

Amendment 2.0
QM06
Terms and Conditions

Quality Management System

The supplier shall maintain a Quality Management System that adequately insures all products and/or services will meet the specified requirements. Suppliers must notify F.M. Callahan of any changes to their Quality Management System or certifications.

Approved Providers: Seller agrees to only use customer-designated or approved external providers, including process sources. Seller shall have a controlled external provider's process.

Nonconforming Material

Material found to be non-conforming per the specifications of the purchase order, shall be held released, without approval from the Buyer. Approval will be in the form of an email, fax or letter. The Seller shall notify the Buyer of the non-conforming material in the form of an email, fax or letter.

Counterfeit parts and prevention on purchase order terms and conditions

Seller agrees and shall ensure that only new and non-counterfeit parts, materials and components are used in products required to be delivered to buyer. No other parts, materials or components shall be used unless approved in advance in writing by the buyer. To further mitigate the possibility of the inadvertent use of counterfeit parts, materials or components, Seller/Supplier shall only purchase parts, materials and components directly from the Original Equipment Manufacturers (OEM's), directly through the OEM's authorized distribution chain, or directly from Independent Distributors. If procured from Independent Distributors, Seller shall make available to the Buyer upon adequate OEM documentation in Buyer's sole judgement that authenticates the traceability of the parts, materials and components to the applicable OEM. If the required items cannot be procured from the above identified three sources, use of parts, materials or components product without appropriate traceability documentation from independent brokers or any other sources is not authorized unless first approved in writing by the Buyer. Seller must present full, complete and compelling support for its request and include in its request all actions to ensure that the parts, materials and components thus procured are legitimate and not counterfeit. Buyer may also request at any time a certification of traceability from the Seller and or the Seller's sources.

Configuration Changes

The Seller shall maintain configuration control of all parts, materials and processes such that, after the delivery of the initial lot, all subsequent lots shall be the same as the initial lot for all parts, materials and processes. There shall be no changes in product and/or process, changes of suppliers, changes of manufacturing, facility, ownership, certification status and location without prior notification in writing to the Buyer for approval.

Flow Down of Customer Requirements

Buyer reserves the right to flow down additional requirements to satisfy specific customer and or business requirements that apply. Suppliers agree to flow down applicable order requirements to any approved subcontractors along with all government ratings.

Certificate of Compliance

Suppliers shall provide a Test Report or Certificate of Compliance (CoC) verifying that the order meets all referenced standards as well as applicable commercial or military standards. Special process suppliers must utilize only qualified personnel to perform special processes and maintain all processes, inspection and test records pertaining to purchase orders for a period of 40 years.

Right of Entry

Seller acceptance of the purchase order entitles the buyer access to the Seller's premises and any place necessary to determine and verify the quality of contracted work, records and materials. This includes, but is not limited to, source inspection, process, paperwork, or quality system audit, survey, or verification that all requirements and specifications stipulated by the purchase order are met or being met. This right of entry shall also include the Buyer's customer(s), supplier(s), regulatory agencies, or representative(s) of the Buyer.

Product Safety and Conformity

Supplier is expected to develop, implement and maintain effective policies and training programs to ensure their employees are aware of their relevant contribution to the quality, safety and conformity of their products and/or services.

Ethical Behavior

Supplier acknowledges and agrees that our Buyer requires that the Supplier maintain a high standard of ethical conduct in all its dealings with the Buyer. F.M. Callahan policy prohibits all employees from accepting gratuities, gifts, entertainment or other favors as well as from engaging in any activities which create the perception of a conflict of interest, from any current or prospective Supplier. Suppliers are encouraged to implement their own written code of conduct and to flow down their principles to the entities that furnish them with goods and services. F.M. Callahan expects its Suppliers to maintain effective programs to encourage their employees to make ethical, value driven choices in their business dealings.