

Supplier Quality Requirements (Including Terms & Conditions)

7.4.1 - I - 02	I	10-28-14	10-28-14	Nancy Hipshire
EEI Document Number	Revision	Approval Date	Effective Date	Approved By/Initials

1 General Quality Requirements

1.1 The Seller shall:

- a) Meet the requirements of the latest revision of the Supplier Quality Requirements (Including Terms & Conditions) and all applicable requirements therein in effect as of the date of the purchase order.
- b) Ensure all applicable quality requirements are imposed (flowed down) upon sub-tier suppliers and manufacturing facilities in their purchasing documents.
- c) Changes to the design, materials or processes which affect form, fit, quality, reliability or safety shall not be accepted without written authorization from Electro Enterprises, Inc. (EEI).
- d) No reworked, refurbished or overhauled product will be accepted. EEI will hold suppliers liable for any deviations of product/manufacturer tampering to part numbers listed on the purchase order. Any exceptions must be approved, in writing, by EEI's management team.
- e) If any parts supplied are ITAR regulated, EEI must be notified, in writing, before processing the order.
- f) Have and maintain internet access for obtaining requirement of the purchase order.
- g) At a minimum, have and maintain a quality system that is compliant with a currently published and maintained consensus industry standard quality system specification to Seller's activities.
- h) Notify EEI, in writing, at least 90 days in advance of any sale, relocation of operations or part manufacturing (including a different origin/country), or transfer of Seller's manufacturing operations.
- i) Upon request by EEI, provide all Seller records, reports, specifications, drawings, inspection and test records or other documentation in English.
- j) If Seller is eligible for a Government-Industry Data Exchange Program (GIDEP) membership, the Seller is required to be a member of GIDEP. <http://www.gidep.org/join/requirements.htm>
- k) Notify EEI when Seller or Seller's sub-tiers are found to be noncompliant to EEI specifications, Seller is disapproved by a government agency, or GIDEP Alert is required or received affecting EEI items.
- l) Do not insure shipments on EEI's UPS account number. All insurance will be deducted off the bill to EEI.
- m) Acknowledgement of the purchase order is required by fax or email before the EEI buyer will activate the purchase order.

2 Specifications, Revision Control and Part Substitution

- 2.1 All products ordered to the Government or manufacturer's specifications shall comply with current revisions as of the date of the order unless otherwise specified on the purchase order. Part substitution is not authorized without prior written consent, including the part number, description and drawing revision where applicable.
- 2.2 Special requirements such as First Article Inspection Reports (FAI or FAIR), specific drawing revision, customer specific quality requirements, or other requirements must be complied with per the purchase order and in accordance with AS9102 First Article Inspection standard.

3 Certified Materials

- 3.1 Seller shall establish and maintain controls to prevent the use of non-certified materials when certified materials are required.

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4 Certificate of Conformance (CoC)

- 4.1 Seller shall prepare a certificate of conformance (CoC) asserting that the items contained with the shipment are in total compliance with all applicable requirements of this purchase order. Seller shall include a copy of the CoC inside the Seller's shipping container.

5 Counterfeit Parts Prevention

- 5.1 For purposes of this section, Work consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (e.g., components, goods and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.
- 5.2 Seller agrees and shall ensure that Counterfeit Work is not delivered to EEI.
- 5.3 Seller shall only purchase products to be delivered or incorporated as Work to EEI directly from the Original Component Manufacturer (OCM) or Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by EEI.
- 5.4 Seller shall immediately notify EEI with the pertinent facts if Seller becomes aware or suspects that it has furnished Counterfeit Work. When requested by EEI, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.
- 5.5 In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, Seller shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Contract. Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation the EEI customer's costs of removing Counterfeit Work, of reinserting replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies EEI may have at law, equity or under other provisions of this Contract.
- 5.6 This section applies in addition to any quality provision, specification, statement of work or other provision included in the Contract addressing the authenticity of Work. To the extent such provisions conflict with this section, this section prevails.
- 5.7 Seller shall include items 5.1-5.6 of this section or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to Electro Enterprises, Inc.
- 5.8 Seller shall establish and maintain a Counterfeit Parts Prevention and Control Plan using Industry Standard AS5553 as a guideline. The purpose of this document shall be to prevent the delivery of counterfeit parts and control parts identified as counterfeit.
- 5.9 Sellers eligible for utilization of the Government-Industry Data Exchange Program (GIDEP) shall utilized the GIDEP process to alert the industry of encountered counterfeit parts.

6 Critical Items Outsourcing

- 6.1 Seller shall notify EEI, in writing, when any key characteristic, interchangeable-replaceable features, fracture critical features, durability critical features, maintenance critical features, safety critical features, critical safety hardware/features, mission abort critical features, or Seller changes affecting fit, form or function are to be subcontracted.

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7 Calibration

7.1 Seller shall maintain a documented calibration system for the control and maintenance of measuring and test equipment. The calibration system shall be documented, traceable, and provide for initial and re-calibration during the life of the equipment to prevailing industry requirements in accordance with either ISO 17025, ISO 10012-1 OR ANSI Z540.

