

## Quality Program Provisions – Section 1

F-840-006-H Rev 06/30/2017

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The following Quality Program Provisions, with their terms and conditions, become an integral part of the Purchase Order to the extent specified in the Purchase Order. IMPORTANT; Section 1 is applicable to all Purchase Orders. Applicable portions of Sections 2 and 3 are specified on the Purchase Order. SHIPMENT WILL NOT BE CONSIDERED COMPLETE AND INVOICE WILL NOT BE HONORED UNTIL ALL REQUIREMENT(S) ARE FULFILLED.

### **Section 1. General Requirements Applicable to all Purchase Orders**

**\*\*\* PURCHASE ORDER CONFIRMATION REQUIRED - FAX TO 850-537-3778 OR EMAIL BUYER \*\*\***

#### **1. SHIPPING INSTRUCTIONS AND NOTICES**

**FAILURE TO COMPLY WITH THESE INSTRUCTIONS WILL RESULT IN EXCESS TRANSPORTATION CHARGES BEING DEDUCTED FROM THE SUPPLIER'S INVOICE OR DISALLOWANCE OF THE TRANSPORTATION CHARGES ENTIRELY.**

- a. Shipping account numbers will be specified on purchase order unless specifically stated otherwise.
- b. Do not insure or declare a value unless specifically stated.
- c. **Call for shipping instructions on all shipments having a weight greater than 100 pounds or if the shipment is oversized.**
- d. **PURCHASE ORDER NUMBER MUST BE REFERENCED ON BILL OF LADING REFERENCE LINE FOR BILLING**
- e. All products and services must be delivered as specified in the Purchase Order. In the absence of specific shipping instructions, shipment shall be routed via the most economical mode of commercially reasonable transportation available.
- f. Supplier must immediately advise Company if any product or service cannot be delivered as ordered by the stated date.
- g. Company shall be liable only for the shipping charges identified on the face of the Purchase Order. If Company is responsible for some or all of the shipping charges, shipping terms and rates must be agreed upon in advance.
- h. If Supplier elects a more expensive shipping method to meet a required delivery date, Supplier will be responsible for any increased shipping expense.
- i. Partial Shipment: At Company's option, in the event of shipment or receipt of less than all products or services ordered, Company may accept shipment and pay only for the products or services received, pro rata, based on the unit price of the item ordered, or reject the entire shipment.
- j. Late Shipment: Company reserves the right to cancel the Purchase Order or any portion thereof if delivery is not made when and as specified, and charge Supplier for any loss sustained as a result of such cancellation, including, but not limited to, shipping charges. Further, Company may reject the late delivery without cancellation of the Purchase Order as to other subsequent required deliveries. Each shipment required under the Purchase Order is to be considered separately, and Company's right to reject a late delivery shall not be affected by acceptance of other late deliveries by Supplier. All such cancelled shipments shall be returned to Supplier at Supplier's expense.
- k. Early Shipment: Products delivered more than 5 days prior to the date specified, at Company's option, may be subject to anticipation and warehouse charges, payable by Supplier, or may be returned to Supplier, at Supplier's sole expense, to be held until proper shipping date.

#### **2. The CMI purchase order (PO) number and PO line item number must be shown on all freight bills, shipping documentation and invoices.**

#### **3. INVOICES ARE TO BE EMAILED TO CMI/CME OR MAILED TO:**

**CERTIFIED MANUFACTURING  
ATTN: ACCOUNTING  
583 ARMISTEAD BOULEVARD  
HOLT, FLORIDA 32564**

#### **4. CHANGE OF PRODUCT OR PROCESS**

The Seller/Manufacturer is not authorized to implement changes in product design, product material(s), specific control processes, or other controls without written approval from CMI.

#### **5. SUPPLIER CORRECTIVE ACTION REQUEST**

Acceptance of this Purchase Order obligates the Seller to perform, upon request, a corrective action investigation when discrepant material is received by CMI. Supplier Corrective Action Request (SCAR) will be forwarded by CMI to a Supplier

**CERTIFIED MANUFACTURING  
COMPANY PROPRIETARY**

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when CMI Quality Assurance considers formal corrective action essential. The supplier shall give priority to analysis of cause and proposed corrective action. It is mandatory that replies be received within the period indicated on the SCAR which is specific and conclusive to prevent a recurrence of the discrepancy. Failure to comply may result in the suspension of the Supplier from the Approved Supplier's Listing, i.e.; system will not allow issuance of new Purchase Orders and/or shipments against existing contracts.

