



QUALITY PROGRAM/ TERMS AND CONDITIONS

SPECIFICATION #QC-200

1. SCOPE

1.1 Applicability

This specification shall apply to all materials and services ordered by Essex.

2. QUALITY PROGRAM REQUIREMENTS

2.1 Control of Quality

Inspection and tests as applicable shall be performed to assure the conformance to purchase order requirements.

2.2 Control of Materials

Assurance shall be obtained that raw materials to be used in fabrication or processing of products conform to the applicable requirements of the purchase order.

2.3 Records

Vendors shall maintain and use any records or data essential to the economical and effective operation of their quality program.

2.4 Calibration System

As applicable, vendors shall depend upon calibration systems which effectively control the accuracy of measuring and testing equipment.

2.5 Changes in Design

No changes in design of a product specified on a purchase order are to be made without notifying and obtaining approval from Essex.

2.6 Corrective Action

Vendors shall take corrective action to correct assignable conditions adverse to quality.

3. COORDINATED GOVERNMENT/ ESSEX ACTIONS

3.1 Government Inspection

The Government reserves the right to perform an inspection of supplies to be furnished in accordance with Essex's Purchase order and the inspection clause of the Government Contract Listed on the PO. The inspection is to be coordinated with Essex.

3.2 Defense Priorities and Allocations System (DPAS)

All purchase orders issued under government contracts shall have a priority rating as issued in accordance with the prime government contract. All priority rated contracts shall be processed in accordance with DPAS 15 CFR 700.

See website below:

<http://www.ecfr.gov/cgi-bin/text-idx?rgn=div5&node=15:2.1.3.2.1#15:2.1.3.2.1.4.1.4>

3.3 DPAS Flow Down Requirement

DPAS requirements shall be followed by all Vendor Sub-Tier suppliers.

PRIME CONTRACT FLOWDOWN CAUSES FOR PURCHASE ORDERS ISSUED UNDER FEDERAL CONTRACTS

If the Purchase Order is placed under a Government Prime Contract or a federally-funded subcontract, the following clauses set forth in the Federal Acquisition Regulations (FAR) and the Department of Defense Federal Acquisition Regulations Supplement (DFAR), in effect on the date of the Prime Contract, where applicable, are incorporated herein by reference with the same force and effect as if given in full text. Where necessary to make the context of these clauses applicable to the Purchase Order, unless otherwise indicated, the term "Contractor" shall mean "Seller", the term "contract" shall mean "the Purchase Order", and the terms "Government", "Contracting Officer", and equivalent phrases shall mean "Buyer".

Seller hereby agrees to flow down the following FAR/DFAR clauses, where applicable, to its lower tier subcontractors.

IT IS THE SOLE RESPONSIBILITY OF SELLER TO COMPLY WITH THE FAR/DFAR CLAUSES APPLICABLE TO SELLER, THE SUBJECT MATTER OF THE PURCHASE ORDER, AND THE PRIME CONTRACT. THE FAR/DFAR CLAUSES SET FORTH HEREIN ARE INCLUDED AS AN EASE OF REFERENCE FOR SUBCONTRACTOR ONLY AND ARE NOT INTENDED TO SET FORTH A COMPLETE AND ACCURATE ITEMIZATION OF THE FAR/DFAR CLAUSES APPLICABLE TO SUBCONTRACTOR, THE SUBJECT MATTER OF THE PURCHASE ORDER, OR THE PRIME CONTRACT.

The full text of these clauses can be obtained from the Internet at:

<http://www.arnet.gov/far>

<http://farsite.hill.af.mil>

<http://www.acq.osd.mil/dp/dars/dfars.html>

I. PURCHASE ORDERS FOR COMMERCIAL ITEMS

"Commercial Items" is defined by FAR 2.101, which include certain services.

