

Component Products Corporation

Terms and Conditions of Purchase

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2 Purpose, and Applicability

Purpose

This document specifies the terms and conditions associated with selling products or services to Component Products Corporation (CPC).

Applicability

Unless otherwise specified by a written agreement, the supplier's acceptance of an order made under the provision of this document shall be regarded as acceptance of the terms and conditions contained herein.

3 Definitions

Acceptance Authority Media (AAM)

Media used for the purposes of authentication and/or authorization of operations and/or documented information.

Buyer

For the purposes of this document, the term "*buyer*" shall be used to refer to Component Products Corporation (CPC).

Counterfeit Product

An unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer.

Foreign Object (FO)

An alien substance or article (e.g., tools, consumables, hardware, product protective devices, personal items, product process debris, operations debris, environmental debris) that could potentially enter and/or migrate into/on the product or system becoming FOD and potentially cause FOD, if not removed and controlled.

Foreign Object Damage (FOD)

Any damage attributed to FOD that can be expressed in physical or economic terms, which could potentially degrade the product or system's required safety and/or performance characteristics.

Foreign Object Debris (FOD)

Any FO that has entered and/or migrated into/on the product or system, and could potentially cause FOD, if not removed and controlled.

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Supplier

For the purposes of this document, the term “*supplier*” shall be used to refer to any organization that provides Component Products Corporation (CPC) with purchased products, processes, or services.

Work Transfer

The temporary and/or permanent transfer of work from one location to another. This can include transferring work from one department to another, subcontracting work to a supplier, or moving an organization to a new location. Work transfers refer only to significant changes in production with regards to the location of work. Transfers that do not represent a change to production are not categorized as a work transfer (e.g. transferring work to the next production cell, shipping product to the buyer/customer, etc.).

4 General Requirements

Purchase Order Requirements

Requirements for products, processes, and/or services purchased by the buyer shall be specified by the buyer on the buyer’s purchase order form. The supplier agrees to provide the buyer with products, processes, and/or services in accordance with all requirements specified by the buyer.

Requirements may include, but aren’t limited to...

- Production quantities
- Expected delivery dates
- Identification of relevant technical data (e.g., specifications, drawings, process requirements)
- Work instructions
- Required qualification of personnel
- Testing and inspection of products and/or processes
- Requirements for product/process acceptance and release of product
- Requirements for third party approvals

NOTE: Some requirements may specify an entire set of requirements (E.g. material, process, and process specifications).

The supplier shall promptly notify the buyer if they are unable to fulfill requirements specified by the buyer’s purchase order. Per the buyer’s discretion, a mutually acceptable agreement may be established between the supplier and the buyer.

Any failure on behalf of the supplier to fulfill the requirements established by the buyer shall be cause for rejection and/or corrective action.

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Right of Access

The supplier agrees to allow representatives of the buyer, the buyer's customers, and regulatory agencies access to their facilities for matters regarding product and/or process conformity. Furthermore, the supplier agrees to provide all such representatives with records and information related to product and/or process conformity.

Confidential and Proprietary Information

Unless otherwise specified by the buyer, the supplier shall not disclose any information specified by the buyer as confidential and/or proprietary information. Confidential and/or proprietary information shall be used by the supplier only as is necessary for fulfilling their obligations with respect to an order or contract.

Should the supplier need to share confidential and/or proprietary information with a third party (e.g. the supplier's sub-tier supply chain), then the supplier shall obtain buyer approval before disclosure of such information.

When requirements regarding the safekeeping and disclosure of confidential and/or proprietary information exist, the supplier agrees to abide by such requirements as well as flow them down to any third party privy to such information.

NOTE: Confidential and proprietary information does not include any information that has already been lawfully disclosed or is accessible to the general public.

Supplier Performance

The supplier's performance shall be monitored by the buyer with respect to on time delivery and conformity of products and/or processes. Failure on behalf of the supplier to meet the buyer's expectations for performance may result in mitigating action, including, but not limited to...

- Written notification of poor performance
- Temporary or permanent suspension of supplier approval
- Onsite audit at the supplier's premises
- Loss of business

Importance of Ethical Behavior

The supplier shall ensure that its employees are made aware of the importance of ethical behavior in the performance of their responsibilities, including, but not limited to, the proper representation of information on product/process related records and the appropriate use of Acceptance Authority Media (AAM).

Employee Contribution to Quality and Product Safety

The supplier shall ensure that employees are made aware of their contribution to product and/or process quality. This shall include the importance of their work with respect to the conformity and safety of products and/or processes provided by the supplier.

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5 Quality Requirements

Acceptance Authority Media

The supplier shall ensure that its use of Acceptance Authority Media (AAM) abides by the requirements found in AS/EN/JISQ 9100 standards as well as 14CFR Part 21.2 regarding the use and application of AAM.

