



Capital Electro-Circuits Inc.

Purchase Order Quality Requirement Clauses

Section I: Administrative.

1. Scope.

This document lists the quality purchase requirements (QPRs) that Capital Electro-Circuits Inc.(CEC) uses in business agreements such as purchase orders or contracts with Sellers doing business with CEC. CEC may specify all, any, or none of these QPRs at its discretion.

2. Definitions.

- a. A Seller is any person or company that agrees to supply or provide a product, material, assembly, or service to CEC, for a monetary price to be paid by CEC.
- b. A Customer is a party that agrees to purchase from CEC delivery of a product or a service.
- c. A Buyer is CEC and/or its Customer.
- d. A contract is a purchase order, or statement of work or other legal contract vehicle obligating delivery of some product or service by the Seller to CEC.

Section II: Mandatory QPRs.

QPR clauses 1-20 typically apply to all purchase orders issued by CEC. The Seller must meet all requirements that apply to their products or services in order to do business with Capital Electro-Circuits Inc.

1. Quality Standards

Seller shall manage and maintain standard quality and calibration systems such as: AS9100 or ISO 9001. The Seller shall maintain an inspection system acceptable to the Buyer and shall tender for acceptance only supplies that have been inspected in accordance with the inspection system and have been found by the Seller to be in conformity with all drawings, specifications, and other purchase requirements.

2. Quality Records

Seller must maintain quality records for a minimum of seven (7) years (unless otherwise specified by terms of the Purchase Order) and readily retrievable upon request.

Once the records are no longer needed, seller must disposition them by shredding into strips and electronic data storage media should be deleted from the computer where it was stored. ECI/OUO material should be pulverized beyond recognition or deconstructed with appropriate tools.

3. Flow-down to Subcontractors

The Seller's Quality System shall assure all relevant purchase order requirements are flowed down to Seller's sub-tier suppliers and subcontractors. Sub-tier sources are responsible to the Seller to comply with the same specifications in this contract or purchase order. CEC will consider the failure of any sub-tier sources to comply with the terms of this contract or purchase order as the responsibility of the Seller. Seller shall require sub-tier suppliers to record and maintain the same details as applicable to this order, including acknowledgement of requirements for which they are responsible. CEC reserves the right to approve subcontractors based on requirements and resources. The purchase orders and contracts to subcontractors will be made available upon request.

4. Special Process Conformance – The Seller and any sub-tier supplier engaged in special processes (Examples: cleaning, magnetic particle and penetrant inspection, heat treatment, molding, painting, plating, soldering, welding, x-ray, etc.) shall be controlled, and subject to Buyer review and inspection.

5. **Materials Receiving Inspection** – Seller certifies that it has performed receiving inspection on purchased materials to ensure compliance with all drawings and specifications, and has test reports and/or raw material certifications on file available for review upon request.
6. **Manufacturing Routings** – Seller certifies that shop travelers/manufacturing work orders will Reflect and indicate work requirements, including non-destructive inspection, as evidence by the Seller’s quality assurance signature or acceptance stamp, and are on file available for review upon request.
7. **Latest Revisions** – At no time will other revisions be used other than what is indicated on the drawings or purchase orders without the express, written permission of an authorized representative of the Buyer. Seller shall make no change in design, manufacturing or assembly processes or source of supply, after approval of the first production test item or after acceptance of the first completed end item, without the written approval of the buyer.
8. **Right of Entry (RoE-CEC)** – The Seller shall permit CEC the right of entry to determine and verify the quality of work, records, and material at any place, including the plant of any subcontractors. This includes - conducting audits of Seller at Seller’s facilities.
9. **Control of CEC-supplied Materials** – All materials and parts supplied by CEC remain the property of CEC or its Customer. The Seller will properly track and segregate all CEC-supplied property used in this Purchase Order, including serial or part number tags. The Seller shall not discard any CEC-supplied materials or parts without the written approval of CEC.
10. **Control of Non-Conforming Product** – The Seller will not knowingly send a nonconforming product to CEC without explicit permission from CEC. If CEC detects nonconforming product, it shall segregate, identify, and determine the disposition of said product. Disposition may include return of nonconforming product to the Seller via Return Material Authorization (RMA), and a Corrective Action Report or Nonconforming Product Report provided by CEC. The Seller shall complete the Corrective Action Report by documenting the cause and corrective action taken.
11. **Product Certification** – Seller shall certify that all supplied parts conform to purchase order requirements, applicable specifications, finishes, dimensions, etc. Seller shall make records on file available to examination by the Buyer.
12. **Handling, Packaging, Preservation and Delivery** – The Seller shall use appropriate methods of handling, packaging, and preservation to prevent damage to product in process and during delivery. The Buyer may specify packaging instructions for specific deliverables. All ESD items shall be handled, packaged, and identified in accordance with MIL-STD-1686 and MIL-STD-129, or best commercial practices, as applicable.
13. **Lot Traceability Shipment Requirements** – Seller may not commingle lots. Shipments may consist of no more than two (2) manufacturer’s lots for each part number included in an order. No quantity of a single manufacturer’s lot may consist of less than 20 percent of the total quantity per shipment unless otherwise specified on the purchase order.
 - A production lot shall consist of parts that are all the same configuration fabricated under the same conditions, from the same material, processed together, and produced as one continuous run.
 - A plating lot (cadmium, anodize, chemical milling, etc.) shall consist of treated articles on the same order, treated under the same conditions, with the same chemical composition, from the same tank.

