)

ENCL: SELF-ENDORSEMENT OF EXPORT OF ITAR-COVERED TECH DATA BY LICENSE OR EXEMPTION

VIA FEDEX

Dear Mr. Maloney:

Pending the availability of Form DS-4071 in D-Trade, we hereby notify DDTC of the initial export of technical data under Agreement number TA -12.

Under penalty according to federal law (22 CFR 127.2; 22 USC 2278; 18 USC 1001) I, _____, as authorized by Sentry Technology Group, Inc., warrant the truth of the statements made herein.

Sincerely,

Martha Estrada
Empowered Official



16.9 TRACKING AND REPORTING THE VALUE OF EXPORT LICENSES

Today's Date: 05/20/14		Lead Time:	90
TAA NO.: TA 1234-12		EXP. DATE:	2/21/13
TAA AUTHORIZED VALUES:		\$350,000	
TECH DATA:		\$50,000	
DEFENSE SVS:		\$75,000	
HARDWARE DSP-5:		\$75,000	
HARDWARE DSP-61:		\$75,000	
HARDWARE DSP-73:		\$75,000	
TECH DATA	DATE SHIPPED	AMOUNT	BALANCE
	04/28/13	\$5,000.00	70,000.00
	06/01/13	\$2,502.00	67,498.00
DEFENSE SVS	DATE SHIPPED	AMOUNT	BALANCE
	04/28/13	\$5,000.00	70,000.00
	06/01/13	\$2,502.00	67,498.00
DSP-5 NUMBER	DATE SHIPPED	AMOUNT	BALANCE
05001111	04/28/13	\$5,000.00	70,000.00
05012222	06/01/13	\$2,502.00	67,498.00
DSP-61 NUMBER	DATE SHIPPED	AMOUNT	BALANCE
05001111	04/28/13	\$2,200.00	72,800.00
05012222	06/01/13	\$890.00	71,910.00
DSP-73 NUMBER	DATE SHIPPED	AMOUNT	BALANCE
05001111	04/28/13	\$8,000.00	67,000.00
05012222	06/01/13	\$17,500.00	49,500.00

Decrementing cumulative authorized values of tech data licenses.

We have a system to track ongoing residual value of export licenses, including TAAs and licenses in furtherance of Agreements. This is often called decrementing.

On the left is an example of a format appropriate for a TAA. Below are sample formats for licenses such as a Commerce license and a State DSP-5 for permanent export. Our empowered official maintains these forms for all ongoing approvals.

Commerce has certain notification & tracking requirements. In certain other cases, notifications of initial tech data exports must also be filed with the State Department per § 123.22(b)(3) of the ITAR.

In addition to that *initial* notification to DDTC, all exports of tech data also requires a separate tech data exports log, and reporting requirements. We have transaction log forms for all that, as well.

E/L NO.:	D123456	EXP. DATE	3/9/13
E/L AMOUNT:		\$4,310,000.00	
PARTS AND COMPONENTS FOR commercial aircraft			
P.O. NO.	DATE SHIPPED	AMOUNT	BALANCE
INT012-499	12/13/11	\$184,229.84	4,125,770.16
INT101-507	12/22/11	\$230,287.30	3,895,482.86
INT102-519	01/14/12	\$187,440.00	3,708,042.86
INT103-539	02/06/12	\$65,587.88	3,642,454.98
INT106-574	02/18/12	\$12,524.71	3,629,930.27
INT108-598	03/29/12	\$394,656.19	3,235,274.08
INT109-610	04/25/12	\$761.40	3,234,512.68
INT111-625	06/18/12	\$148,674.46	3,085,838.22
INT111-628	08/26/12	\$7,078.16	3,078,760.06
INT112-641	09/04/12	\$11,067.68	3,067,692.38
INT112-652	09/27/12	\$2,309.48	3,065,382.90
INT202-672	10/03/12	\$34,226.58	3,031,156.32
INT202-673	10/05/12	\$1,860.49	3,029,295.83
INT204-694	10/09/12	\$3,148.00	3,026,147.83
INT211-796	10/21/12	\$710.46	3,025,437.37
INT301-822	10/28/12	\$8,214.09	3,017,223.28
INT303-851	10/31/12	\$5,969.63	3,011,253.65
INT310-956	11/08/12	\$15,665.73	2,995,587.92
INT310-957	11/17/12	\$327,409.32	2,668,178.60
INT311-970	11/18/12	\$28,970.50	2,639,208.10
INT312-999	11/28/12	\$2,395.57	2,636,812.53
INN401-018	12/02/12	\$268,013.84	2,368,798.69
INN401-019	01/24/13	\$151,812.04	2,216,986.65
INT401-021	01/27/13	\$115,882.00	2,101,104.65
INT406-072	02/02/13	\$28,867.30	2,072,237.35
INN408-114	02/05/13	\$62,587.52	2,009,649.83
INT408-124	02/11/13	\$776.07	2,008,873.76
INN409-134	03/01/13	\$16,634.75	1,992,239.01
EXPIRED			

E/L NO.:	050455555	EXP. DATE	9/21/14
E/L AMOUNT:		\$80,000.00	
PARTS & COMPONENTS FOR F35 JSF			
Closed			
P.O. NO.	DATE SHIPPED	AMOUNT	BALANCE
INT011-483	03/22/13	\$3,397.95	76,602.05
INT011-487	04/02/13	\$67.41	76,534.64
INT203-680	04/08/13	\$17,350.00	59,184.64
INT203-681	04/09/13	\$39,536.00	19,648.64
INT204-688	04/14/13	\$14.14	19,634.50
INT204-691	04/18/13	\$44.32	19,590.18
INT205-697	04/27/13	\$14.14	19,576.04
INT206-712	05/01/13	\$2,898.51	16,677.53
INT208-729	05/03/13	\$7.44	16,670.09
INT208-741	05/06/13	\$2,727.59	13,942.50
INN208-745	05/09/13	\$6,924.45	7,018.05
INT209-753	05/18/13	\$2,357.85	4,660.20
INT209-763	05/21/13	\$78.94	4,581.26
INT210-769	05/23/13	\$479.97	4,101.29
INT210-778	05/25/13	\$95.84	4,005.45
INT210-779	05/29/13	\$4,000.00	5.45
CLOSED			

updated 04/29/14



16.10 EMPLOYEE DSP-5 AND/OR DOC EMPLOYEE LICENSE MONTHLY REVIEW FORM

All PSI employees who are non-U.S. persons (i.e. foreign nationals without permanent residency status), must be “red-badged” and covered by a DSP-5 “employee license” and/or a DOC “employee license” for EAR “deemed exports”) unless they are sequestered (including after-hours) from access to ITAR/EAR items or technical data associated therewith, including drawings, software, and other technical data, either electronic or hard copy. For all those employees covered by such DSP-5 or DOC licenses, the following form must be filled out and signed monthly by their supervisor. The forms must be turned in to the PSI Export Compliance Officer by the fifth business day of each month, who will maintain them for a period of at least 5 years following the expiration or termination of the associated DSP-5 or DOC license.



