



CEPEDA

ASSOCIATES, INC.

SUPPLIER QUALITY ASSURANCE REQUIREMENTS (SQAR)

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SUPPLIER QUALITY ASSURANCE REQUIREMENTS (SQAR)

1 INTRODUCTION

At CEPEDA Associates, Inc. we recognize the critical role quality plays in our success. Therefore, we are committed to meet our customers' quality needs and expectations with excellence by pursuing continuous quality and productivity improvements. A large segment of our quality performance, of course, depends on you as a supplier.

In this light, quality is a prime consideration for supplier selection. Your dedication to quality and strict adherence to these requirements will clearly define your value as a CEPEDA supplier.

This document should be reviewed and communicated to the appropriate individuals within your organization. Compliance to all requirements listed is expected.

2 PURPOSE

The intent of this document is to clearly communicate the quality system expectations for our supply base, which includes you and your sub-tier suppliers.

3 SCOPE

The requirements stated herein shall apply to all suppliers and sub-tier suppliers of the material(s) and processing services furnished to meet CEPEDA Purchase Orders. This document establishes minimum requirements, is supplemental to, and does not replace or alter any purchase order agreement.

Refer any questions regarding requirements or other issues to CEPEDA Quality Assurance (quality@cepedaassociates.com).

4 DEFINITIONS AND ACRONYMS

This section intentionally left blank.

5 APPLICABILITY

CEPEDA personnel review product, material, and service requirements. Applicable procurement clauses are designed to become part of the purchase order requirements. Failure to conform to the applicable procurement clauses and/or failure to provide the required documentation may result in rejection of material.

6 ORDER OF PRECEDENCE

In the event of a conflict between the text of this document and the references cited herein or in the purchase order requirements, the following order of precedence shall prevail:

1. The procurement contract or Purchase Order

2. The approved drawing, referenced documents/specifications
3. Supplier Quality Assurance Requirements QCP300.2 (latest revision)

If there is any concern or question regarding the order of precedence, please contact CEPEDA Quality Assurance (quality@cepedaassociates.com).

7 SUPPLIERS CAPABILITES ASSESSMENT

When directed, Suppliers shall fill out Suppliers Capabilities Assessment (CEPEDA form F-7230-006) completely and email back to the CEPEDA Quality Manager as noted on the form.

8 SUBSAFE/LEVEL I

It is the responsibility of the Supplier to review the purchase requisition and determine if there is a requirement to obtain SUBSAFE/LEVEL I material. When imposed by CEPEDA Purchase Order (PO), the Supplier shall adhere to the requirements of CEPEDA P-7100-006.

Supplier shall establish and maintain a listing of approved Level I Sub-Tier Suppliers.

Suppliers who procure material used in Level I applications from sub-tier suppliers must assure their sub-tier suppliers of such materials are compliant with the material control and traceability requirements of the Purchaser's purchase order.

Level 1 Supplier shall establish and maintain a quality audit program of sub-tier suppliers. This program shall be designed and implemented to ensure compliance to purchase order requirements. Suppliers are required to perform on-site audits of their sub-tier suppliers of Level I materials and/or services.

9 SERVICE

Suppliers are required to notify CEPEDA in advance of missed shipments or late deliveries.

Suppliers are expected to respond within 24 hours to any formal or informal request.

Holidays and predicted closures must be communicated at least 60 days in advance.

All suppliers are required to have a fully trained backup to the primary customer service contact. This person must have a thorough understanding of CEPEDA's requirements.

10 AUDIT/SURVEILLANCE

CEPEDA may conduct an audit or perform surveillance of the supplier's Quality System and manufacturing processes to determine the supplier's ability to comply with applicable requirements and specifications.

CEPEDA and/or the Government reserves the right to perform a source inspection of materials, products, or services provided under all purchase orders.

When clause Q-3 is specifically listed on the purchase order the supplier is to notify CEPEDA ten business days in advance of the product being ready for inspection. When Q-3 is not listed on the purchase order, CEPEDA will notify the supplier in writing a minimum of 48 hours in advance.

The supplier shall make available the necessary resources to conduct the source inspection.

11 SPECIFICATION REVISION

Unless otherwise specified in the purchase order requirements, all material supplied or processed shall conform to the latest revision of the applicable specification, publication, standard, etc. in effect at the time of issuance of the purchase order.