Boeing FAA Production Certificate 700

The supplier hereby acknowledges that the parts and/or materials being shipped under this order are intended for use under Boeing's Federal Aviation Administration (FAA) issued Production Certificate 700 and no articles (or constituent parts thereof) or the accompanying paperwork (e.g., packages, shippers, etc.) contain any Federal Aviation Administration- Parts Manufacturer Approval (FAA-PMA) markings.

Corrective Action

The supplier agrees to perform corrective action per the buyer's discretion if it is determined that the supplier is responsible for product/process nonconformities. Details regarding the corrective action (e.g. dates, contacts, and activities) shall be negotiated between the supplier and the buyer.

The supplier may use their own corrective action procedure to address the identified nonconformities provided that it meets buyer's requirements.

If the supplier fails to perform and/or complete a corrective action by the negotiated due date, then the supplier will be subject to the penalties described in the [Supplier Performance](#) section of this document.

Nonconforming Product

The supplier shall not make dispositions of "use as is" for nonconforming products without written consent from a quality representative of the buyer and, when required, a qualified representative of the organization responsible for the product's design.

Production losses due to nonconformities shall be reported to the buyer by the supplier.

Notification of Major Changes and Events

The supplier agrees to notify the buyer of significant changes and events, including, but not limited to...

- Change in management
- Change in name and/or location
- Change in approval status (if applicable)
- Changes to products and/or processes
- Disasters (e.g., fire, flood, etc.)
- Production outage (e.g., downed critical equipment)

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Notice of Escapement (NoE)

In the event that the supplier detects or suspects that nonconforming products have been delivered, the supplier shall promptly notify the buyer of all effected product(s).

The supplier's notification of escapement shall include, at a minimum, the following...

- Identity of the product/process
- Date of delivery
- The buyer's purchase order information
- Description of the nonconformity

Ozone Depleting Substances

When applicable, the supplier shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E. Furthermore, the supplier agrees to flow down this requirement down its supply chain.

Prevention of Counterfeit Products

The supplier shall take adequate measures to ensure counterfeit products are not sold to the buyer. Examples of counterfeit products include the following...

- An unauthorized substitute of an OEM item.
- Items that are untraceable to an OEM.
- Items that do not contain proper materials or are not constructed/processed in accordance with the OEM design.
- Items that are represented as new but have been re-worked, repaired, or modified.
- Items that either have not been tested/inspected or have not passed required testing/inspection activities, but nevertheless have been represented as passing all required testing/inspection activities.

If the supplier discovers or suspects that it has sold counterfeit goods, then the supplier shall notify the buyer within one week of discovering the counterfeit products. The supplier shall be responsible for all costs incurred by the buyer as a result of the sale of counterfeit products.

Prevention of Foreign Object Damage/Debris

The supplier shall implement adequate measures to prevent the likelihood of Foreign Object Damage (FOD) and/or Foreign Object Debris (FOd). The measures to be implemented shall be commensurate to the risk that FOD/FOd poses to the products and/or processes provided by the supplier. The supplier shall be able to provide evidence of acceptable practices with regards to the prevention of FOD/FOd.

If required by the buyer's customers, the supplier may be required to implement a FOD Prevention Program conforming to the [AS9146](#) standard. See the references section below for more information.

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Records Retention

Unless otherwise specified by the buyer, the supplier agrees to retain records that serve as evidence of product and/or process conformity for 11 years after the date of sale.

Rejections

If it is discovered that the supplier has produced nonconforming goods, regardless of when or where nonconformities are detected or by whom they are detected, then the goods may be rejected by buyer per the buyer's discretion.

In the event of rejection, the buyer may request, per the supplier's expense, replacement goods, reworked goods, or credit or reimbursement equal to the cost of the defective goods.

Quality Management System

When specified by the buyer, the supplier shall maintain certification to an industry recognized quality management system standard (e.g., ISO9001, AS9100, AS9120, etc.). When applicable, the supplier shall notify the buyer of any changes to the approval status and/or scope of the supplier's certification.

Work Transfer

The supplier shall notify the buyer of any planned and/or pending work transfers and shall ensure that work transfers do not affect its ability to supply conforming products and/or meet scheduled delivery dates. Buyer reserves the right to reject work transfers proposed by the supplier. In such cases, the order may be cancelled and returned to the buyer unless another arrangement is made.

NOTE: Cancellations are factored into supplier performance metrics.

6 References

AS9100 - Quality Management Systems - Requirements for Aviation, Space, and Defense Organizations

Terminology and requirements found in this document are derived from the AS9100 standard.

