



Supplier Quality Requirements

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The most current revision of this document may be found at
<http://www.worldmicro.com/quality/supplier-requirements>

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Supplier Quality Requirements

General Requirements

The following terms and conditions apply to all World Micro, Inc. purchase orders, in addition to any terms set forth on the face of an individual purchase order and any terms or other documents incorporated by reference (collectively, "Order"), unless otherwise stated in the purchase order.

Parties:

The term "WMC" refers to World Micro, Inc. and all of its subsidiaries. The term "Supplier" refers to the addressee set forth on the face of WMC's purchase order.

Acceptance & Acknowledgement:

The Order, and the terms and conditions set forth herein or in any other documents incorporated by reference, shall be deemed accepted by Supplier upon written acknowledgment to WMC within 24 hours. Without written acknowledgement, WMC reserves the right to procure from an alternate source without obligation to supplier for subsequent performance.

Modifications:

The terms and conditions of the Order may not be modified except by a writing signed by an authorized representative of WMC.

Warranties:

Supplier warrants that all material, work product, and merchandise supplied pursuant to the Order (a) shall strictly conform to all specifications, drawings, samples, or other descriptions furnished to and approved by WMC, (b) shall be fit and serviceable for the purpose intended, as agreed to by WMC and Supplier, (c) shall be of good quality and free from defects in materials and workmanship, (d) shall be new and not refurbished or reconditioned, unless expressly agreed to in writing by WMC, and (e) shall not infringe any patent, copyright, mask work, trademark, trade secret or other intellectual property, proprietary or contractual right of any third party. In addition, Supplier warrants that WMC shall have good and marketable title to all goods (including all components thereof) purchased by WMC pursuant to the Order, free of all liens and encumbrances and that no licenses are required for WMC to use such goods. With respect to services, Supplier warrants that all services shall be provided in a professional and workmanlike manner, with a degree of skill and care consistent with current, good and sound professional procedures. Neither receipt of material, work product or merchandise nor payment therefore shall constitute a waiver of this provision. If a breach of warranty occurs, WMC may, in its sole discretion, and without waiving any other rights, return for credit or require prompt correction or replacement of the nonconforming goods or services.

Termination:

WMC may terminate the Order in whole, or in part, at no cost to WMC, if any of the following occur: (a) Supplier becomes insolvent or makes a general assignment to the benefit of creditors; (b) a voluntary or involuntary petition for bankruptcy is filed by or against Supplier; (c) if the Supplier fails to make delivery of the goods or perform the services within the time specified in the Order; (d) if the Supplier fails to perform any other provision of the Order; (e) Supplier fails to make progress so that WMC reasonably believes that

performance of the Order will not be completed timely; (f) if the Supplier fails to hold competitive cost of the Order.

Notification of non-performance:

Supplier agrees to notify World Micro if unable to meet any of the purchase order requirements specified above, including but not limited to any change in quantity, part number, and manufacturer and/or delivery date; otherwise, World Micro reserves the right to refuse delivery and/or return the merchandise parcel collect. Any change must be authorized by World Micro before shipping. World Micro reserves the right to return any defective parts to supplier collect.

Right of Access:

World Micro, their customers, and regulatory authorities reserve the right of access to all applicable areas of the supplier's facilities, at any level of the supply chain involved in the order, and all applicable records. Refusal of access will preclude the ability to receive certain purchase requirements associated with applicable International Standards. World Micro also reserves the right to inspect product as supplier's facility to confirm product quality and compliance to specified purchase order requirements as necessary and/or mandated by End-user. (Prior notice will be given at time of Purchase.)

Delivery & Inspection

Insurance:

Do not insure this shipment – World Micro has its own insurance. Binder available upon request.

Packaging / Labeling:

All component products must be contained and labeled in acceptable industry packaging compliant with Government Regulations. The applicable purchase order number must appear on all boxes, packing slips and invoices.

Export Control:

Supplier agrees to ship all exported products with accurate and full values on all pro forma invoices and shipping/customs documentation that corresponds to that which is indicated on the Purchase Order. Undervalued invoices will not be accepted.