EMPLOYEE DSP-5 AND/OR DOC EMPLOYEE LICENSE MONTHLY REVIEW FORM

I hereby certify that as the Manager of the below-referenced Photo-Sonics, Inc. employees, I have reviewed their ITAR DSP-5 and/or EAR DOC "employee licenses", and found their work to be compliant with the Provisos as mandated by the US Department of State and/or any Riders & Conditions as mandated by the US Department of Commerce.

Employee Name	DSP-5 and/or DOC employee license number	Manager Name	Manager Signature	Date	Comments
John Doe	050423456 & D123456	B. Clinton			
Mary Roe	050212345	B. Clinton			
John Smith	D111111	B. Clinton			

Photo-Sonics, Inc.

Bill Clinton
[Title]

_____/_____/_____
Date




16.11 EXPORT ACTION CHECKLIST (CHECKED ACTIONS MUST BE DONE IN PRECISE ORDER)

 Export Action Checklist 1. Lodging ITAR export license 2. ACE/EEI entries 3. Clearing Customs Note: Only for exports directly from PSI to freight-forwarder; not needed if items are drop-shipped from other USA source to freight-forwarder for export.	Name of Employee: _____ Signature: _____ Date: _____	
	If available: Freight Forwarder: _____ Signature: _____ Date: _____	
<p>(i) Must be prepared by the Photo-Sonics, Inc. ("PSI") Export Compliance Officer or designee, signed/dated above. (ii) Employee preparing form must check all applicable line entries. (iii) A copy of completed form must be kept in the associated PSI transaction file</p> <p>[Note: shipment can contain goods under the jurisdiction of both the ITAR and the EAR. Likewise, a single ACE/EEI filing can have separate line items for ITAR and/or EAR goods. But the focus of this form is for ITAR goods.]</p>		
<input type="checkbox"/>	State Department DSP-5 license number _____, or ITAR exemption citation _____ And/Or Commerce Department SNAP-R export license number _____, or EAR exemption citation _____, or	If export license(s) apply to this shipment, attach a copy .
<input type="checkbox"/>	License must be lodged with Customs [Note: if checked <u>this must occur first</u>, before the ACE/EEI entry and before any attempt to present goods to Customs for exit clearance]	
<input type="checkbox"/>	How was license lodged? [check appropriate line, below, and fill in "Date/Via"] ___ Sent to PSI's Freight-Forwarder / Customs Broker for lodging ___ Lodged by PSI employee _____ [name] ___ Special procedure(s) or notes: [Note: If available, attach Customs & Border Protection Window Receipt [or other proof of lodging/deposit of license]	Date/Time: _____ [include time if known] Via: _____ [e.g. FedEx, hand-carry, USPS]
<input type="checkbox"/>	Shipment departure logistics [check appropriate line, below, and fill in "Date/Via"] ___ Truck [Date/time of scheduled departure/embarkation] _____ ___ Rail [Date/time of scheduled departure/embarkation] _____ ___ Aircraft [Date/time of scheduled departure/embarkation] _____ ___ Vessel [Date/time of scheduled departure/embarkation] _____	This entry by: [name of PSI employee or Freight-Forwarder]
<input type="checkbox"/>	ACE/AES/EEI required, to be filed by ___ PSI or ___ Freight Forwarder Note: If ACE/EEI filing is to be made <u>must occur</u> : (i) only after DSP-5 lodged with Customs, (ii) at least 8 hours before scheduled departure of truck or aircraft (iii) at least 24 hours before scheduled embarkation of a vessel or by rail Defense Articles: ACE/EEI is required for all exports of defense articles hardware, whether under license or exemption. Commercial Articles: ACE/EEI is required if value is >2500 per line-item commodity code, if sent: - From U.S. to foreign countries - Between the U.S. and Puerto Rico - From Puerto Rico to foreign countries - From Puerto Rico to U.S. Virgin Islands - From the U.S. to the U.S. Virgin Islands - Licensable commodities (regardless of value)	ACE/AES/EEI filed by: [name of PSI employee or Freight-Forwarder] ITN number: _____
<input type="checkbox"/>	Shipment/commodities presented to Customs on _____ [date/time as accurately as possible] at _____ [location] [Note: shipment can be presented to Customs ONLY AFTER all the above-checked items are satisfied]	Cleared by: [name of PSI employee or Freight-Forwarder]



16.12 ACTION CHECKLIST – DSP-73 TEMPORARY EXPORT LICENSE

 DSP-73 Temporary Export License Action Checklist	Name of Employee: _____ Signature: _____ Date: _____
	Empowered Official: _____ Signature: _____ Date: _____
<p>(i) Must be prepared by the Photo-Sonics, Inc. ("PSI") employee responsible for the export shipment, signed/dated above. (ii) Employee preparing form must check all applicable line entries. (iii) Empowered Official must approve and sign before any shipment is made. (iv) A copy of completed form must be kept in the associated PSI transaction file.</p>	

EXIT CHECKLIST (Initials_____)

<input type="checkbox"/>	DSP-73 license number _____, [DSP-73 must be presented and decremented with Customs <u>before</u> the ACE/EEI entry and <u>before</u> final export]	
<input type="checkbox"/>	License presented and decremented with Customs.	
<input type="checkbox"/>	How was license presented? [check appropriate line, below, and fill in "Date/Via"] __ Sent to Freight-Forwarder / Customs Broker for presentation __ Presented by PSI employee _____ [name] __ Decrement License in hand and reviewed for accuracy (if using freight forwarder or Customs Broker, they must return decremented license to PSI) __ Special procedure(s) or notes:	Date: _____ [include time if known]
<input type="checkbox"/>	ACE/AES/EEI filed by __ PSI or __ Freight-Forwarder [Note: ACE/EEI filing <u>must occur</u> : (i) <u>only after</u> DSP-73 is presented to and decremented by Customs, (ii) <u>at least 8 hours before</u> scheduled departure of truck or aircraft (iii) <u>at least 24 hours before</u> scheduled embarkation of a vessel or by rail	ACE/EEI filed by: _____ [name of PSI employee or Freight-Forwarder] ITN number: _____
<input type="checkbox"/>	Instructions for return provided to foreign party.	

