



Purchase Order Quality Clauses

1. **Control of Drawings & Specifications.** The Supplier shall ensure that the drawings and specifications are the relevant revision status specified on the purchase order. The Supplier shall comply with special requirements requested by CC regarding control of drawings and specification i.e. ITAR compliance
2. **Quality/ Inspection System.** CC prefers that suppliers maintain a quality management, inspection, and counterfeit parts program acceptable to CC and consistent with current industry standards (e.g. ISO9001, AS9100, NADCAP, etc.) that will ensure all goods and services conform to contract requirements whether manufactured or processed by the Supplier or procured from sub-tier Suppliers. Supplier shall permit CC to review procedures, practices, processes, and related documents to determine such acceptability.
3. **Reporting Discrepancies.** Discrepancies, omissions, and the need for clarifications or interpretations of any nature encountered by Supplier in respect of furnished drawings or engineering data will be brought to the attention of CC.
4. **Calibration System.** All inspection measuring and test equipment used by the Supplier during in-process and final inspection to make a compliance evaluation shall be calibrated to the national standard
5. **Special Processes.** Supplier shall provide certifications for all special processes and nondestructive test results performed with each shipment. The certificate shall identify the processor, process used, controlling specifications, revision, and the results of test or measurement performed. Supplier used shall be a CC and/or Customer approved source for said processes. These include operations subject to process controls such as: coating, heat treating, cleaning, and non-destructive test. The Supplier shall be approved as per above to perform specific required special processes, or use special process vendors acceptable to CC.
6. **Material Substitution.** Unauthorized material substitutions are not permitted without CC written consent.
7. **Changes in process, production or location.** Supplier shall notify CC of intended or actual changes that may affect the quality of delivered goods and services. Supplier must notify CC of any changes within twenty-four (24) hours of that change. These changes include, but are not limited to, change in key management or personnel, change in source of supply of key materials, change in address or site configuration. During performance of order, Supplier shall not make any changes in services to be performed or design or manufacturing of items to be furnished by Seller under the order, without written approval of CC procurement representative



Purchase Order Quality Clauses

8. **Limited Shelf Life Items.** Materials with limited shelf life (epoxy, paint, adhesives, etc.) shall indicate the date of manufacture, lot number, and applicable specification on the container.
9. **Certificate of Conformance.** Supplier's acceptance of CC purchase order certifies that the materials and process supplied under the purchase order shall be or have been controlled and inspected in accordance with CC purchase order and they meet the specified order requirements, referenced specifications and drawings. Supplier must provide a certificate of conformance for all orders and lots, verifying that all products and lots meet those requirements. All products and lots must be clearly identified and labeled and must be traceable to and linked to the certificate of conformance
10. **Non-conformance.** Supplier shall have a continuing obligation to promptly notify CC of any violation or deviation from CC approved inspection/quality control system (clause #2) and to advise CC of the quantity and specific identity of any items or services provided to CC during the period of any such violation or deviation. If Supplier learns of any violations of its obligations under this Quality/Inspection System (clause #2), supplier shall within forty-eight (48) hours notify CC and within sixty (60) calendar days rectify the non-compliance issues. If the violation is not corrected and certification has not taken place within this period, then CC at its sole discretion may terminate the order. If supplier delivers a non-conforming item or service, CC may, at its option and Supplier's expense: (i) return the item or service for refund or credit; (ii) accept all or part of the item or service at a mutually agreed upon price reduction or other consideration; (iii) require Supplier to promptly correct or replace the item or service; (iv) obtain a conforming item or service from another source; (v) cancel the order for default, or (vi) exercise any other applicable rights or remedies. CC shall specify in writing the reason for any rejection of a non-conforming Item or Service. If CC elects to return the non-conforming Item or Service, Supplier shall provide disposition instructions regarding the non-conforming Item or Service, and if applicable, the date the non-conforming Item or Service will be repaired or replaced and returned to CC. Supplier shall bear all risk of loss for the non-confirming Item or Service and be liable for any increase in costs, including re-procurement costs, attributable to CC rejection of the non-conforming Item or Service. If CC rejects an Item or Service as non-conforming and Supplier does not acknowledge CC rejection and plan of disposition for the Item or Service within two (2) business days, CC will be entitled to dispose of the non-conforming Item or Service without liability to Supplier. Additionally, CC may elect to return the nonconforming Item or Service back to Supplier at Supplier's risk of loss and expense
11. **Nonconforming Products and Materials.** Supplier should obtain CC prior written approval with respect to disposition of any nonconforming products or materials supplied, that does not meet engineering drawing or documents under contract or purchase order. In an event that nonconforming materials are present, and the materials are deemed acceptable or useable by