Electrostatic/Moisture Sensitive Devices (ESD/MSD)

Electrostatic Discharge Sensitive (ESD) items are to be handled and shipped in accordance to an ESD Program, with a preference for ANSI/ESD S20.20. Moisture sensitive (MSD) items are to be handled and shipped in accordance with IPC/JEDEC J-STD-033B.1.

Foreign Object Detection

Supplier shall maintain a FOD prevention program that is in accordance with National Aerospace Standard NAS-412.

Mixed Date-Codes

Unless otherwise stated on this Purchase Order, mixed date codes contained within individual reels, cut tape or tubes will not be accepted unless approved and noted on the purchase order.

Inspection:

All electronic components received will be inspected per the IDEA-1005-D: Inspection Process Guidelines and be compliant with World Micro's Counterfeit Prevention Plan. World Micro reserves the rights to reject and return any goods, at the vendor's expense, that do not comply with World Micro's internal inspection system, otherwise agreed upon in writing and noted on the purchase order, the following apply:

Condition of Parts:

All parts must be new, unused and in good condition.

Refurbished / Reworked Parts

Refurbished electronic components that are programmed or have bent, formed or oxidized leads, test dots or test marks will be rejected.

Non-electronic products received will be inspected per industry or government acknowledged standards when applicable. World Micro reserves the rights to reject and return any goods, at the vendor's expense, that do not comply with World Micro's internal inspection system, otherwise agreed upon in writing and noted on the purchase order.

Traceability and Certificates of Compliance (C of C's)

World Micro requests that all shipments be accompanied (when available) by Mfg. CofC and Test Reports. In the absence of Mfg. CofC, a Supplier CofC or other approval of release media may be accepted unless explicitly expressed otherwise on the purchase order.

Counterfeit & Suspect Parts Policy

Counterfeit Definitions:

Suspect Part:

A part in which there is an indication by visual inspection, testing, or other information that it may have been misrepresented by the supplier or manufacturer and may meet the definition of fraudulent part or counterfeit part provided below.

Fraudulent Part:

Any suspect part misrepresented to the customer as meeting the customer's requirements.

Counterfeit Part:

A fraudulent part that has been confirmed to be a copy, imitation, or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive, or defraud.

Prevention:

Supplier agrees and shall ensure that Counterfeit Work will not be delivered to World Micro.

Inspection:

Supplier agrees that it has a procurement and inspection system for electronic components that is compliant with AS5553 in place that will be used in fulfilling this Purchase Order to prevent the shipment of counterfeit/suspect parts to World Micro. When a sampling plan for product verification is utilized it must meet or exceed the requirements of ANSIZ1.4. World Micro or its representative retains the right to verify at the supplier's premises the contracted product conforms to specified requirements.

Notification:

Supplier shall immediately notify World Micro with the pertinent facts if Supplier becomes aware or suspects that it has furnished non-conforming material. When requested by World Micro, Supplier shall provide documentation that authenticates traceability of the affected items to the applicable OCM/OEM.

Risk of Loss:

<SUPPLIER> and World Micro hereby agree that fraudulent/counterfeit parts have no value and any contract documents establishing a transaction involving fraudulent/counterfeit parts shall be declared null and void.

<SUPPLIER> and World Micro hereby agree that if the OCM determines the suspect parts are authentic, the decision is "final" and <SUPPLIER> and World Micro hereby agree that if World Micro or a testing laboratory chosen by World Micro determines the product supplied are suspect/fraudulent/counterfeit, then <SUPPLIER> has the right to (1) Agree with World Micro's findings and the transaction will be voided; or (2) Verify World Micro's findings by contracting with a World Micro approved and <SUPPLIER> recognized test laboratory (hereafter referred to as "lab") for further verification.