A. Federal Acquisition Regulation

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| <u>52.219-8</u> | Utilization of Small Business Concerns (15 U.S.C. 637(d)(2)(3) 52.222-26 Equal Opportunity (E.O. 11246) |
| <u>52.222-35</u> | Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (38 U.S.C. 4212 (a)) |
| <u>52.222-36</u> | Affirmative Action for Workers with Disabilities (29 U.S.C. 793) |
| <u>52.244-6</u> | Subcontracts for Commercial Items and Commercial Components |
| <u>52.247-64</u> | Preference for Privately Owned U.S.-Flag Commercial Vessels (46 U.S.C. Appx 1241 and 10 U.S.C. 2631) |

II. PURCHASE ORDERS FOR NON-COMMERCIAL ITEMS AND SERVICES

A. Federal Acquisition Regulation

APPLICABLE TO ALL PURCHASE ORDERS

<u>52.202-1</u>	Definitions	<u>52.222-19</u>	Child Labor-Cooperation with Authorities and Remedies
<u>52.203-3</u>	Gratuities	<u>52.222-21</u>	Prohibition of Segregated Facilities
<u>52.203-15</u>	Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009	<u>52.222-22</u>	Previous Contracts and Compliance Reports
<u>52.204-2</u>	Security Requirements	<u>52.222-25</u>	Affirmative Action Compliance
<u>52.211-15</u>	Defense Priority and Allocation Requirements	<u>52.222-26</u>	Equal Opportunity
<u>52.212-5</u>	Contract Terms & Conditions Required to Implement Statutes or Executive Orders-Commercial Items	<u>52.222-35</u>	Equal Opportunity for Veterans
<u>52.215-15</u>	Pension Adjustment and Asset Reversions	<u>52.222-36</u>	Affirmative Action for Workers with Disabilities
<u>52.215-18</u>	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions	<u>52.222-37</u>	Employment Reports on Veterans
<u>52.215-9</u>	Notification of Ownership Changes	<u>52.222-40</u>	Notification of Employee Rights Under the National Labor Relations Act
<u>52.215-20</u>	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data	<u>52.222-41</u>	Service Contract Act of 1965
<u>52.215-21</u>	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data-Modifications	<u>52.222-50</u>	Combating Trafficking in Persons
<u>52.219-9</u>	Small Business Subcontracting Plan	<u>52.222-51</u>	Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment-Requirements
<u>52.219-16</u>	Liquidated Damages-Subcontracting Plan	<u>52.222-53</u>	Exemption from Application of the Service Contract Act to Contracts for Certain Services-Requirements
<u>52.222-3</u>	Convict Labor	<u>52.222-54</u>	Employment Eligibility Verification
<u>52.222-4</u>	Contract Work Hours and Safety Standards Act-Overtime Compensation	<u>52.223-3</u>	Hazardous Material Identification and Material Safety Data
<u>52.222-6</u>	Davis-Bacon Act	<u>52.223-7</u>	Notice of Radioactive Materials
<u>52.222-17</u>	Nondisplacement of Qualified Workers	<u>52.223-11</u>	Ozone-Depleting Substances
		<u>52.223-12</u>	Refrigeration Equipment & Air Conditions
		<u>52.223-15</u>	Energy Efficiency in Energy-Consuming Products
		<u>52.223-16</u>	IEEE 1680 Standard for the Environmental Assessment of Personal Computer Products
		<u>52.223-18</u>	Encouraging Contractor Policies to Ban Text Messaging While Driving
		<u>52.224-2</u>	Privacy Act
		<u>52.225-1</u>	Buy American Act-Supplies
		<u>52.225-3</u>	Buy American Act-Free Trade Agreements-Israeli Trade Act
		<u>52.225-5</u>	Trade Agreements