AS9146 - Foreign Object Damage (FOD) Prevention Program - Requirements for Aviation, Space, and Defense Organizations

Definitions for Foreign Object (FO), Foreign Object Damage (FOD), and Foreign Object Debris (FOD) are as they appear in the AS9146 standard.

FORM X31764 - Quality Purchasing Data Requirements

Boeing document X31764 lists mandatory and other applicable requirements for suppliers that are a part of Boeing's sub-tier supply chain.

To obtain a copy of this document, click [here](http://www.boeing.com/x31764.pdf) or visit the following URL (<http://www.boeing.com/x31764.pdf>)

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7 Contacts

Please send your inquiries to one of the contacts listed below.

Name	Position	E-mail	Phone
Tyler Kowalczyk	Quality Manager	tyler.kowalczyk@cpc-web.com	425-355-6800 (Ext. 307)
Josiah Blake	Procurement Manager	josiah.blake@cpc-web.com	425-355-6800
Kelley Kowalczyk	Contract Administrator	kelley.kowalczyk@cpc-web.com	425-355-6800 (Ext. 301)

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8 Revision History

REV.	DATE	DESCRIPTION OF CHANGE	AUTHORIZED BY
NEW	2/28/2016	ORIGINAL RELEASE	Name: Tyler Kowalczyk Manager Title: Quality Manager
A	4/20/2016	<p>General</p> <ul style="list-style-type: none"> •The style of the document has been changed. •The wording of some requirements have been changed to improve readability. •Section 3 has been renamed “General Requirements”. •The numbering scheme for individual requirements has been removed; the document is now divided into two sections. •Added Section 7 (Changes) to list changes between consecutive revisions of this document. •The sub-section “Purchase Requirements” has been renamed “Purchase Orders.” •Some requirements in Section 4 (Quality Requirements) have been rearranged. <p>Moved Requirements</p> <ul style="list-style-type: none"> •Records Retention requirements now appear in Section 4 (Quality Requirements). <p>Remove Requirements</p> <ul style="list-style-type: none"> •Foreign Object Debris (FOD) – Removed due to the inclusion of Boeing Form X31764 as a requirement (Form X31764 states an equivalent requirement.). •Notification of Major changes and Events - Removed due to the inclusion of Boeing Form X31764 as a requirement (Form X31764 states an equivalent requirement.). <p>New Requirements</p> <ul style="list-style-type: none"> •Confidential and Proprietary Information •Boeing Form X31764 •Boeing FAA Production Certificate 700 •Notice of Escapement •Rejections •Statements regarding corrections and/or financial reimbursement for rejections have been added. •Prevention of Counterfeit Goods •Ozone Depleting Substances 	Name: Tyler Kowalczyk Manager Title: Quality Manager
B	2/07/2017	<p>General Information</p> <ul style="list-style-type: none"> •Changed name of section 7 from “Changes” to “Revision History”. •Slight grammatical fixes. <p>Section 4</p> <ul style="list-style-type: none"> •Clarified requirements for Confidential and Proprietary Information. <p>Section 7</p> <ul style="list-style-type: none"> •Added a revision history table; the table is to replace the old format for recording changes. 	Name: Tyler Kowalczyk Manager Title: Quality Manager

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C	4/18/2017	<p>Section 4</p> <ul style="list-style-type: none"> • Changed section text for “Boeing FAA Production Certificate 700” to match the updated version of the requirement issued by Boeing as of January 1, 2017. 	<p>Name: Tyler Kowalczyk Manager Title: Quality Manager</p>
D	2/05/2018	<p>General</p> <ul style="list-style-type: none"> • Slight changes to wording to improve clarity and readability. <p>Definitions</p> <ul style="list-style-type: none"> • Added definition for Acceptance Authority Media (AAM). • Added definition for Buyer. • Added definition for Counterfeit Product. • Added definition for Foreign Object (FO). • Added definition for Foreign Object Damage (FOD). • Added definition for Foreign Object Debris (FOD). • Added definition for Work Transfer. <p>General Requirements</p> <ul style="list-style-type: none"> • Slight changes to sub-section titles. • Added section highlighting the importance of ethical behavior. • Added section highlighting the importance of ensuring personnel are aware of their contribution to product quality and safety. <p>Quality Requirements</p> <ul style="list-style-type: none"> • Added section for Acceptance Authority Media (AAM). • Added section for Notification of Major Changes and Events. • Added section for Prevention of Foreign Object Damage/Debris. • Added section for basic Quality Management System requirements. • Added section for requirements of Work Transfers. <p>References</p> <ul style="list-style-type: none"> • Added reference to AS9100. • Added reference to AS9146. <p>Contacts</p> <ul style="list-style-type: none"> • Changed contacts to reflect current organizational structure and roles. 	<p>Name: Tyler Kowalczyk Manager Title: Quality Manager</p>