Since any dispute between World Micro and <SUPPLIER> may be resolved in a civil proceeding whether in a court of law or in an arbitration, the appropriate burden of proof required by World Micro to establish that the suspect parts are fraudulent/counterfeit shall be preponderance of the evidence, which means World Micro must establish that is more likely than not that the parts are fraudulent/counterfeit unless World Micro is trying to establish fraud, which would then raise World Micro's burden of proof to be clear and convincing evidence. However, if for whatever reason, the issue of the authenticity of the suspect parts is raised during a criminal proceeding, then the burden of proof that the suspect parts are fraudulent/counterfeit shall be that the suspect parts are fraudulent/counterfeit beyond a reasonable doubt.

If <SUPPLIER> accepts World Micro's findings and chooses to immediately void the transaction, the suspect electronics parts will not be returned to <SUPPLIER> unless and/or until an independent lab agreed to by both <SUPPLIER> and World Micro determines that the product is not fraudulent/counterfeit. Under these circumstances, World Micro shall retain possession of the product for a time period at the least equal to the applicable statute of limitations under the appropriate Authority(ies) having jurisdiction following the date upon which <SUPPLIER> received notification from World Micro that it was choosing to void the transaction between <SUPPLIER> and World Micro. Once this period has expired, then World Micro shall have the absolute right to destroy the suspect fraudulent/counterfeit product. If <SUPPLIER> exercises their rights to have an independent lab determine whether the suspect fraudulent/counterfeit product is fraudulent/counterfeit, the <SUPPLIER> must issue an immediate refund of all monies paid by World Micro. If the suspect parts are determined to be Fraudulent/Counterfeit by the testing lab, then the <SUPPLIER> of

those parts shall be required to pay for all charges issued by the testing lab. If, however, the suspect fraudulent/counterfeit product is determined to not be suspect fraudulent/counterfeit then World micro shall be required to pay all of the charges issued by the testing lab.

World Micro and <SUPPLIER> agree that whether or not <SUPPLIER> refunds all monies paid by World Micro, World Micro shall have the absolute right to reacquire possession of the suspect fraudulent/counterfeit product to prevent its reintroduction into the market. In the event that <SUPPLIER> pursues its Supplier, either in civil or criminal proceedings, <SUPPLIER> shall have the right upon request to receive and use a mutually agreeable sample quantity of the product sold for the purpose of pursuing its remedies. Upon completion of testing, samples must be returned to <SUPPLIER> who will then return the product to World Micro. World Micro and <SUPPLIER> agree that World Micro shall have the right to destroy the suspect fraudulent/counterfeit product after expiration of the applicable statute of limitations under the appropriate Authority(ies) having jurisdiction. Notwithstanding the above, World Micro and <SUPPLIER> agree in writing that the product can be immediately destroyed. The product will be destroyed per their agreement so long as civil or criminal actions in which the suspect fraudulent/counterfeit product are the subject of the action have been completed.

Reporting:

When Supplier is eligible for utilization of the Government-Industry Data Exchange Program (GIDEP) and ERAI World Micro shall utilize their respectable processes to alert the industry of encountered counterfeit parts.

Regulatory Requirements

World Micro is a privately-held corporation that distributes electronic components and embedded computing solutions to OEM's & CM's in the Commercial, Industrial, Aerospace & Defense, and Medical market segments. World Micro does not engage in any manufacturing, repairing, overhauling activities nor does it exercise any direct control over any organization that performs those activities. The Regulatory Environment presents three primary regulations established and implemented by the European Union and include the following:

RoHS:

The Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment 2002/95/EC (commonly referred to as the Restriction of Hazardous Substances Directive or RoHS) was adopted in February 2003 by the European Union. The RoHS directive took effect on 1 July 2006, and is required to be enforced and become law in each member state. This directive restricts (with exceptions) the use of six hazardous materials in the manufacturing of various types of electronic and electrical equipment.

