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| <b>CPS Corp.</b>                             | <b>Document Number:</b><br>FM-8.4-13 | <b>Revision # 02</b> | <b>Revise Date:</b><br>10/16/19 | <b>Page 1 of 2</b>      |
| <b>Title: Supplier Quality Clauses – Q 1</b> |                                      |                      |                                 | <b>Author: M. Staab</b> |

1.0 PURPOSE

This document establishes the procurement quality requirements (Q Clauses), which are applicable to the extent specified in the procurement document.

2.0 DEFINITIONS

- 2.1 Buyer: CPS Technologies Procurement entity
- 2.2 Seller: The legal entity that is the contracting party with Buyer with respect to the procurement document.
- 2.3 Procurement Document: The purchase order or subcontract between the parties.
- 2.4 Item: The product or service contracted for by the procurement document.

3.0 Q-1 GENERAL QUALITY ASSURANCE REQUIREMENTS

(Include paragraphs A through L below)

A. PROHIBITED PRACTICES

Unauthorized Rework and/or Repairs: Seller shall not rework and/or repair any damaged item, any item found to be faulty, or any item that fails to meet Buyer specification/drawing requirements, without Buyer's prior written approval. Seller is not authorized to perform MRB activity on non-conforming material without Buyer authorization and approval via CPS Technology Material Review Board.

Change in Approval, Drawing, Processes, Materials, or Procedures: Seller shall not change any drawing, process, material (including subtier supplier parts), or procedure without prior Buyer written approval, if such drawing, process, material, or procedure was previously approved by Buyer as provided for in the procurement document.

Seller shall not change any process, material or procedure from that is used to qualify any item or which was used by Seller to become a qualified source for Buyer specification/ drawing, without Buyer written approval.

Resubmitted Rejected Items: Any item rejected by Buyer and subsequently resubmitted to Buyer shall be clearly identified as a resubmitted item, indicating procurement document number and Buyer reject document number in Seller's certificate of conformance.

B. DOCUMENTATION

Buyer may refuse to accept item if Seller fails to submit certifications, documentation, test data or reports specified by the procurement document

C. CORRECTIVE ACTION REQUEST

When a quality problem exists with any Seller item, Buyer may forward a "Corrective Action Request" to Seller, requiring timely response that shall include the following information: analysis of the cause of the problem, statement of the action taken to prevent recurrence, and the effectivity of the action.

D. MEASURING AND TEST EQUIPMENT

Seller is responsible for validating the accuracy and stability of tools, gages and test equipment used to demonstrate that any item conforms to the requirements specified by the procurement document.

E. NONCONFORMING MATERIAL

Any decision to accept any nonconformance (variance from Buyer drawings and specifications), detected at Seller facilities, must be made by Buyer. Shipment of any non-conforming item shall be accompanied by Buyer approval "Waiver", document FM-8.3-5, Request for Waiver.

F. SUBTIER SUPPLIER CONTROL

Seller shall control subtier supplier procurements to ensure quality requirements specified in the procurement document are satisfied.

G. SELLER'S BASIC CERTIFICATE OF CONFORMANCE

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| <p><b>CPS PROPRIETARY INFORMATION</b><br/> <b>RESPONSIBILITY OF USER TO OBTAIN LATEST FORM VERSION</b></p> |
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Acceptance of this purchase order indicates compliance to the requirements of Quality Clause Q-1 A through F and compliance to the following elements:

1. The items furnished per the Buyer procurement document have been manufactured, tested and inspected in accordance with the requirements of the applicable specifications/drawings and the results of such tests and inspections meet the requirements.
2. That Buyer-required inspections and tests have been performed utilizing calibrated equipment.
3. All material used in items furnished meet the applicable specification/drawing requirements specified by the procurement document.
4. Any specification requirements identified in support of this purchase order must be done to the revision at the time of PO placement.

**H. Right of Entry**

With appropriate notice, CPS and their customer and regulatory authority shall be afforded the right of entry to all the suppliers' premises at any level of the supply chain involved and the right to verify that the contracted work, all applicable records and material conforms to specified requirements. This clause shall not apply to cases where CPS is procuring a suppliers standard item.

**I. Notification of Obsolescence material**

The supplier shall notify CPS of any planned material or component obsolescence prior to the acceptance of any purchase order. In addition, the supplier shall notify CPS of any plans to obsolete material on any and all existing orders with significant notice to facilitate, when applicable, and option for last time buy.

**J. Traceability**

Material shall be traceable by part number, manufacture and batch / lot code and to the data supplied in accordance with its specification through the as-built configuration documentation (for example, manufacturing records for each deliverable item)

**K. Record Retention**

All records of process, test and inspection shall be retained for a period of no less than 12 years OR supplied with each shipment, preferably in electronic format.

**L. Counterfeit Materials**

The seller shall identify the following on the Certificate of Conformance: the procurement document, the manufacturer name, location, part number, lot number, serial number, and/or date code of each item shipped as applicable. Seller shall also provide the original certificate of conformance received from the OEM.

**M. Export Control**

The seller shall ensure ECI/OUO information and material must be stored in a secured area to restrict access from foreign persons.