Purchase Order Quality Clauses

the Supplier, it is still the responsibility of the Supplier to inform CC so that determinations can be made for the use of said material.

12. **Supplier Corrective Action.** Supplier shall, on request, provide statements of corrective action on nonconformities or failures of Supplier's goods and services. CC may move to issue a formal supplier corrective action request (SCAR) in the event product quality or performance is found to be deteriorating over time or a recurring nonconforming condition goes without proper correction. Supplier will be provided notification in writing and expected to respond within the specified timeframe. The decision to accept or close a SCAR is at the discretion of Quality Assurance Management. ASL suppliers may be removed from the CC supplier base should conditions or service falls below an acceptable level. Suppliers shall be notified of the decision for ASL removal and why.
13. **Right of Access.** Concept Components, it's Customers, and regulatory authorities shall be granted the right of access to all Supplier and sub-tier Supplier facilities and records involved in fulfilling the purchase order requirements to ensure conformance with the requirements.
14. **Record Retention.** Supplier shall maintain records of inspections, tests, and process controls called for by this contract. Unless specified elsewhere in contracts or attachments these documents shall be on file, stored and protected in such manner that they remain legible, readily identifiable, and readily available to CC for no less than 10 years.
15. **Letter of Disclosure.** When a nonconformance is determined to exist or is suspected to exist on goods/services provided to CC under this contract, Supplier shall provide written post-delivery notification or letter of disclosure.
16. **Counterfeit Parts.** The Supplier shall certify that only new and authentic materials are used in products or goods delivered CC and that the products/ goods delivered contain no counterfeit parts. Supplier shall acquire all parts directly from Original Component Manufacturer (OCM)/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 CC. If Supplier becomes aware or suspects that it has furnished a counterfeit part to CC, Supplier shall promptly notify CC of such no later than forty-eight (48) hours after discovery. In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, supplier shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, supplier shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation CC costs of removing Counterfeit Work, of installing replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged.



Purchase Order Quality Clauses

17. **Foreign Objects Debris/ Damage.** Supplier is required to establish and maintain a foreign object debris/ damage (FOD) prevention program that employs appropriate housekeeping practices to assure timely detection and removal of residue/ debris generated during operations and normal daily task
18. **Workmanship Quality.** Manufactured product should be free from burrs, and sharp edges. Cosmetic issues caused by manufacturing or special processes need to be identified.
19. **Competence.** Suppliers shall keep up to date records on the validation of competence of employees producing goods/services for Concept Components.
20. **Subcontracting.** Neither the order nor any interest may be transferred, novated, assigned, or delegated by the seller without the prior written consent of CC. Supplier shall not Subcontract the order, in whole or in part, without the prior written authorization of CC, and Supplier shall require an agreement with conforming performance requirements from its Subcontractor. Supplier shall be and remain responsible to CC for the performance of all work, including services performed or provided by Supplier's Subcontractors, and the acts and omissions of Supplier's Subcontractors in connection with the performance or provision of any of the work.
21. **Flow-down to Sub-tier Suppliers.** Suppliers shall flow-down the applicable requirements as required by the purchase order either specifically or by reference to sub-tier Suppliers.
22. **Packaging and Handling.** Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration, and physical damage during shipment. When materials delivered is lot-controlled and multiple material lots are shipped, each lot shall be separately packaged and identified.
23. **Confidentiality/ Intellectual property.** Suppliers shall hold all information received from CC in confidence and no third party requests for information will be authorizes unless approved, in writing, by Concept Components.
24. **Furnished Property.** CC may provide drawings, tools, dies, fixtures, materials, or other property owned by CC or CC's Customer, solely for the Supplier to use in the performance of the order. All rights, title, and interest in the furnished property shall remain with CC or CC's customer.
25. **Compliance obligations.** Supplier shall comply with all federal, state, and local laws, orders, rules, regulations, and ordinances, including any environmental, transportation, or employment regulations. Supplier shall procure all licenses and permits, pay all fees and other required charges, and comply with all applicable guidelines and directives of any local, state, and federal government authority. Supplier agrees to provide to CC all item content information required to satisfy both CC's content reporting obligations and CC's customers' reporting obligations.