12 SUPPLIER PROCUREMENT (FLOW-DOWN) REQUIREMENTS, MATERIAL AND SERVICES

The supplier shall maintain a system to ensure that procured material, sub-contracted supplies, and services conform to the applicable drawing and specification requirements. The supplier, including sub-tier suppliers, shall maintain objective quality evidence (OQE) verifying conformance to the applicable specifications (includes material/workmanship standards, inspection system requirements, etc.). Applicable quality and specification requirements shall be conveyed to all sub-tier suppliers. Implementation of these requirements is subject to CEPEDA review and approval or disposition.

13 MATERIAL REVIEW AUTHORITY

The supplier and their sub-tier suppliers shall not exercise Material Review Authority on any material without written consent from the CEPEDA Quality Assurance. Form F-7220-003, Request for Deviation/Waiver, shall be used to report all nonconformances to CEPEDA Quality Assurance for review and disposition prior to any shipment of material. Any deviations or approvals granted by CEPEDA will be applicable to a specific purchase order.

14 QUALITY SYSTEM

The supplier shall implement and maintain a documented Quality System that meets the requirements of MIL-I-45208A or ISO-9001/9002. An effective quality system commensurate with item complexity and contractual requirements, which provides timely, documented objective evidence of inspection, is required.

The supplier shall prepare documented procedures at least consistent with this standard and the supplier's quality policy and ensure such procedures are effectively implemented.

Any special process listed in Q-14 shall have a documented procedure approved by CEPEDA. Supplier Procedure Approval Request (CEPEDA Form F-7420-014) must be submitted within 30 days of receipt of purchase order.

CEPEDA shall be notified of any revision(s) to the supplier's Quality System including drawings and procedures. These revisions shall be approved by CEPEDA prior to their implementation.

15 ALTERNATE QUALITY SYSTEM REQUIREMENTS

When a supplier or sub-tier supplier does not have an approved quality system in place, the following shall apply:

- A. The Quality Representative shall notify CEPEDA Quality Assurance in writing outlining their current quality methods and the timeline to implement a system as listed in 14.0 above. A copy of any forms and/or procedures shall be provided to CEPEDA Quality Assurance for review and interim approval.
- B. The following, as applicable to your facility, product, or material, is minimum required documentation that must be in place:
 - 1. Drawing and specification review (Configuration Control)
 - 2. Notification of changes to drawings, specifications, qualifications, procedures, etc.
 - 3. Parts and material verification of any purchase orders to sub-tier suppliers and control of materials
 - 4. Certifications of Technicians and Inspectors
 - 5. Welding, NDT, testing, and calibration procedures
 - 6. Raw material control and traceability
 - 7. Inspection reports for:
 - a. Receiving
 - b. In process hold points
 - c. Testing
 - d. Final inspection
 - e. Shipping
 - 8. Nonconformance and corrective action reporting

16 LEAD-TIME

CEPEDA AND THE SUPPLIER WILL AGREE TO THE ASSIGNED LEAD-TIME FOR THE PURCHASED PRODUCT OR SERVICE BEFORE OR DURING THE ORDERING PROCESS. Transit time is to be considered in the development of lead-time. When lead-time is not formally agreed upon, lead-time will be interpreted as a maximum of seven calendar days.

Changes or anticipated changes in lead-time must be communicated to the Buyer as soon as possible.

17 DELIVERY

100% ON TIME DELIVERY PERFORMANCE IS REQUIRED. The delivery date is defined as the date the complete order is delivered to CEPEDA.

Materials, components, tools, supplies – Delivery is measured against our Purchase Order required date. The required date is not the supplier's ship date; it is the date CEPEDA requires the product at our facility.

Outside Processing – Delivery for outside processes including plating, painting, and assembly is measured against lead-time for that process.

CEPEDA will react to our customers' requirements and at times may request a product or service to be delivered sooner than the agreed upon lead-time. Suppliers are expected to respond accordingly to assist CEPEDA in meeting those requirements. In the event that the supplier is not able to meet our required date, it is the supplier's responsibility to advise CEPEDA of the best delivery date within the agreed upon, normal lead-time. Delivery will then be measured against this "promised" delivery date.

18 PACKAGING & PRESERVATION

Unless otherwise specified by purchase order, drawing, etc., the supplier shall take reasonable precautions to determine that packaging of all materials, components, supplies, and parts are protected against corrosion, contamination, deterioration, damage, and/or other elements that may adversely affect the quality and/or application of the material. The material shall be packaged adequately to protect it throughout manufacturing, handling, transit, storage, and end use.