ENTRY CHECKLIST (Initials_____)

<input type="checkbox"/>	Freight-Forwarder _____ U.S. Customs Broker (if separate from freight-forwarder): _____
<input type="checkbox"/>	License Provided to Freight-Forwarder/U.S. Customs Broker for return decrementing by U.S. Customs
<input type="checkbox"/>	Instructions from Freight-Forwarder/U.S. Customs Broker provided to PSI and Foreign Party
<input type="checkbox"/>	DSP-73 returned (after Customs decrements) to PSI and reviewed for accuracy
<input type="checkbox"/>	DSP-73 and U.S. Customs clearance documents filed with transaction file (if DSP-73 will not be used again, it must be returned to DDTC).



16.13 SIGN – EXPORT CONTROLLED AREA

**EXPORT CONTROLLED
AREA
RED-BADGED PERSONS
MUST BE ESCORTED**



16.14 SIGN – VISITOR NOTICE

ATTENTION:

ALL VISITORS WHILE ON THE PREMISES MUST:

- ☒ **SIGN IN AND SIGN OUT**
- ☒ **PROVIDE PROOF OF U.S.
CITIZENSHIP or GREEN
CARD**

AND/OR

- ☒ **BE ESCORTED AT ALL
TIMES**

NO EXCEPTIONS!

**Thank you, in advance, for your cooperation,
The Export Compliance Team**



16.15 ADDITIONAL “PLACARDS” OR DISCLAIMERS TO BE USED AS APPROPRIATE

“Placards” are short disclaimers or notices that are useful – and sometimes required by law – to be inserted into various transaction documents.

The following two “placards” are the minimum export-control notice required by the ITAR and the EAR, respectively. Quoted below are the regulatory citations whence the requirement derives, followed by the placard language in italics.

ITAR 123.9 (b) The exporter, U.S. or foreign, must inform the end-user and all consignees that the defense articles being exported are subject to U.S. export laws and regulations as follows:

(1) The exporter must incorporate the following information as an integral part of the commercial invoice, whenever defense articles are to be shipped (exported in tangible form), retransferred (in tangible form), or reexported (in tangible form) pursuant to a license or other approval under this subchapter: **(i)** The country of ultimate destination; **(ii)** the end-user; **(iii)** the license or other approval number or exemption citation; and **(iv)** the following statement:

“These items are controlled by the U.S. government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.”

EAR § 758.6 DESTINATION CONTROL STATEMENT AND OTHER INFORMATION FURNISHED TO CONSIGNEES

(a) The exporter must incorporate the following information as an integral part of the commercial invoice whenever items on the Commerce Control List are shipped (i.e., exported in tangible form), unless the shipment (i.e., the tangible export) may be made under License Exception BAG or GFT (see part 740 of the EAR) or the item is designated as EAR99:

(1) “These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations”

(2) “The ECCN(s) for any 9x515 or “600 series” “items” being shipped (i.e., exported in tangible form).

In addition to the DCS as required in paragraph (a) of this section, the ECCN for each “600 Series” item being exported must be printed on the invoice and on the bill of lading, air waybill, or other export-control document that accompanies the shipment from its point of origin in the United States to the ultimate consignee or end-user abroad.



Use this for all domestic U.S. shipments -- put on the quote, invoice, or waybill:

Unless otherwise noted, this quote, invoice or shipment may include U.S. Munitions List (USML) items or Commerce Control List (CCL) items. USML/CCL commodities are controlled under U.S. law and in many cases cannot be exported or otherwise transferred without a valid State/Commerce Department export authorization. It is the responsibility of the purchaser to determine what the applicable requirements may be and to obtain all necessary authorizations, licenses or approvals.

Use this as part of all quotes for international sales:

Unless otherwise noted, this quote may include U.S. Munitions List (USML) items or Commerce Control List (CCL) items. USML/CCL commodities are controlled under U.S. law and in many cases cannot be exported or otherwise transferred without a valid State/Commerce Department export or reexport authorization. If you issue a PO against this quote, please include the following information on the PO:

END USER NAME & ADDRESS: _____

(Street address, please. Post box numbers will result in export license rejection)

END USE APPLICATION: _____

Also, if you are not shipping directly to the End User but are shipping to any other entity which will then forward the material to the End User, then we require the name and address of said entity. In addition, if there will be more than 1 entity in the chain between you and the End User then we would likewise need the name and address of all said entities. In other words, and simply stated, we need the name and address of any and all entities in the chain of possession between you and the End User.

17 HELPFUL CONTACT INFORMATION

Name	Contact	Information
U.S. Department of State Directorate of Defense Trade Controls	www.pmddtc.state.gov Response Team: (202) 663-1282; DECCS Help Desk: (202) 663-2838;	The Response Team fields policy questions and status updates on registration renewals and Commodity Jurisdictions. The DECCS help desk handles technical questions if you are having issues with DECCS.
Bureau of Industry and Security Department of Commerce	http://www.bis.doc.gov/ (202) 482-4811 – Outreach of Educational Services Division	Website has helpful information regarding exports including virtual training modules and seminar schedules. An export counselor can be reached at the phone number. They are very helpful.



International Trade Administration	http://www.trade.gov	Helpful information for exporters
United States Census Bureau	http://www.census.gov/foreign-trade/schedules/b/ https://www.cbp.gov/trade/automated	Schedule B look up ACE/EEI Filing Information
Identrust	http://identrust.com/ (888) 248-4447	Information for purchasing and maintaining digital certificate
Schedule B codes & HTSUS codes	HTSA (HTSUS) – http://www.usitc.gov/tata/hts/index.htm Schedule B – http://www.census.gov/foreign-trade/schedules/b/ Schedule B help line – 800-549-0595, then option 2	Our company policy is to use Schedule B codes on all outbound hardware exports. HTSUS codes are to be used for inbound hardware imports. If your Schedule B lookup is not clear, call this Census help line. This is the only federal agency that gives classifications over the phone



Enclosure (1): Technology Control Plan

**Employee Name: [type name]

Citizen of: [country]

I. SCOPE

The procedures contained in this plan apply to all elements of Photo-Sonics, Inc. ("PSI"), 9131 Independence Avenue, Chatsworth CA 91311.

Disclosure of classified or unclassified technical data to foreign persons, as defined by ITAR § 120.10, in the course of employment or on extended visitor status is considered an export under ITAR and is subject to a Department of State (DOS) license or agreement. (Note: there is no classified information at PSI at the present time.)

II. PURPOSE

The purpose of this Technology Control Plan is to delineate and inform employees and visitors of PSI the controls necessary to ensure that no transfer of technical information or data or a defense service (as defined in ITAR paragraphs § 120.10 & § 120.9) occurs unless authorized by the Directorate Defense Trade Controls (DDTC).