Purchase Order Quality Clauses

26. **Approved Approval, Approved Supplier List, Supplier Performance Rating.** Suppliers that deliver products and services that goes into production products sold to external customers, are subject to reviews and required to comply with survey requests. Suppliers in this category are required to achieve Approved Supplier Listing (ASL) – approved status, that is a prerequisite for doing or continuing business. Suppliers’ performance will be evaluated by Concept Components based on supplier on time delivery and quality. Suppliers failing to complete surveys or whose performance deteriorates to an unacceptable level shall be notified in writing through either the Purchasing, Quality, and ownership group; of the need for support and/or improvement where necessary. This can include corrective action request or improvement plans.
27. **Changes.** CC may at any time, by written notice, make changes within the general scope of this Purchase Order in any one or more of the following: (i) drawings, designs or specifications; (ii) method of shipping or packing; (iii) place or time of inspection, acceptance or point of delivery; (iv) delivery schedule; (v) quantity of Components ordered; or (vi) order a suspension of Supplier’s work. Should any such change increase or decrease the cost of, or the time required for performance of this Purchase Order, an equitable adjustment may be requested by CC in the price, delivery schedule, or both.
28. **ITAR.** Certain articles, software, data, and/or services provided by CC to the supplier may be subject to the International Traffic in Arms Regulations (“ITAR”) (22 C.F.R. §§ 120-130) In addition articles, software, data, and/or services that are designed, developed, modified, adapted, or configured by CC is also subject ITAR and EAR. Supplier shall not transfer or provide access to any ITAR or EAR controlled articles, software, data, or technology provided by CC to any non-U.S. person/ foreign national employees of U.S. companies, foreign companies, or other entities, whether located in U.S. or not, without CC’s written consent.
29. **Indemnification & Insurance.** Suppliers shall indemnify, defend, and hold harmless CC and its affiliates, shareholders, officers and employees from and against any and all claims, demands, actions, losses, damages, liabilities, costs, and expenses, including but not limited to attorneys’ fees, arising out of or in connection with (i) the inaccuracy of any representation or warranty by Supplier; (ii) the breach by Supplier of any promises, covenants or conditions made by Supplier to CC; or (iii) any Components supplied by Supplier under this Purchase Order.

In the event Supplier, its employees, agents, subcontractors, and/or lower tier subcontractors enter premises occupied by or under the control of CC or third parties in the performance of this Purchase Order, Supplier shall indemnify, hold harmless and defend CC and its affiliates, shareholders, officers and employees from any loss, cost, damage, expense or liability by reason of property damage or personal injury, including Supplier’s employees, of any nature or kind whatsoever arising out of, as a result of, or in connection with such performance occasioned in whole or in part by the actions or omissions of Supplier, its employees, agents, subcontractors,



Purchase Order Quality Clauses

and/or lower tier subcontractors. Without in any way limiting the foregoing undertakings, Supplier and its subcontractors and/or lower tier subcontractors shall maintain insurance, naming CC as an additional insured, adequate to cover any products liability, public liability, property damage and automobile liability or any damage incurred in connection with Supplier's performance of any work on or about CC's premises and shall maintain proper Workmen's Compensation insurance covering all employees performing this Purchase Order. If requested by CC, Supplier will furnish certificates of insurance from its insurance carriers evidencing compliance with the foregoing obligation.

30. **Ethics.** Suppliers shall ensure persons are aware of their contribution to product or service conformity and safety and the importance of ethical behavior.