19 SHIPPING DOCUMENTS

All shipments must include the following:

- Packing slip detailing the contents of the shipment. CEPEDA's purchase order number must be listed.
- Documentation to satisfy current government and safety regulations on hazardous materials.
- Certification to listed specifications including but not limited to material and testing specifications.
- Quality documentation and certifications, when required.

- All required documents indicated by “* ” on CEPEDA purchase orders are due to CEPEDA at time of shipment of order. The shipment is not complete and will not be processed for payment until all paperwork is received.

20 SUPPLIER QUALITY RATING SYSTEM

Suppliers will be rated using a Red/Yellow/Green classification to assign a degree of risk to a particular supplier. CEPEDA's Buyers will use the Supplier Rating System to evaluate and select suppliers based on past performance. The classification levels are as follows:

- **Red** (High Risk)
 - Open Supplier Corrective Action Request (SCAR)
 - 2 or more SCAR's within 1 year
 - Performance rating average 2.9 or below
- **Yellow** (Moderate Risk)
 - 1 SCAR within 1 year
 - Performance rating average 3.0 to 3.9
- **Green** (Low Risk)
 - No SCAR's within 1 year
 - Performance rating 4.0 or above
- **Neutral**
 - First-time supplier
 - No delivery or quality history available

NOTE: A supplier meeting any one of the criteria under a given category shall be placed in that category.

The supplier's delivery and quality records will be reviewed and the performance rating calculated for the preceding quarter. The supplier shall be rated on a scale from 1 (low) to 5 (high) in the following areas:

- Delivery
- Quality

The ratings are calculated as described below. The average of these scores shall be the supplier's performance rating.

20.1 DELIVERY RATING

A full score of 5 shall be awarded for shipments received on or before the promised date. For any portion of one week that a shipment is received after the promised date, one-half point shall be deducted from the score. For example, if a shipment is received 1 to 7 calendar days after the promised date the supplier shall be rated 4.5. See the table below.

Calendar Days Past Promised Date	Score
1-7	4.5
8-14	4.0
15-21	3.5
22-28	3.0
29-35	2.5
36-42	2.0
43-49	1.5
50 or more	1.0

20.2 QUALITY RATING

A full score of 5 shall be awarded for orders with zero rejections in accordance with the specified requirements. One whole point shall be deducted for each rejected item per order. For example, if two items are rejected in one order, the vendor shall receive a rating of 3.0.

20.3 CLASSIFICATION NOTIFICATION

The Buyer will notify a supplier in writing of their classification when it changes to **Red** or **Yellow**. This notification will provide a summary of the data used to develop this classification.

20.4 EXCEPTIONS

After performance ratings have been calculated, the Buyer will review in detail any suppliers that are classified as **Red** or **Yellow**. Upon this detailed review, the Buyer may override the calculated rating because of extenuating or unforeseen circumstances that were beyond the immediate control of the supplier. The only allowable exceptions are as follows:

1. CEPEDA caused the decline in supplier performance or
2. Natural disaster.

Reasons for overriding the calculated performance ratings will be noted on the quarterly supplier performance ratings and kept on file.

21 NONCONFORMING PRODUCT

When a supplier detects or suspects nonconforming material/product, they are expected at time of discovery, to contact CEPEDA Quality Assurance for initiation of a deviation request. CEPEDA Quality Assurance and Engineering Departments must approve the deviation.

22 NONCONFORMING PRODUCT FOUND AT TIME OF DELIVERY TO CEPEDA

Upon arrival at CEPEDA's facility, items found to be nonconforming will be segregated and tagged. CEPEDA Quality Assurance will issue a Supplier Corrective Action Request (SCAR) or Corrective/Preventive Action

Request (CPAR) and forward it to the supplier. It is the supplier's responsibility to complete the information on the SCAR and return to CEPEDA Quality Assurance within the timeframe stated on the SCAR.

23 ATTACHMENTS

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24 PROCUREMENT QUALITY CLAUSES

The Procurement Clauses listed on each and every CEPEDA purchase order identify requirements which apply to that individual purchase order and constitute acceptance and commitment on behalf of the supplier to comply with the clause.

The clauses can be found on CEPEDA's Supplier Portal located at [Supplier Portal - CEPEDA \(cepedaassociates.com\)](http://Supplier Portal - CEPEDA (cepedaassociates.com))