III. BACKGROUND

Photo-Sonics, Inc., a full-service provider for Time-Space-Positional-Information (TSPI) equipment. PSI offers a full line of Optical Tracking Systems, Beam Director, motion analysis software applications, HUD (head up display) cameras, POV (point of view) cameras, and systems integration services.

IV. FOREIGN PERSONS

No Foreign Person will be given access to unclassified and/or classified material on any project or program that involves the disclosure of technical data as defined in ITAR paragraph 120.10 until that individual's license authority has been approved by the Department of State or Commerce, as appropriate.

PSI employees who have the supervisory responsibility for foreign persons must receive an export control/licensing briefing that addresses relevant ITAR requirements as they pertain to classified and controlled unclassified information.

Foreign persons employed by, assigned to (extended visit) or visiting PSI, shall receive a briefing that addressees the following items:

- Prior to the release of classified material or controlled unclassified information to a foreign person an export authorization issued by DTCL needs to be obtained by PSI.



Compliance Manual Enclosure (1)

Technology Control Plan

- Ensure foreign persons adhere to the PSI's security rules, policies and procedures and in-plant personnel regulations.
- Outline the specific information that has been authorized for release to them.
- Address PSI's in-plant regulations for the use of facsimile, automated information systems and reproduction machines.
- Any classified information they are authorized to have access and need to forward overseas will be submitted to PSI's security department for transmission through government-to-government channels.
- Information received at PSI for the foreign national and information that the foreign national needs to forward from PSI shall be prepared in English.
- Violations of security procedures and in-plant regulations committed by foreign nationals are subject to PSI sanctions.

V. ACCESS CONTROLS FOR FOREIGN NATIONALS

PSI has devised a set of controls to ensure that foreign nationals do not obtain unauthorized access to any classified or controlled unclassified information. The principal features are:

- **Badges:** All visitors are required to wear a badge during their visit. Foreign-person badges shall be uniquely marked in Red. Foreign persons shall not be permitted access to restricted areas without security examination of this badge and visual verification that the badge belongs to the holder. Employees must be informed of the limitations and restrictions imposed for each different badge type.
- **Escorts:** It shall be the responsibility of the PSI host employee to escort, or arrange for an escort of a foreign person visiting PSI facilities at all times. The PSI escorting employee shall confirm with the Company Empowered Official the facility locations that the foreign person can visit and make sure that there shall be no exposure to controlled unclassified information. (NOTE: PSI supervisors of foreign persons shall ensure that foreign nationals are escorted in accordance with U.S. Government and PSI regulations.)
- **Secured Facility:** PSI is a secured facility. Visitors shall sign the entry log-sheet and display proof of US citizenship or permanent residency. See notes. All visitors shall wear a badge at all times. Visitors with a RED BADGE must be escorted at all times. U.S. Visitors wearing a BLUE BADGE do not require an escort.

VI. EXPORT-CONTROLLED INFORMATION

The specific elements of unclassified information (there is no classified information at PSI at the present time) will involve technical information about any item that has been defined as an ITAR or controlled-for-export EAR item, and similar systems being



Compliance Manual Enclosure (1)

Technology Control Plan

developed, including such items as Interface Control Documents, source code for defense article sensor drivers etc.

VII. NON-DISCLOSURE STATEMENT

All foreign persons shall sign a non-disclosure statement (specified by DTCL) that acknowledges that classified and controlled unclassified information will not be further disclosed, exported or transmitted by the individual to any foreign national or foreign country unless DDTC authorizes such a disclosure and the receiving party is appropriately cleared in accordance with its government's personnel security system.

VIII. SUPERVISORY RESPONSIBILITIES

Supervisors of cleared personnel and foreign national employees and certain foreign national visitors shall ensure that the employees and visitors are informed of and cognizant of the following:

- Technical data or defense services that require an export authorization is not transmitted, shipped, mailed, hand-carried (or any other means of transmission) unless an export authorization has already been obtained by PSI and the transmission procedures follow U. S. Government regulations.
- Individuals are cognizant of all regulations concerning the handling and safeguarding of classified information and controlled unclassified information.
- Individuals execute a technology control plan (TCP) briefing form acknowledging that they have received a copy of the TCP and were briefed on the contents of the plan.
- U.S. citizen employees are knowledgeable of the information that can be disclosed or accessed by foreign nationals.

Point of contact for this TCP: Philip Kiel

Signature: _____

Name & Date: Philip Kiel 5 / 12 / 2025

Program Manager: Maya Galsor

Signature: _____

Name & Date: Maya Galsor 5 / 12 / 2025

Facility Security Officer: Philip Kiel

Signature: _____

Name & Date: Philip Kiel 5 / 12 / 2025



IX. EMPLOYEE RESPONSIBILITIES

All PSI employees who interface with foreign nationals shall receive a copy of the TCP and a briefing that addresses the following:

- Documents under their jurisdiction that contain technical data are not released to or accessed by any employee, visitor, or subcontractor who is a foreign national unless an export authorization has been obtained by PSI in accordance with the ITAR or the Export Administration Regulations (EAR).
- If there is any question as to whether or not an export authorization is required, contact the Facility Security Officer promptly.
- Technical information or defense services cannot be forwarded or provided to a foreign national regardless of the foreign nationals location unless an export authorization has been approved by DDTC and issued to PSI.

By signature below I certify that I have read the above Technology Control Plan and have been briefed on its contents, and I agree to abide by the stated terms and conditions to the best of my ability.

Employee:

**** Insert name**: Signature and Date: _____ / ____ / ____

Technology Control Plan Attachments

- TCP Attachment A: Facility Control Procedures
- TCP Attachment B: Foreign-Person Employee Non-Disclosure Agreement
- TCP Attachment C: Foreign-Person Employee Checklist & Briefing Record
- TCP Attachment D: Employee ITAR/EAR Out-Processing Form (for *all* employees)
- TCP Attachment E: PSI Export Log



TCP Attachment A: Facility Control Procedures

Change History

Date	Author	Summary of Changes
11/19/2015	Martha Estrada	Initial release.
05/24/2016	Martha Estrada	Major post-ECR changes
09/29/2021	Hugh Schmittle	Review, minor edits
04/02/2022	Hugh Schmittle	Review, minor edits
05/01/2023	Hugh Schmittle	Review, minor edits
04/15/2024	Hugh Schmittle	Review, minor edits

1.1 PURPOSE

This document provides procedures for protecting export-controlled items and data while in-house at Photo-Sonics, Inc. ("PSI"), as well as guidelines for the marketing and sales of export-controlled items.

This Facility Control Procedures document (FCP) delineates and informs employees of the controls necessary to ensure that no export of controlled items occurs unless authorized by the appropriate authorities.

1.2 APPLICATION

The procedures contained in this FCP apply to all PSI work locations.

