



## Special Purchase Order Conditions

Purchase Orders issued by Buyer to Supplier may contain one or more of these Special Purchase Order Conditions (SPOCs). Supplier's acceptance of the Buyer's Purchase Order by acknowledging the same or by fulfilling the Purchase Order is a confirmation that the Supplier will comply with the SPOCs stated on the Purchase Order. The applicable SPOCs will be stated on the Purchase Order by providing the SPOC codes, and Supplier shall either use the MCE website (www.mceproducts.com) or request the Buyer to send a copy of these SPOCs.

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## **Q01 Certification of Conformance**

The Supplier shall furnish, with each shipment, a Certificate of Conformance that shall be signed by a responsible representative and must show the part number, revision level, Purchase Order number, date of manufacture, and title of the responsible person.

## **Q02 Measuring and Test Equipment**

Supplier shall establish and maintain documented procedures to control, calibrate, and maintain, inspection measuring and test equipment used by the Supplier to demonstrate the conformance of product to the specified requirements. This system shall meet the requirements of ISO 10012-1, ANSI/NCSL Z540-1-1994, or an equivalent national or international standard as a minimum.

## **Q03 Inspection/Test Reports, Retention of Records, Training**

Supplier shall retain records of inspection/tests and raw material certifications relevant to this procurement for a period of 7 years minimum, or as required by contract. Where the documents are kept electronically or in a computer system, they should be capable of being reproduced in a printed manner when required. Use of correction fluid or correction tape on quality records is prohibited. Legibility of quality records must be protected for the entire duration of retention time. Quality records must be in permanent ink – the use of non-permanent writing instruments such as pencils, erasable pens and such are prohibited.

Operators and Quality Inspectors must be provided appropriate training in accordance to acceptable industry standards. A record of training must be maintained, which must include, at a minimum, the individual's name, the most recent training completion date, a description, copy or reference to training materials used to meet the training requirement and the name and address of the organization providing the training. Training records must be made available upon request to authorized quality representatives of Magnetic Component Engineering, Inc., herein referred to as "MCE", its customers, and any appropriate national authority.

## **Q04 Buyer Surveys, Surveillance, Audits, and Inspection**

Buyer has the right to conduct surveys, audits, and surveillance of Supplier's facilities, or those of Supplier's subcontractors or suppliers with prior coordination with Supplier to determine the capability to comply, and to verify continuing compliance, with the requirements of the Purchase Order.

## **Q05 Raw Material Certification**

With each lot of raw material delivered or used to fabricate products on this Purchase Order, the supplier shall furnish a certified "Raw Material Test Report". The Test Report shall include, name of the company that furnished the material, as well as material description, name or designation, alloy, type and class. All raw material shipped against one purchase order must be furnished from the same heat lot, unless otherwise approved by MCE in writing.

## **Q06 Special Processes**

Supplier must include a Certificate for each special process that was performed, including class, type, and grade as applicable.

#### **Q07 Limited Shelf Life Materials**

With each delivery of materials on this Purchase Order, that have a limited or specified shelf life, the Supplier shall furnish certification that shall state the MCE purchase order number, date of shipment, the product name, quantity being shipped, cure or manufacture date, expiration date or shelf life, storage temperature, lot or batch number, and any special handling procedures that need to be followed. Materials shipped to MCE against this Purchase Order must have a minimum of 75% of the maximum Shelf Life from the date of manufacture, unless otherwise approved by MCE in writing.

#### **Q08 Flow Down Requirements**

Supplier shall flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics.

#### **Q09 Right of Access**

Supplier shall provide access to MCE, its customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain.

#### **Q10 Sample Inspection**

Sampling Plans used by the Supplier shall conform, at a minimum, to ANSI/ASQ Z1.4. Buyer's acceptance is based on C=0.

#### **Q11 Nonconforming Material Notification**

Supplier must submit to MCE in writing of any nonconforming material/product produced during the performance of this Purchase Order. Supplier must obtain MCE's approval in writing prior to the disposition of such material/product. Supplier may not use "use-as-is" or "repair" disposition unless approved by MCE.

#### **Q12 Change in Product or Process Definition**

Supplier must notify MCE, and must obtain approval from MCE should there be a change in product or process definition. The supplier must notify MCE within 90 days in the event of relocation. Process validation must be submitted and approved by MCE.