### 6. **CERTIFICATE OF CONFORMANCE and ACQUISITION TRACEABILITY**

Seller agrees that material/product supplied on this Purchase Order conforms in every respect to applicable specifications and/or drawings. Written Certificate of Compliance/Certification, including requested test results where required, shall be supplied concurrent with delivery of items. The Seller shall submit a certificate of compliance with each shipment, signed by its Quality Manager or their authorized representative which states that the product or service supplied is in full conformance with all physical configuration and functional test specifications; that all raw materials used conform to applicable specifications; that any special processes employed on the product conform to applicable specifications; and that inspection and test records, physical and chemical analysis, and process control data is on file and available for examination for a period of 10 years unless specified otherwise. By furnishing this certification, Seller represents that he/she is the manufacturer or duly authorized distributor, or agent for the manufacturer of the product. An example of an acceptable statement of certification of conformance is as follows:

*"This is to certify that all items noted above are in conformance with the purchase order, contract, drawings, specification and other applicable documentation and that all process certifications, chemical and physical test reports are on file at this facility and are available for review".*

Manufacturers and suppliers, including distributors, shall provide written certification that all product being provided to Certified Manufacturing to satisfy this Purchase Order contains only new product and the supplier has in their possession acquisition traceability documentation provided by the Original Equipment or Component Manufacturer and all previous distributors for all material contained in this shipment. **Acquisition traceability documentation shall be delivered with each order.** Military compliant microcircuits and discrete semiconductors shall adhere to the acquisition traceability requirements in MIL-PRF-19500. These documents require that manufacturer certifications follow the parts throughout the supply chain. In no case shall the acquisition traceability documentation be altered or show signs of alteration. This is grounds for immediate rejection of the lot/shipment.

The original component manufacturer's certification shall include (at a minimum)- Manufacturer's name and address – Device type-Lot identification code (including plant code)-Conformance inspection acceptance date-Quantity of devices in the shipment from manufacturer-Statement certifying conformance and traceability-Signature and date of transaction-Customer or Distributors name and address-Other material should include the documentation cited above for military parts as available and applicable.

Acquisition traceability also includes distributor documentation for each distributor in the supply chain: -Distributor's name and Address-Name and address of customer as involved in the chain of Custody-Quantity of devices in Shipment-Lot/Date code. Copies of acquisition traceability documentation must be maintained by the supplier for a minimum of five years. The shipment record provided with each delivery of parts shall identify the Original Equipment Manufacturer (OEM)/Original Component Manufacturer (OCM) CAGE code/manufacturer identification, device or part number and lot number/date code if applicable. In addition, each container shall be marked with the OEM/OCM identification, device part number and lot number/date if applicable

### 7. **AS9102 FIRST ARTICLE INSPECTION**

First Article Inspections (FAI) in accordance with latest revision in effect of SAE AS9102 must be performed and conducted on a sample part representative of the first production run. This shall apply to final assemblies and corresponding subassemblies and individual parts manufactured or assembled to a specific drawing. Unless otherwise specified, catalog and COTS parts do not require a FAI. Results of FAI must be completed, accepted and approved by vendors' quality representative and CMI prior to production shipment. Each FAI must include a "bubbled" drawing identifying the location of all characteristics referenced on Form 3. *A first article is not required when seller has a CMI approved First Article Inspection Report for a specific part performed to the latest drawing revision within the last 24-month period.* **Deliverable:** Legible and reproducible copy of the First Article Inspection Report (FAIR) and product certifications shipped with the first article product.

Follow-on orders with this code applied will not require re-submittal of a new FAI unless one of the following circumstances exists: 1) A change in design affecting fit, form or function of the part; 2) A change in manufacturing source(s), process(es), inspection method(s), location of manufacture, tooling or materials, that can potentially affect fit, form or function; 3) A change

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in numerical control program or translation to another media that can potentially affect fit, form or function; 4) A natural or man-made event, which may adversely affect the manufacturing process; or 5) A lapse in production for 24 months or as specified by CMI.

### 8. **DISCREPANCIES**

The supplier shall notify CMI within 48 hours or the next business day of any nonconforming product found in inventory from which product may have been delivered to CMI. During your performance, any deviations noted from established drawings or specifications must be reported to CMI within 48 hours or the next business day. No deviation will be considered approved without written confirmation of the fact from CMI. Under no circumstances are repairs to be undertaken without prior written approval.

### 9. **BUYER SURVEILLANCE**

Work under this contract is subject to Buyer surveillance at Seller's plant. Buyer's Quality Control representative may elect to conduct inspection either on a random basis or to the extent of 100% inspection. The authorized Quality Representative of CMI shall have the right to maintain cognizance over the Quality Assurance inspection system imposed on the Seller. Accordingly, the Seller is expected to grant the designated representative access to his facility at all reasonable times and access to areas where the production of the item(s) covered by this Purchase Order is taking place. Where these areas infringe on Seller's proprietary processes of a sensitive nature, or involve security with respect to other Seller products being fabricated, mutually satisfactory arrangements shall be made with CMI. The Government and or CMI's Customers have the right to inspect any or all of the work included in this Purchase Order at the Seller's facility. No shipments are to be held for Buyer inspection unless notification is received prior to material being ready for shipment.