Responsibility

It is the responsibility of the Empowered Official to maintain this document and to ensure it is adhered to.

The Export Compliance Officer (ECO) is responsible for implementation of this FCP and control of all export-related documents and forms.

All employees are responsible for understanding this FCP and for taking the necessary precautions to prevent disclosure of export-controlled items.

1.3 DEFINITIONS

The following definitions are applicable to this FCP.

Defense Article - Any item or technical data designated in the United States Munitions List (USML) (ITAR paragraph 121.1). It includes technical data recorded or stored in any physical form, models, mockups or other items that reveal technical data directly relating to items designated in the USML. It also includes forgings, castings, and other unfinished products, such as extrusions and machined bodies, that have reached a stage in manufacturing where they are clearly identifiable by mechanical properties, material composition, geometry, or function as defense articles

EAR - Export Administration Regulations



Facility Control Procedures

Attachment A to Technology Control Plan

Export (according to the ITAR) - (1) An actual shipment or transmission out of the United States, including the sending or taking of a defense article out of the United States in any manner; (2) Releasing or otherwise transferring technical data to a foreign person in the United States (a deemed export); (3) Transferring registration, control, or ownership of any aircraft, vessel, or satellite subject to this subchapter by a U.S. person to a foreign person; (4) Releasing or otherwise transferring a defense article to an embassy or to any of its agencies or subdivisions, such as a diplomatic mission or consulate, in the United States; (5) Performing a defense service on behalf of, or for the benefit of, a foreign person, whether in the United States or abroad; or (6) The release of previously encrypted technical data as described in § 120.56(a)(3) and (4).

Export (according to the EAR) - actual shipment or transmission of items subject to the EAR out of the U.S., or release of technology or software subject to the EAR to a foreign person in the U.S.

Export-Controlled Item - any items subject to the controls of the ITAR or EAR.

Foreign Person - Any natural person who is not a US Citizen or a lawful permanent resident of the U.S. or who is not a protected individual (political asylee). It also means any foreign corporation, business association, partnership, trust, society or any other entity or group that is not incorporated or organized to do business in the U.S., as well as international organizations, foreign governments and any agency or subdivision of foreign governments (e.g., diplomatic missions).

ITAR - International Traffic in Arms Regulations

Significant Military Equipment - Articles for which special export controls are warranted because of their capacity for substantial military utility or capability (see items in section 121.1 of the ITAR).

Technical Assistance Agreement (TAA) – U.S. State Department approved document that allows the export of technical information, services, and possibly some equipment.

Technical Data - Information which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance, or modification of defense articles; classified information related to defense articles; information covered by an invention secrecy order; software directly related to defense articles.

U.S. Person - Any natural person who is US Citizen, a lawful permanent resident of the U.S. (Green Card holder), or who is a protected individual. It also means any corporation, business association, partnership, trust, society or any other entity, organization or group that is incorporated to do business in the U.S. It also includes any governmental (federal, state or local) entity.

1.4 REFERENCES

Export Administration Regulations (EAR)

Export Briefing Acknowledgement (in New Employee Orientation Checklist found at TCP Attachment 3)

International Traffic in Arms Regulations (ITAR) (22 CFR 120-130)



Facility Control Procedures

Attachment A to Technology Control Plan

1.5 PROCESS

1.5.1 INTERNAL PROCEDURES

1.5.1.1 PERSONNEL IDENTIFICATION

- 1.5.1.1.1 All PSI employees, on-site contractors and visitors are required to wear badges at all times while on PSI premises. Badges shall be displayed at the waist or above and be visible at all times so that identification is easily determined. A full escort is required for any Visitor with a RED BADGE. Please check with the Company Empowered Official.
- 1.5.1.1.2 A WHITE badge with facility access indicates that an individual is a PSI employee U.S. person as defined above. This badge allows for full access to ITAR controlled technical information relating to all projects..
- 1.5.1.1.3 A RED badge indicates that an individual is a PSI visitor. This badge does not allow any access to ITAR controlled technical information and requires full escort while at PSI facilities.

1.5.1.2 VISITORS

All visitors are required to sign in upon arrival and obtain an appropriate badge from the reception desk. It is the responsibility of a visitor's host to ensure the visitor is a U.S. person prior to disclosing export-controlled information. Although the badge is assigned based on the citizenship indicated on the sign in card, the visit host or receptionist may request proof of citizenship and/or permanent resident status if deemed necessary. Visitors with a RED BADGE must be escorted at all times.

1.5.1.3 EXPORT-CONTROL DETERMINATION

The Export Compliance Manager, with guidance from Contracts Administration and the Project Manager, shall determine what, if any, export regulations are applicable to a project. This determination will be based on specific contract language and using the ITAR and EAR. Any engineering data or designs created from items determined to be export-controlled shall also be considered export-controlled.

1.5.1.4 FOREIGN PERSONS POLICY

Foreign persons will not be employed on any work that involves the disclosure of export-controlled information until license authority has been granted by the appropriate government agency.

1.5.1.5 NON-DISCLOSURE STATEMENT OF ACKNOWLEDGMENT

Foreign persons to whom technical data will be disclosed under license by DDTC, will be required to sign an appropriate non-disclosure statement. A signed and dated copy of that non-disclosure statement will be kept on file with the company empowered official, noting the referenced license number.

1.5.1.6 EMPLOYEE AWARENESS

Employees shall be briefed during the new employee orientation that some of the company's work is subject to export controls and unless there is an export license in place, this information shall not be disclosed to foreign persons.



Facility Control Procedures

Attachment A to Technology Control Plan

All employees shall sign an export-briefing acknowledgement to indicate they understand the company policy on handling export-controlled items.

The Facility Security Officer and the Empowered Official are available as a resource to company employees for answering questions and clarifying this FCP, the ITAR and the EAR regulations.

1.5.1.7 WORK AREAS

Work on export-controlled items shall be performed in an area that excludes unauthorized foreign persons. Signs shall be posted stating that export-controlled work is in progress. If a foreign person needs to enter an export-controlled area, they shall coordinate with the project manager responsible for that area. The project manager shall ensure all export-controlled items are out of sight and all conversation relating to export-controlled items has ceased prior to allowing access to the foreign person.

1.5.1.8 TECHNICAL DATA

1.5.1.8.1 MARKING

Each page of export-controlled technical data shall be marked with appropriate statements to indicate export-control sensitivity.

1.5.1.8.2 STORAGE AREAS

Areas used for storing export-controlled items shall be marked as such. These areas shall be protected from unauthorized personnel at all times.

1.5.1.8.3 NETWORK

Access to areas on PSI's network containing export-controlled information is limited to authorized personnel only. Permissions will be communicated by the company CFO as recommended by the Empowered Official to PSI's IT department on a case-by-case basis.