8 Electrostatic Discharge Damage (ESD) Protection

8.1 Components that are susceptible to ESD shall be handled and packaged to prevent ESD in accordance with ANSI ESD S20.20 ESD Association Standard for the Development of an Electrostatic Discharge Control Program for Protection of Electrical and Electronic Parts, Assemblies and Equipment (Excluding Electrically Initiated Explosive Devices). All components that contain ESD sensitive devices shall be wrapped in a static shielding barrier in direct contact with and fully surrounding the unit. Containers shall be marked as containing ESD sensitive devices.

9 Control and Identification of Limited Shelf Life Items

9.1 Items with limited shelf life shall be marked on the item, package or container with the manufactured date, storage temperature, special handling requirements and expiration date of the item. All identification markings shall be placed in accordance with the applicable specifications. Items that have less than a 75% shelf life remaining will not be delivered or accepted without prior written approval.

10 Control of Nonconforming Product and Corrective Action

10.1 Seller shall implement and maintain a documented quality system that provides for identification, documentation, disposition (including scrap disposal) and records of nonconforming product. Ensure that effective corrective and preventive action is taken to prevent, minimize or eliminate nonconformities. Seller's quality management system shall ensure that nonconforming product is not used for production purposes.

10.2 Seller shall evaluate nonconforming product(s) for its potential to exist in previously produced or delivered items, or items in transit to EEI. If a nonconformance exists, the Seller shall notify EEI, in writing, within 24 hours for issues (if applicable) impacting flight safety or for items in transit to EEI, and, in writing, within 5 working days for all other issues.

10.3 Seller shall provide root cause analysis, effective corrective and preventive action as requested via EEI's Supplier Corrective Action Request (SCAR) and/or Seller's internal document. All EEI identified nonconformities shall be assessed whether or not product was returned to Seller and appropriate actions taken to ensure causes of nonconformance are corrected.

10.4 The Seller shall not ship nonconforming material with the intent of delivering nonconforming product without written authorization from Electro Enterprises, Inc.

11 Quality Assurance

11.1 The EEI Quality Assurance department will process all vendor rejected material documentation to the Operations Director and will notify the Seller of the nonconforming product.

11.2 The results of such nonconformance will be recorded and retained in the quality record system for a period of not less than five years.

12 Supplier Approval Rating

12.1 The Supplier's quality performance will be reviewed on a quarterly and annual basis. Suppliers that consistently have an unsatisfactory rating may not be included in bidding of new business. A supplier with a quality performance rating of less than 95% and on-time delivery of less than 80% for three consecutive quarterly periods will be unapproved and removed from our approved supplier list.

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13 Shipping and Delivery Instructions

- 13.1 Delivery shall be in strict accordance to the delivery schedule specified with the order. When deliveries are past due, Electro Enterprises, Inc. must be notified immediately.
- 13.2 The PO number must appear on all packing slips, invoices, correspondences, etc.
- 13.3 Certificates of Conformance must accompany each shipment certifying that the articles listed conform to the contract, drawing, specifications and other applicable documents. The Certificate must be validated by an authorized quality representative and include Purchase Order number, part number and revisions, quantity and lot numbers as applicable. Articles may only be shipped without the Certificate of Conformance if the Supplier has prior consent from the Buyer.
- 13.4 All products will be properly packaged for the protection of individual items using material deemed appropriate.
- 13.5 Seller will utilize shipping account information as stated on the PO.
- 13.6 COD shipments will not be accepted without prior consent from the Buyer.
- 13.7 The term 'Due Date' as used on the PO refers to the date that the shipment is due on Electro Enterprises dock. Please ship 1 week prior to the Due Date.
- 13.8 Any order that states 'ASAP' can ship immediately regardless of the stated Due Date.
- 13.9 Orders must include that all materials shipped are free from Foreign Object Debris (FOD) in accordance with the National Aerospace Standard, NAS-412, Foreign Object Damage/Foreign Object Debris (FOD) Prevention program.
- 13.10 **Hazardous Materials:** Before shipping any hazardous materials, a response from an EEI representative is required stating that it is understood that an item on the purchase order is hazardous and it is OK to ship to the address provided. EEI reserves the right to bill back for any extra costs involved in handling the product if this is not done.
- 13.11 **SVHC Materials Controlled by REACH:** Before shipping any products that include Substances of Very High Concern (SVHC) in excess of 0.1% (as outlined by REACH Regulation EC #1907/2006) in any of the products' homogenous materials, a response from an EEI representative is required stating that it is understood that an item on the purchase order contains a substance that is not in compliance with REACH.
- 13.12 **Conflict Minerals:** Before shipping any products that include conflict mineral(s) originating from a conflict area (including the Democratic Republic of Congo and surrounding conflict countries), a response from an EEI representative is required stating that it is understood that an item on the purchase order contains conflict mineral(s) originating from a conflict area.
- 13.13 Any and all shipping method changes from the original purchase order must be approved prior to shipping.
- 13.14 All shipments from outside the US, including Canada and Mexico, must be approved prior to shipping. The shipping of parts without prior authorization in regards to method or ship from location will have shipping charges declined unless paid by the supplier.
- 13.15 *Any and all shipments weighing 150 pounds or more, the seller must notify the appropriate Purchasing Agent to obtain shipping method and/or shipping account.*

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14 Right of Access

14.1 Sellers shall allow Electro Enterprises, Inc, our customers, and regulatory agencies right of access to any place necessary to determine and verify the contracted work conforms to specified requirements, including all applicable records and materials. This includes any internal and sub-contracted records held by the Seller.