52.225-6 Trade Agreements Certificate
52.225-8 Duty-Free Entry
52.225-13 Restrictions on Certain Foreign Purchases
52.225-26 Contractors Performing Private Security Functions Outside the United States
52.226-6 Promoting Excess Food Donation to Nonprofit Organizations
52.227-1 Authorization and Consent
52.227-6 Royalty Information
52.227-9 Refund of Royalties
52.227-10 Filing of Patent Applications-Classified Subject Matter
52.227-11 Patent Rights-Ownership by the Contractor
52.227-13 Patent Rights-Ownership by the Government
52.227-14 Rights in Data-General
52.227-16 Additional Data Requirements
52.227-17 Rights in Data-Special Works
52.227-18 Rights in Data-Existing Works
52.227-19 Commercial Computer Software License
52.228-3 Workers' Compensation Insurance (Defense Base Act)
52.228-4 Workers' Compensation and War-Hazard Insurance Overseas
52.228-5 Insurance-Work on a Government Installation
52.229-10 State of New Mexico Gross Receipts and Compensating Tax
52.230-2 Cost Accounting Standards
52.230-3 Disclosure and Consistency of Cost Accounting Practices
52.230-6 Administration of Cost Accounting Standards
52.232-16 Progress Payments
52.232-40 Providing Accelerated Payments to Small Business Subcontractors
52.234-1 Industrial Resources Developed Under Defense Production Act Title III
52.236-13 Accident Prevention
52.244-6 Subcontracts for Commercial Items

52.245-1 Government Property
52.245-2 Government Property Installation Operation Services
52.246-1 Contractor Inspection Requirements
52.246-2 Inspection of Supplies-Fixed-Price
52.246-3 Inspection of Supplies-Cost Reimbursement
52.246-4 Inspection of Services-Fixed-Price
52.246-5 Inspection of Services-Cost Reimbursement
52.246-6 Inspection-Time-and-Material and Labor-Hour
52.246-15 Certificate of Conformance
52.246-16 Responsibility for Supplies
52.247-63 Preference for U.S.-Flag Air Carriers
52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels

APPLICABLE TO PURCHASE ORDERS OVER \$30,000

52.209-6 Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment

APPLICABLE TO PURCHASE ORDERS OVER \$150,000

52.203-6 Restrictions on Subcontractor Sales to the Government
52.203-7 Anti-Kickback Procedures
52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transaction
52.203-12 Limitation on Payments to Influence Certain Federal Transactions

<p><u>52.214-26</u> Audit and Records- Sealed Bidding</p> <p><u>52.215-2</u> Audit and Records – Negotiation</p> <p><u>52.219-8</u> Utilization of Small Business Concerns</p> <p><u>52.222-2</u> Payment for Overtime Premiums</p> <p><u>52.222-26</u> Equal Opportunity</p> <p><u>52.222-37</u> Employment Reports on Veterans</p> <p><u>52.227-1</u> Authorization and Consent</p> <p><u>52.227-2</u> Notice and Assistance Regarding Patent and Copyright Infringement</p> <p><u>52.229-3</u> Federal, State, and Local Taxes</p> <p><u>52.248-1</u> Value Engineering</p>	<p><u>APPLICABLE TO PURCHASE ORDERS OVER \$700,000</u></p> <p><u>52.214-28</u> Subcontractor Cost or Pricing Data-Modifications-Sealed</p> <p><u>52.215-12</u> Subcontractor Cost or Pricing Data</p> <p><u>52.215-13</u> Subcontractors Cost or Pricing Data-Modifications</p> <p><u>52.215-14</u> Integrity of Unit Prices</p> <p><u>APPLICABLE TO PURCHASE ORDERS OVER \$5,000,000</u></p> <p><u>52.203-13</u> Contractor Code of Business Ethics and Conduct</p> <p><u>52.203-14</u> Display of Hotline Poster(s)</p>
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3.4 Product/Processing Certification Requirements

Suppliers are subject to certification requirements for products and processing services affecting product quality and will include the following.

Certification of Conformance - A Certificate of Conformance (C of C) is required with each shipment. The C of C shall state that the parts, materials, or services meet all the requirements of this order and shall certify that all parts/materials furnished on this order are from the original manufacturer or an authorized distributor. The C of C shall include Essex' Purchase Order number, Part Number, applicable drawing/specification number, revision, and quantity in shipment. The C of C shall be signed by the Supplier's authorized Quality representative.

Additional certification items may be required as communicated by Essex representatives and/or noted in purchase order documents.

3.5 Counterfeit Materials

Essex attempts to purchase components/subcomponents only from manufacturers of known, verifiable legitimacy of origin and only from industry-recognized distributors that are authorized to provide these products for use. Essex expects its suppliers to practice the same due diligence.