#### **Q13 Supplier Notification of Non-Conforming Parts Delivered to MCE**

When Supplier discovers that non-conforming material/product have been delivered to MCE, Supplier must notify MCE within 24 hours of the discovery. Such notification must be in writing, and Supplier must receive receipt acknowledgement from MCE. The notification shall include, at a minimum:

1. Supplier name

2. MCE PO number
3. Part number and/or description
4. Quantity and dates delivered
5. Description of the non-conformance.

In addition, Supplier must provide MCE with a formal letter within 5 days of the initial notification. In addition to the requirements listed above, the letter must also include:

1. The potential effects of the non-conformance on the performance, reliability and safety of the product/material.
2. Recommended actions for MCE in the event that the product/material has already been delivered to MCE's customer.
3. Description of the action items taken by Supplier to control and contain the non-conforming product/material.
4. Root cause analysis and corrective action plan.
5. Plan for verification of the effectiveness of the corrective action.

#### **Q14 Part Authenticity**

The supplier shall identify part authenticity from the Original Component Manufacturer (OCM) or Original Equipment Manufacturer (OEM) through the distributor chain. The supplier shall furnish traceability documents upon request. The supplier shall participate in on-site audits as required to allow MCE quality and procurement personnel to validate the traceability process as requested by the MCE Management team.

#### **Q20 BH Curves Required**

Supplier of magnet material must submit a BH Curve (2nd quadrant demagnetization curve) from the same heat lot (production lot) of material that Supplier is sending to MCE.

#### **Q30 Preproduction Samples**

The Supplier shall furnish preproduction samples in the quantities and under the conditions specified in the Purchase Order. The process adopted for manufacture shall be verified by the submission of preproduction samples as stated in the Purchase Order.

#### **Q31 First Article Inspection Report (FAIR)**

The Supplier is required to perform a FAIR on a minimum of 2 units prior to running the production. FAIR must be sent to MCE for approval prior to running the production run.

#### **Q32 FAIR Submission**

Supplier must submit the FAIR on the SAE AS9102 form.

#### **Q34 100% Inspection Required**

The products purchased in this Purchase Order must be inspected for all features 100%.

#### **Q35 SPC Program**

Supplier shall utilize an SPC program to establish, control, and verify process capability, product characteristics, and process improvement. In the event a process capability Cpk = 1.33 cannot be achieved, Supplier shall notify the buyer immediately along with appropriate corrective actions to achieve this.

### **Q36 MCE Source Inspection**

MCE inspection is required prior to shipment from your plant. Notify the MCE buyer five (5) days in advance of final inspection so that arrangements for source inspection can be coordinated. MCE source inspection shall not constitute product acceptance, nor shall it relieve the Supplier of any liability for full compliance with the requirements of the Purchase Order.

### **Q40 Calibration Services provided to MCE**

All calibration services provided to MCE shall be done to one of the following standards, ANSI/NCSL Z540-1-1994 or ISO10012. Supplier shall provide a certificate that shall reference the standard used to perform the calibration.

### **Q50 Defense Priorities and Allocations System (DPAS) applies**

This is a rated job that may have national or defense significance. Supplier shall follow the provisions of 15 CFR 700.11. Supplier shall flow down the DPAS requirements to their sub-tier suppliers.

### **Q51 Customer approved Special Process Sources**

Supplier must use MCE's customer's approved special process sources for any special processes on this Purchase Order.

### **Q53 Government Inspection**

Government Source Inspection is required prior to shipment from Supplier's Facility. Upon receipt of this Purchase Order, Supplier is required to immediately notify and provide a copy of the Purchase Order to the Government representative who normally services the Supplier's facility so that the appropriate planning for government inspection can be accomplished. If a Government representative does not normally service the Supplier's facility, the nearest Army, Navy, Air Force, or Defense Supply Agency Inspection Office shall be contacted. In the event that a Government representative cannot be contacted, the Supplier shall notify the Buyer in writing immediately.

### **Q54 Quality Management System Requirements**

Supplier shall maintain a Quality Management System that shall, at a minimum, meet the requirements of ISO9001:2015, or if specified in the Purchase Order, SAE AS9100D. Supplier must be audited and certified by an independent agency while performing on this Purchase Order.