- 14. Acceptance At Destination** – All articles delivered under this Purchase Order/Sub-Contract Are subject to Buyer acceptance at destination. Failure to comply fully with all requirements indicated On this Purchase Order/Sub-Contract may be cause for rejection of shipments and delay payment of Seller's invoice.
- 15. Product Verification** – Verification, inspection, or acceptance by the Buyer shall not absolve the Seller of the responsibility to provide acceptable product, nor shall it preclude subsequent rejections of said product by the Buyer.
- 16. Warranty** – The Seller shall maintain a guarantee that warrants every item delivered under this contract shall be free from all defects in materials and workmanship. The Seller further agrees to regrade, repair, rework, or replace the item(s) if defective in material or workmanship, if damaged in shipping to Buyer, or if the item fails within the warranty period. If the Seller does not specify a warranty period in their Terms & Conditions of sale, then CEC shall regard the warranty period as within 18 months of Buyer acceptance.
- 17. Rework/Repair** – The Seller agrees to accept all costs, associated with rework, including removal and replacement of the part, unless such work is necessary as a result of errant documentation supplied by the Buyer or an Engineering Change Request/Order (ECR/ECO).
- 18. Suspect/Counterfeit Items** – The Seller shall deliver product made only from new and authentic materials. The delivered product shall contain no counterfeit or suspect counterfeit parts. Seller shall purchase Parts and materials directly from the OEM (the original equipment or component manufacturer), or through a distributor authorized by the OEM, not from independent brokers. Seller must authenticate traceability of materials to the applicable OEM. Buyer will report incidents of suspect parts to the United States Government.
- a. If the Seller delivers reused, counterfeit, or suspect products for a United States Government customer, the Buyer will impound these products, and turn them over to the government Customer. At Buyer's request, Seller shall return any unused counterfeit parts to Buyer for turn-in to the Customer. Buyer shall hold Seller fully liable for any and all indirect, special, or consequential costs arising from delivery of counterfeit parts, including shipping, storage, testing, and replacement costs. Buyer and Seller agree that any Government or quasi-Government directive, such as a GIDEP alert indicating that such parts are counterfeit, shall be acceptable evidence that Seller's product contains counterfeit parts. Seller has no liability if parts are determined to be authentic.
 - b. Counterfeit Chemical Control
 1. All materials and chemicals must come from approved suppliers.
 2. All materials and chemicals must have a C of C with data confirming the manufacture and quality of the material by publishing testing data on the C of C and a verifiable address and phone number along with the manufacture date and lot control number.
 3. All purchase orders must have stated requirements for the datasheet to be enclosed with each shipment and C of C otherwise material will be returned to the vendor that does not include data and C of C.
 4. Buyer reserved the right to visit any vendor to verify product purchased and review vendor quality program and test data on products purchased.
 5. Vendor must supply to CEC proof of Counterfeit program to prevent counterfeit material from being shipped to CEC.
 6. Buyer will keep a list of approved suppliers that have a counterfeit program in place and will review once a year that vendor program is being followed.
 7. Any counterfeit material received by CEC will be secured in a locked container pending disposition to return to vendor.

Section III: Optional QPRs. The following Quality Clauses (QPRs #21-45) apply if specifically referenced in the terms or notes of the contract between the Buyer and Seller.