15 Records

15.1 The Seller shall maintain all applicable records involved in the order for the specified number of years (as designated in the following tables) after completion of this purchase order. Records shall be available for review by EEI, our customers, regulatory agencies per contract and/or regulatory requirements at no additional cost, price or fee to EEI.

Non Aerospace required records

Records	Retention Period
Physical and/or chemical test reports	4 years*
Inspection and test records	4 years*
Records indicating that special processing is performed by qualified process and/or certified personnel	4 years*

Aerospace including Flight Critical Safety Items (CSI) including Critical Characteristics (CC)

Records	Retention Period
Physical and/or chemical test reports	10 years*
Inspection and test records	10 years*
Records indicating that special processing is performed by qualified process and/or certified personnel	10 years*

*From 31 December of the year the final purchase order was issued.

Records shall be established and maintained to provide evidence of conformity to requirements and of the effective operation of the quality management system. Records shall remain legible, readily identifiable and retrievable.

A documented procedure shall be established that defines the controls needed for the identification, storage, protection, retrieval, retention time and disposition of records. This procedure is subject to audit by EEI and/or their customer.

Suppliers must flow down this requirement to lower-tier suppliers if the inspection or test records are not forwarded to the customer. These records shall be available for release upon demand by EEI and/or their customer.

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16 Terms & Conditions

16.1 Compliance with Laws, Regulations and other Customer Requirements: Seller shall comply with all applicable federal, state and local laws, ordinances, lawful orders, rules and regulations. Seller agrees to indemnify EEI against any loss, cost, damage or liability by reason of Seller's violation. Laws, regulations and other customer requirements (as applicable) may include but are not limited to:

- a) Customer special provisions
- b) Customer supplemental clauses
- c) Export Administration Regulations (EAR)
- d) Arms Export Control Act
- e) International Traffic in Arms Regulations (ITAR)
- f) Occupational Safety and Health Act of 1970 (includes MSDS)
- g) The Toxic Substances Control Act (15 U.S.C. Sec. 2601)
- h) Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
- i) Environmental laws and regulations

16.2 Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) clauses: Suppliers shall comply with all applicable FAR and DFARS clauses listed in the EEI document FAR and DFAR Flowdown Provisions, 7.4.1-I-03, and shall ensure that applicable clauses are flowed down to their sub-tiers. The FAR and DFAR Flowdown Provisions document is located online at www.electroenterprises.com on the main page and also under the **Quality** heading.

17 REVISION RECORD

- 17.1** Changes related to this document must be submitted per the Control of Documents Procedure, 4.2.3-P-01
- 17.1.1** Revision A, 05-29-09. Revise supplier approval rating section, reformat and renumber to new system. Supersedes previous EEIQPF-700.
 - 17.1.2** Revision B, 10-04-11. Rewritten to provide customer flow down requirements and improve information to suppliers.
 - 17.1.3** Revision C, 06-14-12. Revised sections 1.1 a) and b). Revised sections 5.8. and 13.11. Added to section 16.1 c) Export Administration Regulations (EAR).
 - 17.1.4** Revision D, 07-02-12. Moved sections 13.12 and 13.13 to sections 13.13 and 13.14. Added "conflict minerals" section to 13.12.
 - 17.1.5** Revision E, 01-14-13. Revised sections 8.1, 12.1, 13.9. Added section 2.2.
 - 17.1.6** Revision F, 03-06-13. Added section 16.2 FAR and DFARS.
 - 17.1.7** Revision G, 04-23-13. Revised section 1.1h. Corrected section 16.2.
 - 17.1.8** Revision H, 1-15-14. Revised section 15.1, Original: The Seller shall maintain all applicable records involved in the order for a minimum of seven years after completion of this purchase order. Records shall be available for review by EEI, our customers, regulatory agencies per contract and/or regulatory requirements at no additional cost, price or fee to EEI. Revised: The Seller shall maintain all applicable records involved in the order for the specified number of years (as designated in the following tables) after completion of this purchase order. Records shall be

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available for review by EEI, our customers, regulatory agencies per contract and/or regulatory requirements at no additional cost, price or fee to EEI. Added “**Non Aerospace required records**” and “**Aerospace including Flight Critical Safety Items (CSI) including Critical Characteristics (CC)**” tables and additional retention verbiage to meet requirements in Lockheed QA-4.

- 17.1.9** Revision I, 10-28-14. Added Section 13.15: “*Any and all shipments weighing 150 pounds or more, the seller must notify the appropriate Purchasing Agent to obtain shipping method and/or shipping account.*”