1.5.1.9 RECEIPT OF EXPORT-CONTROLLED ITEMS

All incoming export-controlled items will be brought to the attention of the appropriate project manager. The project manager is responsible for maintaining/tracking export-controlled items related to his project. At the end of a project, retention/disposal of export-controlled items will be determined at contract closeout.

1.5.1.10 TRANSMITTAL OF EXPORT-CONTROLLED ITEMS

No employee or other person acting on behalf of PSI shall ship, mail, carry or transmit export-controlled items from the U.S. or within the U.S. with the knowledge or intent that the item/information will be shipped or transmitted from the U.S. to a foreign destination without proper government approvals/licenses. Obtaining appropriate governmental approval for all exports or disclosures shall be coordinated through the ECO.

1.5.1.11 BUSINESS DEVELOPMENT ACTIVITIES

1.5.1.11.1 PUBLICITY

Publicity for PSI's technology comes in many forms - web-site postings, product information and presentations to customers, and air show data sheets, handouts, and the display booth. Technical data and pictures should be reviewed by the ECO prior to posting or dissemination.



Facility Control Procedures

Attachment A to Technology Control Plan

Note that although PSI may be involved with programs that are not specifically classified or ITAR sensitive they may be competition sensitive or company proprietary. PSI must be cognizant of this and exercise conservatism where appropriate when making announcements, posting pictures on the web site, and preparing presentations.

1.5.1.11.2 PUBLIC SHOWS

Participation in public shows is an excellent opportunity to introduce PSI and their technology to a significant number of potential customers. In addition, relationships can be built and fostered in an environment not as formal. Competitor information can also be gathered; however, this is equally true for PSI's technology and product development activities.

In support of public shows, PSI may take product models or mock-ups to display and show potential customers. These models and mock-ups may be subject to export restrictions and procedures for carrying or sending these models/mock-ups out of the country must be followed. Any exports should be coordinated through the ECO.

1.5.1.11.3 SALES AND MARKETING

If any foreign company approaches PSI, discussions can take place, however it must be made clear that PSI's technology is subject to export restrictions and detailed technical discussions will only take place subsequent to approvals by the U.S. State Department under a DSP-5 or a Technical Assistance Agreement (TAA), as appropriate. Contact the ECO for details on obtaining a TAA.

1.5.1.12 VIOLATIONS

Any perceived violations of this FCP or other export-control regulations (ITAR, EAR) shall be immediately reported to the ECO, who will generate a report and provide it to the Export Compliance Officer for final disposition.

1.5.1.13 DOCUMENTATION

The Empowered Official shall maintain all forms and documentation related to exporting activities.



TCP Attachment B: Non-Disclosure Agreement for Foreign-Person Employees

Access to ITAR-Controlled Defense Articles by Foreign Person Employees

I, [name of foreign person], acknowledge and understand that any technical data related to a defense article covered by the U.S. Munitions List to which I have access per authorization by the U.S. Department of State, Directorate of Defense Trade Controls (DDTC) under [state relevant export license/authorization number]** and disclosed to me in my employment by Photo-Sonics, Inc. ("PSI"), is subject to the export controls of the International Traffic in Arms Regulations (ITAR) (Title 22, Code of Federal Regulations, Parts 120-130), particularly the 22 CFR 124.8 clauses.

1. This authorization shall not enter into force, and shall not be amended or extended, without the prior written approval of the Department of State of the U.S. Government.
2. This authorization is subject to all United States laws and regulations relating to exports and to all administrative acts of the U.S. Government pursuant to such laws and regulations.
3. The parties to this authorization agree that the obligations contained in this authorization shall not affect the performance of any obligations created by prior contracts or subcontracts which the parties may have individually or collectively with the U.S. Government.
4. No liability will be incurred by or attributed to the U.S. Government in connection with any possible infringement or privately owned patent or proprietary rights, either domestic or foreign, by reason of the U.S. Government's approval of this authorization.
5. The technical data or defense services exported from the United States in furtherance of this authorization and any defense article which may be produced or manufactured from such technical data or defense service may not be transferred to a person in a third country or to a national of a third country except as specifically authorized in this authorization unless the prior written approval of the Department of State has been obtained.
6. All provisions in this authorization which refer to the United States Government and the Department of State will remain binding on the parties after the termination of the authorization.

During my employment with Photo-Sonics, Inc. ("PSI"), I am authorized to interact and participate in discussions with other U.S. and foreign person, and disclose technical data as necessary, while performing my job duties covered under DDTC [**case number]. It will be the responsibility of my employer, PSI, to notify other U.S. and foreign persons of my status as a foreign national employee prior to my interaction.

I also acknowledge and understand that should I inadvertently receive technical data or defense articles for which I have not been granted access authorization by DDTC, or if I



NDA for Foreign-Person Employees

Attachment B to Technology Control Plan

inadvertently export technical data or defense articles received during my employment to an unauthorized recipient, I will report such unauthorized transfer and acknowledge the transfer to be a violation of U.S. Government regulations.

In furtherance of the above, I hereby certify that all defense articles, including related technical data, to which I have access will not be used for any purpose other than that authorized by DDTC and will not be further exported, transferred, disclosed via any means (e.g., oral disclosure, electronic, visual access, facsimile message, telephone) whether in its original form, modified, or incorporated in any other form, to any other foreign person or any foreign country without the prior written approval of DDTC.

Signature – Foreign Person (Employee)

Date

Signature – U.S Person (Employer)

Date

****Please leave sufficient space to enter the DDTC case number once approval is received.****



Foreign-Person Employee Checklist

Attachment C to Technology Control Plan

TCP Attachment C: Foreign-Person Employee Checklist / Briefing Record

New Hire Offer Package *For HR Records Only*

- ☐ Signed Offer Letter
- ☐ Attachment A: Arbitration Agreement
- ☐ Attachment B: Employee CPNNIAIAA
- ☐ Attachment C: Policy Regarding Outside Employment
- ☐ Signed (wet signature) PSI Application
- ☐ Signed (wet signature) PSI, FRASCO background Authorization
- ☐ E-Verify Processed and Filed

COVID-19 Prevention

- ☐ Mandatory COVID-19 Vaccination Policy *** (rev. 6-22-21)
- ☐ CCPA Notice to California Emp *** (rev. 6-1-20)
- ☐ COVID-19 Safety Package (masks, safety glasses, wipes, etc.)