- 19. First Article Inspection (FAI)** – Seller shall provide a completed inspection report/record with the first shipment, as evidence of 100% inspection of all inspect-able features of one unit from the first shipment. Seller shall segregate the First Article unit from any other units in the initial shipment. The Seller shall submit FAI report for Buyer review prior to the complete production of the contract. The Seller shall fabricate the First Article unit using the same production equipment, procedures, and processes that will be used in filling the contract. Seller shall record all inspection measurements and/or test data on a document normally used by the Seller, or the Buyer, to record inspection test results. The FAI documentation submitted shall reference the CEC Purchase Order/Contract number thereon and must accompany the delivery of each First Article unit delivered. Documentation for each First Article item shall include:
- a. Inspection Report(s), with actual dimensions recorded.
 - b. Mill report(s) or certifications of material for all raw materials, as specified.
 - c. Certifications of finishes and pre-treatments, as specified.
 - d. Test Report(s), including material hardness or strength testing, with actual test results recorded.
 - e. A Certificate of Conformance referencing the Part Number, Revision, and Purchase Order Number.
- 20. Configuration Control (CM)** – Seller shall ensure configuration control by verifying that the drawings/documents received from the Buyer are the latest version.
- 21. Certificate of Compliance (C of C)** – A certificate of compliance shall accompany all shipments. The certificate of compliance must be signed by an authorized representative and reflect all information necessary to identify the product, quantity, current revisions, and whatever services or processes you have performed.
- a. **Documentation:** Along with the C of C, the seller shall include inspection reports per item/lot/panel including measurement data and test data as per the customer requirements.
- 22. Shelf Life & MSDS** – When the product or service from the Seller includes hazardous materials or materials with a limited shelf life, the Seller shall include the expiration date of the materials used and batch identification on the required certifications. Identification shall include the start date, (date of manufacture or manufacturer's recommended start date) and the expiration date for the use of the controlled materials. Seller shall identify any special storage conditions. MSDS sheets are required with each shipment.
- 23. Electrical & Electronic Assemblies Workmanship (IPC)** – When the product or service from the Seller includes electronic or electrical components or assemblies, including printed circuit boards or printed wiring assemblies, the Seller shall use and maintain proven fabrication procedures and manufacturing processes for producing quality electronic products IAW IPC/EIA J-STD-001 and IPC A-610, for classification indicated by the Buyer (Class 1, 2, or 3).
- 24. Nondisclosure Agreement (NDA)** – Seller shall not provide drawings, models, prototypes, or CEC-supplied of parts or services to any person or agency outside their own company, unless with the express permission of CEC. Parties shall execute a NDA for the purpose of limiting liability.
- 25. Product and Data Export Restrictions (EAR, ITAR)** – Seller shall not provide any drawings, models, prototypes, or CEC-supplied of parts or services associated with this Purchase Order to any person or agency outside of the United States, including foreign employees or contractors working in the United States without the express permission of CEC

and the Customer.

26. Right of Entry (ROE-All) – The Seller shall permit CEC, its Customer, government agencies that represent the intended users, and applicable regulatory agencies shall be allowed the right of entry to determine and verify the quality of work, records and material at any place, including the facilities of any subcontractors on this contract. This includes Buyer conducting audits at Seller’s facilities.

27. Source Inspection (SI) – Source inspection is required prior to shipment from your facility. Upon request, Seller shall provide personnel and equipment to assist Buyer’s representative during inspection of items. On site product acceptance by CEC and/or customer representatives does not absolve the Seller of the responsibility to provide acceptable product, nor shall it preclude subsequent rejections by the Buyer.

28. Buyer Control of Special Processes (SP) – The Seller shall identify all special processes and any sub-tier providers of special processes, and obtain approval of the Buyer to control these special processes and his sub-tier's special processes. After approval, the Seller and sub-tier suppliers and their special processes are subject to re-audit or recertification at the discretion of the Buyer.

29. Suspect/Counterfeit Item Mitigation (SCIM) – The Seller shall maintain a counterfeit parts control plan complying with the requirements of AS5553 Counterfeit Electronic Parts, Avoidance, Detection, Mitigation and Disposition. If Seller incorporates parts that come from distributors not authorized by the OEM (original equipment or component manufacturer), then prior to delivery Seller must request pre-approval of such material from Buyer in accordance with Customer requirements.

30. Acceptance of Sub-Contract agreement – All articles sub-contracted under this Purchase Order/Sub-Contract are subject to CEC acceptance. Failure to comply fully with all requirements indicated on this Purchase Order/Sub-Contract may be cause for rejection of shipments and delay payment of Sub-contractor's invoice. All subcontractors are subject to meeting and agreeing with CEC Certificate of Conformances per purchase order requirement clause indicated. This is including, but not limited to:

- A plating lot (cadmium, anodize, chemical milling, etc.) shall consist of treated articles on the same order, treated under the same conditions, with the same chemical composition, from the same tank.
- A coating lot (paint, dry film lube, etc.) shall be processed as one batch, on the same part, on the same order. A batch is defined as the end product of all of the raw materials mixed or blended in a single or continuous operation.

All parts may be received in full or partial shipments, but said parts shall pass CEC quality control standards (IPC-A-610 Class2 unless specifically notified otherwise).

Section IV. Acknowledgement. The Seller shall validate that it intends to meet all mandatory QPRs (Section II) and optional QPRs (Section III) called out in specific purchase orders, that apply to the Seller's products or services, by signing and faxing this page to CEC. If Seller cannot meet every one of these requirements applicable to their products, then the Seller shall inform CEC prior to agreeing to sell those products.

Seller acknowledges receipt, acceptance, and understanding of the above Capital Electro- Circuits Inc. Purchase Order Quality Clauses. Capital Electro- Circuits Inc. may consider this acknowledgement a requirement for doing business with the Seller. Please complete the fields below then either fax this page to (301)977-0303 or email this page to sales@capitalelectro.com.

Company: _____

Name: _____

Title: _____

Signature: _____

Date: _____