### 10. **DISTRIBUTOR QUALITY REQUIREMENTS**

The distributor is responsible for assuring that the supplies meet the requirements of the manufacturer's specifications. The distributor is responsible for performing the necessary visual inspections to assure that the supplies are free of visual defects. The distributor is responsible for maintaining an effective corrective action system which precludes known defective supplies from being commingled with other supplies.

### 11. **QUALITY CONTROL SYSTEM**

The Seller shall maintain a Quality Control System that complies with ISO9001:2008 or later revision or AS9100. Notwithstanding the provisions of this clause, the Seller is in no way relieved of the final responsibility to furnish the supplies or services specified herein. This system shall be subject to audit by CMI's Quality Assurance Representative.

### 12. **FLOW DOWN REQUIREMENTS**

All Quality Clauses indicated on the purchase order as well as requirements and specifications cited on prints and/or drawings must be flowed down to sub-tier suppliers.

### 13. **CONTROL OF SUB-TIER SUPPLIERS**

The Seller is responsible for conformance of all items procured from a sub-supplier to the applicable requirements of this Purchase Order, accompanying documentation, drawings and/or specifications.

### 14. **DISTRIBUTOR-MATERIAL COUNTERFEIT GOODS**

Seller further warrants that it shall not furnish "Counterfeit Goods" under this contract. Counterfeit Goods shall be deemed non-conforming to this contract and shall be subject to the remedies set forth in article 10(a-d)

a. Seller shall not furnish to Buyer any Goods under this contract that are "Counterfeit Goods," defined as Goods or separately-identifiable items or components of Goods that: (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes

b. Seller shall implement an appropriate strategy to ensure that Goods furnished to Buyer under this contract are not Counterfeit Goods. Seller's strategy shall include, but is not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the item; (ii)

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sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity.

c. Counterfeit Goods delivered or furnished to Buyer under this contract are deemed nonconforming. If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this contract, Seller promptly shall notify Buyer and replace, at Seller's expense, such Counterfeit Goods with OEM or Buyer-approved Goods that conform to the requirements of this contract. Seller shall be liable for all costs related to the replacement of Counterfeit Goods and any testing or validation necessitated by the installation of authentic Goods after Counterfeit Goods have been replaced. The remedies contained in this article are in addition to any remedies Buyer may have at law, equity, or under other provisions of this contract.

d. Seller bears responsibility for procuring authentic Goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this article.

### 15. **NONCONFORMING MATERIAL**

The seller is not authorized to perform material review action of nonconforming materials with the intent of delivering such nonconforming materials without the express written authorization from CMI's Quality Assurance. Disposition of any departure from drawings, specifications or other Purchase Order requirements must be approved by CMI's Quality Assurance prior to shipment, with such approval accompanying that shipment.

### 16. **CANCELLATION**

The right is reserved to cancel all or any of the part of the order in accordance with CMI's delivery schedule or if the Seller becomes insolvent or in bankruptcy or if Seller breaches any of the provisions hereof including without limitation, the warrants of Seller. In addition, CMI has the right to cancel this order with respect to all undelivered goods upon 10 days advance notice to Seller.

### 17. **INSPECTION**

All terms furnished under this order shall be received subject to CMI's inspection. If sum of goods or parts thereof are found to be defective in material or workmanship, or not otherwise in agreement with CMI's specifications, then such goods will be held for Seller's inspection at Seller's risk and CMI shall have the right to reject and return such items at Seller's expense and no replacement or substitution shall be made without CMI's authorization. Any payment for items supplied on this order, made prior to inspection, shall not be deemed as acceptance thereof and is without prejudice to any and all claims CMI may have against Seller.

### 18. **LOT CONTROL**

The Seller shall assign a common lot control number to all items in a particular manufactured lot - a lot being defined for this purpose as a quantity that has been manufactured during an uninterrupted period of time by essentially the same personnel, following a standard process and using the same equipment/facility.

### 19. **PACKING SLIP DOCUMENT INFORMATION**

All shipping document information must contain the following information: CMI's Purchase Order Number, Name of Supplier, Quantity, Description, Part Number and Revision Level as it appears on the Purchase Order. Any additional documentation invoked by Section 2 or 3 as annotated on Purchase Order.

### 20. **INVOICE PAYMENT INSTRUCTIONS**

Payments are made from "ORIGINAL" invoices only. FAX copies of invoices or statements will not be accepted. PAYMENT TERMS: Payment terms begin upon receipt of an acceptable invoice by accounts payable and the supplies/services are inspected and accepted by CMI's Receiving Department. Payments are not scheduled based on your invoice date.

### 21. **APPLICABLE LAW**

This agreement will be governed by and construed in accordance with the law of the STATE OF FLORIDA, USA. Any action or suit which arises out of or is related to this agreement shall be brought in the Federal District Court for the Northern District of Florida.