***Verbal Reminders**

- ☐ Stay Home if Sick – Contact Sonny Bowman, HR Manager at (818) 967-7126

HR Forms

- ☐ Direct Deposit (rev. 7-1-21)
- ☐ Employee Mobile Authorization *** (rev. 11-19)
- ☐ I-9 Employee Eligibility Verification (rev. 10/31/2022)
- ☐ Notice to Employee Labor Code Section 2810.5 (rev. 03-19)
- ☐ Voluntary Self – Identification Post Offer Form (rev. 11-18)
- ☐ Voluntary Self – Identification of Disability Form (Exp. 05-23)
- ☐ Voluntary Employee Emergency Contact Information Form *** (rev. 11-13)
- ☐ W-4 (2024)
- ☐ Employee's Withholding Allowance Certificate (rev. 2-20)

***HR to complete ADP/Navision input**

Company Information

- ☐ PSI Organizational Chart
- ☐ 2024 Calendar (rev. 10-29-21)
- ☐ Emergency Information List (rev. 6-8-21)
- ☐ Equal Employment Opportunity Policy / Affirmative Action Plan (rev. 03-17)
- ☐ Quality Policy Objectives (rev. 4-12-21)



Foreign-Person Employee Checklist

Attachment C to Technology Control Plan

- ☐ PSI Core Values (rev.6-6-2022)
- ☐ Instructions for ADP Employee Portal (rev.7-1-21)

ITAR

- ☐ Export Compliance Policy/ Acknowledgement *** (rev. 12-31-19)
- ☐ Export Compliance: Dedicated intranet ITAR/EAR training modules
- ☐ ITAR/ EAR U.S. Person Policy & Questionnaire *** (rev. 1-9-20)
- ☐ ITAR/EAR Security Briefings with Empowered Official. Note: Special export-compliance briefing for foreign-person employees and managers of foreign-person employees

H.R. Policies & Procedures

- ☐ Anti-Kickback Policy 10-13-23
- ☐ Attendance Policy/Acknowledgement *** (rev. 11-12-21)
- ☐ Baby Bonding Leave Policy *** (11-17-2023)
- ☐ Business Attire Program Policy/ Acknowledgement *** (rev. 8-9-22)
- ☐ California Lactation Accommodation Policy (rev. 11-15-2022)
- ☐ Code of Business Ethics and Conduct/ Acknowledgement *** (rev. 3-6-23)
- ☐ Company Credit Card Policy
- ☐ Drug-Free Workplace Policy/Acknowledgement *** (rev. 1.2024)
- ☐ Eating in the Shop Policy/Acknowledgement *** (rev. 01-2024)
- ☐ E-Mail Protocol for In-House Communication/Acknowledgement*** (rev. 1-26-24)
- ☐ Employee Business Driver Policy/ Acknowledgement *** (rev 05-18) & Disclosure/ Authorization to Obtain Driving History Record *** (rev. 02-22-22) – **check job description if possible is stated if so employee needs complete the Authorization to Obtain Driving History Record**
- ☐ Employee Security & Sanctions Policy/ Acknowledgement *** (rev. 11-17)
- ☐ Employee Use of Personally Owned Tools Policy and Work Instructions Acknowledgment rev3-15-23
- ☐ Employee Personal Use of Cell Phone in the Workplace *** (rev.10-19-20)
- ☐ Human Resources Policy & Procedures for Employees (rev. 11-19)
- ☐ Machine Shop Safety Procedures/Acknowledgement *** (rev. 10-13)
- ☐ Music in the Work Place Program/ Acknowledgement *** (rev. 2-2021)
- ☐ No Expectation of Privacy Policy/ Acknowledgment *** (rev. 4-2023)
- ☐ No Smoking Policy/Acknowledgement *** (rev. 04-13)
- ☐ Paid Sick Leave Policy/ Acknowledgement *** (rev. 2.20.24)
- ☐ Payroll Policies - (Vac/Holiday/OT)/Acknowledgement *** (rev. 02.20.24)
- ☐ Unpaid Personal Leave Policy/Acknowledgement *** (rev. 6-6-23) & Unpaid Personal Leave Request Form (rev. 4-4-23)
- ☐ Policy Against Harassment /Acknowledgment*** (rev. 12-19) & Sexual Harassment Brochure (11-07)
- ☐ Policy Prohibiting Trafficking in Persons/ Acknowledgment *** (rev. 03-17)



Foreign-Person Employee Checklist

Attachment C to Technology Control Plan

- ☐ Reproductive Loss Leave Policy/Acknowledgement *** (rev. 1-3-2024)
- ☐ PSI Document Protocol Policy/ Acknowledgment *** (rev. 8-27-2021)
- ☐ Request for Time Off Procedure/Acknowledgement (rev. 11-25-20) & Request for Time-Off Form *** (rev. 2-14-23)
- ☐ Request for Training Policy/Acknowledgement (rev. 1-2020) *** & Request for Training Form (rev.1-21)
- ☐ Safe Wireless Communication Practices/Acknowledgement *** (rev. 06-2014)
- ☐ Secured Facility Policy/ Acknowledgement *** (rev. 12-19)
- ☐ Stockroom Policy *** (rev. 11-17-21)
- ☐ Time Keeping Policy/Acknowledgement *** (rev. 03-2023)
- ☐ Travel Time Pay/Acknowledgement*** (rev. 01-2020) & Travel Per Diem Calculation Form (rev. 12-19)
- ☐ Whistleblower Rights Policy/ Acknowledgement *** (rev 1-16-2020)
- ☐ Workplace Security, Anti-Violence Policy/Acknowledgement *** (rev. 12-19)

I.T. Policies & Procedures

- ☐ I.T. Policies Summary Review *** (rev. 7-21-2022)

Federal, State, and/or City Notices

- ☐ California Programs for the Unemployment- EDD (Disability Insurance, PFL) (Rev 04-18)
- ☐ E-Verify: 2 Notices – E-Verify Participation (Rev 12-10) & Right to Work Poster
- ☐ Family and Medical Leave Act (FMLA) Employee Rights Poster (Rev. 04-16)
- ☐ Employee Rights under the National Labor Relations Act
- ☐ FMLA Factsheet 2019
- ☐ Expanded-Family-And-Medical-Leave
- ☐ Pregnancy Disability Leave (Rev.3-19)
- ☐ Los Angeles Minimum Wage Poster (Eff. 4/1/19)
- ☐ New Health Insurance Marketplace Coverage Options (Exp.05-20) & Prescription Drug Notice (Rev. 6-11-18)
- ☐ Pregnancy Leave Pamphlet (rev. 04/17)
- ☐ Paid Family Leave (PFL) Insurance Program Pamphlet (07-20)
- ☐ Pay Transparency – Non-Discrimination Provision Notice
- ☐ Rights of a Victims of Domestic Violence, Sexual Assault, and Stalking (rev 05-17)