### **Q55 Qualification of Personnel**

Supplier must submit a list of qualifications of personnel that will work on this job for MCE's approval prior to commencing production.

### **Q56 Approval of Procedures, Processes and Equipment**

Supplier must submit all procedures, processes and equipment list prior to production for MCE's approval.

### **Q90 Compliance to DFARS 252.225-7014 Alt I**

Supplier must be in compliance with DFARS 252.225-7014, Preference for Domestic Specialty Metals, Alt I during the performance of this contract. Specialty metals must be melted in the United States or a qualifying country, or they can be melted anywhere but must be "incorporated in an article manufactured in a qualifying country". Supplier must contact Buyer if additional information or clarification is required to comply with this.

### **Q91 Export Controlled Information**

- (i) Definition: "Export Controlled Information" or "ECI" means all information and contract documents (purchase orders, drawings, specifications, etc.) furnished to MCE to be used in connection with a proposal/offer preparation or performance under a contract, which are identified as ECI. The ECI identification will be determined by an appropriate ECI review authority as specified by the United States Department of Energy (DOE) Office Export Control Policy and Buyer (NA-242).
- (ii) Oral or Visual Disclosure: A party that discloses Export Controlled Information orally or visually shall identify it as Export Controlled Information at the time of disclosure.
- (iii) Marking: All tangible objects, such as drawings, reports, programs or documents, which constitute and/or contain or may contain Export Controlled Information shall be marked "Exported Controlled Information", "ECI" or such other markings as required or permitted by DOE guidance. Markings inadvertently omitted from Export Controlled Information when disclosed to a recipient shall be applied by such recipient promptly when requested by the disclosing Party, and such Export Controlled Information shall thereafter continue to be treated as provided in this clause.
- (iv) Handling: Export Controlled Information shall be protected in accordance with the DOE guidelines on Export Control and Nonproliferation and with U.S. Government export control laws and regulations. Each recipient shall not disclose the information to suppliers or contractors who are not U.S. owned and managed or to employees who are not U.S. Citizens, except in accordance with the DOE Guidelines on Export Control and Nonproliferation, and with U.S. Government export control laws and regulations. This restriction applies to written and oral guidance concerning performance, which may be provided by the Buyer technical representatives.

- (v) Disclosure: Unless specifically and expressly approved in writing by the Buyer, Supplier shall not disclose any ECI or information that may contain ECI for any purpose to any individual who is not a U.S. citizen or to any non-U.S. person or entity (including any non-U.S. employee, supplier or seller). For purposes of this Section, a person or entity is considered to be a non-U.S. if it is incorporated, organized or created under the laws of a foreign country, or is foreign owned, controlled or influenced as defined in applicable regulations and guidelines. This restriction applies to written and oral information and guidance which may be provided by the Buyer and applies to any information provided by any Supplier, or subcontractor to the Buyer or any other person acting on behalf of the Buyer. Prior to disclosing any ECI to any person, Supplier shall include this Section in an Order or agreement with the recipient.

### **Q92 International Traffic in Arms Regulations**

When handling documents that are identified as "Warning: ITAR Controlled", Supplier must ensure that these documents are handled in accordance with 22 CFR Parts 120-130.

### **Q93 Compliance to Executive Order 13224**

Supplier must adhere to the requirements provided in Executive Order (EO) 13224 during performance of this Purchase Order. Supplier further agrees to include this requirement in lower-tier purchase orders or subcontracts hereunder. The requirements of EO 13224 is available on the [US Department of State](http://www.state.gov/s/ct/rls/fs/2002/16181.htm) website, or at this specific link: <http://www.state.gov/s/ct/rls/fs/2002/16181.htm>

### **Q94 Compliance to RoHS**

Products shipped against this order must be compliant to EU's Restriction of Hazardous Substances RoHS Directive 2011/65/EC.

### **Q95 Export Administration Regulations**

When handling documents that are identified as "Warning: EAR Controlled", Supplier must ensure that these documents are handled in accordance with CFR Parts 730-774.

### **Q96 Licensed Material**

Supplier shall furnish, with each shipment, a certification stating that the magnet material manufacturer is fully licensed by Hitachi.