401K Notices

- ☐ Photo-Sonics, Inc. 401K Plan Automatic Enrollment Feature Notice (Eff. 01-2022)
- ☐ Photo-Sonics, Inc. 401K Plan Summary (rev. 08-19)
- ☐ Photo-Sonics, Inc. Summary Plan Description (rev. 01-17)
- ☐ QDIA Notice (rev. 11-19)



Foreign-Person Employee Checklist

Attachment C to Technology Control Plan

☐ Default Fund Information Sheet 2019

Workers Compensation Benefits

- ☐ Facts About Worker's Compensation Pamphlet (rev. 1-2020)
- ☐ Division of Workers' Compensation Factsheet (rev. 07-10)
- ☐ Medical Provider Network (MPN) Notification 2016
- ☐ Pre-designation of Personal Physician *** (rev. 01-17)

Employee Safety

- ☐ Safety & Health Policy 2024 (rev. 12-23)
- ☐ Safety, Workers' Compensation & AS9100 Checklist *** (rev. 3-14)
- ☐ Safety Handbook w/ Code of Safe Practices Acknowledgement *** (rev. 1-2020)
- ☐ SDS Pamphlet/Quiz
- ☐ Overhead Crane Safety Summary

Training

☐ Emergency Safety Training: PSI COVID-19 Response Plan & AED – Date Completed: _____

- ☐ AS9100 Quality Training – Date Completed: _____
- ☐ IT Onboarding – Date Completed: _____
- ☐ Cyber Security & Cyber Attacks Training – Date Completed: _____
- ☐ IT Q & A – Date Completed: _____
- ☐ DoD Cyber Security Training – Date Completed: _____
- ☐ KnowBe4 Training – Date Completed: _____
- ☐ KnowBe4: A New Hire's Guide to Security Awareness– Date Completed: _____
- ☐ ESD/ FOD/ GHS/ Hazcom Training – Date Completed: _____
- ☐ Human Factor Training – Date Completed: _____
- ☐ Organizational Knowledge Training – Date Completed: _____
- ☐ Human Resources & Continuous Improvement Training - Date Completed: _____
- ☐ ITAR/EAR Online Training (to be completed within 30 days of hire) – Date Completed: _____

- ☐ Timecard Procedure – Date Completed: _____
- ☐ Navision Training – Date Completed: _____
- ☐ California Anti-Harassment Training *Within 6 months of hire date* (1 Hour - Employees, 2 Hours - Supervisors/Management Employees) – Date Completed: _____
- ☐ Counterfeit Parts Prevention Training (if applicable) – Date Completed: _____
- ☐ NDA Database Training (Engineers) – Date Completed: _____
- ☐ Lockout/Tagout Training (Shop) – Date Completed: _____



Foreign-Person Employee Checklist

Attachment C to Technology Control Plan

- ☐ Crane Training (Electrical Assembly & Tracking Mount) – Date Completed: _____
- ☐ Machinery Training (Shop) – Date Completed: _____
- ☐ Defensive Driving Course (if applicable) – Date Completed: _____
- ☐ Applicable LinkedIn/ Mineral Training – Subject: _____ Date Completed: _____
- ☐ Additional Related Training – Subject: _____ Date Completed: _____

Security Clearance (if applicable)

- ☐ Policy Regarding Classified Information/ Acknowledgment ***
- ☐ Security Indoctrination Briefing Training & Certificate of Completion
- ☐ Insider Threat Training & Certificate of Completion

Employee Workstation/ Information

- ☐ Computer
- ☐ Phone
- ☐ Timecard
- ☐ Keycard
- ☐ Work Center # _____
- ☐ Parking Space Number # _____
- ☐ PSI Shirt
- ☐ Back Support for Heavy Lifting (for Machinist, Tracking Mount, & Electrical Assembly)
Requested: Y__N__ Size (S/M/L/XL): ____ Order placed with Debbie on: _____
- ☐ Emergency Contact Info added to Y Drive
- ☐ Introduce to Officers/ Relevant Employees – ***Within 3 days of hire, 1 week for supervisors***
- ☐ Send Notification emails to other applicants regarding filled status for position
- ☐ New Hire Information Added to...
- ☐ Employee roster
 - ☐ Employee work schedule
 - ☐ Seniority list
 - ☐ ITAR/US Person log
- ☐ New Hire Qualifications Added to Matrices (If applicable)
- ☐ Job Description
 - ☐ Employee Review form
 - ☐ PSI Website job posting removal
 - ☐ Assign Employee to Quarterly Safety & Quality Training group
- If Applicable:**
- ☐ Cell Phone
 - ☐ Credit Card
 - ☐ Business Cards



Foreign-Person Employee Checklist

Attachment C to Technology Control Plan

On-Site Requirements (HR to Fill-Out)

☐ **ITAR/ EAR US Person Verification**

- **US Person document provided:** _____
- **Approved by:** _____
- **Date:** _____

***** Items have an acknowledgement that require signing**

I acknowledge that I have received Photo-Sonics, Inc.'s New Hire Orientation binder with Company Information, Company Policies and Procedures, Federal, State, and City Notices/Information, 401K Summary Plan, and Workers Compensation Benefits information and have completed the HR Orientation Training.

My signature below acknowledges I agree to comply with all Company's policies, procedures, and requirements.

Employee's Name (First/Last)

Employee's Signature

Date Signed

This Section for HR Administrative Use Only

☐ Copy Orientation Documents Given to Employee on: _____

☐ Copy of Signed Forms to HR File(s) on: _____

HR Manager's Name (First/Last)

HR Manager's Signature

Date Signed



Employee ITAR/EAR Out-Processing Form

Attachment D to Technology Control Plan

TCP Attachment D: Employee ITAR/EAR Out-Processing Form (for all employees)



Date: ____ / ____ / 2024

ITAR / EAR Out-Processing Statement

RE: Employee Name: _____

I certify that I have returned to PSI any and all items belonging to PSI, specifically including technical data, in any form, regarding defense articles. I understand that I am still bound by rules of confidentiality after employment by PSI. Furthermore, I understand that the restrictions against unauthorized disclosure of technical data regarding defense articles are a function of U.S. law, not just of the Non-Disclosure Statement I signed with PSI. I have been advised that the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR") provide for civil and criminal sanctions for such unauthorized disclosures.

Signature: _____ Date: ____ / ____ / 2024
Employee

Signature: _____ Date: ____ / ____ / 2024
Martha Estrada
Company Empowered Official

PSI Export Log

Attachment E to Technology Control Plan

TCP Attachment E: PSI Export Log

All foreign shipments that are done by Photo-Sonics are to be logged using the form below. Currently this is done by Martha Estrada who also logs in ACE.

Date Shipped	Customer	Country	Sales Order/Invoice #	Export License	Exemption 123.4(a)(1)	Notes/ITN#