<[Source](#)>

REACH:

Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is a European Union Regulation of 18 December 2006. REACH addresses the production and use of chemical substances (i.e. everything made of atoms), and their potential impacts on both human health and the environment. Its 849 pages took seven years to pass, and it has been described as the most complex legislation in the Union's history and the most important in 20 years. It is the strictest law to date regulating chemical substances and will affect industries

throughout the world. REACH entered into force in 1 June 2007, with a phased implementation over the next decade. <[Source](#)>

Conflict Minerals (Frank-Dodd Act, Sec. 1502):

On August 22, 2012, the final rule regarding sourcing of conflict minerals under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“the Dodd-Frank Act”) was approved by the U.S. Securities and Exchange Commission (“SEC”). The rule imposes reporting requirements on publicly traded companies subject to the SEC to report annually the presence of conflict minerals originating in the Democratic Republic of the Congo (“DRC”) or adjoining countries (“Covered Countries”) in the products they manufacture or contract to manufacture whereby the conflict minerals are necessary to the functionality or production of a product. These “Conflict Minerals” include: Coltan (columbite tantalite) and its derivatives (Tantalum); Cassiterite and its derivatives (Tin); Wolframite and its derivatives (Tungsten); and Gold. <[Source](#)>

As a distributor only and a Privately-held company, World Micro is not legally required to disclose and/or report to any organization or agency related to the three regulations listed above. We do; however, accept how these regulations may impact our customers and suppliers. Our policy declarations may be reviewed upon request by contacting the World Micro quality team at quality@worldmicro.com.

At the customer’s request, World Micro will make every effort to obtain information related to these industry requirements and will fully disclose to the customer if the information is not available. World Micro does not make any express warranties related to RoHS, REACH, and CM-1502 unless explicitly stated in writing.

World Micro requests that all Supply Chain partners take any necessary steps to comply as applicable to these regulatory directives. We also require that all Suppliers make full disclosure of this information as it is available and/or expressly stated on the World Micro Purchase Order. World Micro will not accept ANY material that has been procured from sources related to the Conflict Mineral regulation.

Dangerous Goods / HAZMAT:

World Micro requests that all product that is classified as being “Dangerous Goods” or “HAZMAT” be accompanied with an applicable MSDS at the time of delivery. Furthermore, World Micro requires all product to be shipped in conformance to all applicable DOT, IATA, and other Shipping Regulations.

General Quality Clauses

Acceptance:

All material purchased by World Micro (buyer) shall pass IDEA-STD-1010 (current rev.) inspection standards or other industry standard inspection standards. When product is electronic components, product will be inspected to AS5553 requirements prior to acceptance. Additional inspection requirements and quality clauses are spelled out in the notes section of the Purchase Order.

Notification:

Supplier shall notify World Micro when Supplier or Supplier's sub-tiers are found to be non-compliant with Buyer specifications, or Supplier is disapproved by a Government agency, or GIDEP Alert is required or received affecting Buyer items.

Non-Conforming Product Notice:

Supplier agrees to notify World Micro in the event that product offered to be sold is found to be nonconforming at the supplier's inspection point. The written approval of World Micro shall be obtained prior to the shipment of nonconforming products. If previously purchased product is identified as non-conforming, the supplier agrees to notify World Micro that non-conforming product may have been previously shipped in fulfillment of previous orders.

Waiver:

Supplier agrees to notify World Micro in the event that product offered to be sold is found to be nonconforming at the supplier's inspection point. The written approval of World Micro shall be obtained prior to the shipment of nonconforming products.

Technical Data:

Supplier agrees to provide to World Micro relevant data required for product verification when applicable. This information may be in the form of specifications, drawings, standards, process requirements, or work instructions. When there are special requirements to meet statutory and regulatory standards, the supplier agrees to provide the information on the packing slip or invoice provided at shipment.

Flow-Down:

All requirements of these Purchase Order terms and conditions, including any quality requirements dictated in the notes section of this purchase order, shall be flowed down to the Supplier's supply chain. Failure to flow down said requirements constitutes a nonconformance to the terms of this purchase order and shall result, at World Micro's discretion, in the rejection of sold product.

Records Retention:

When required by the terms of this Purchase Order, traceability documents shall be retained by Supplier for a period no less than ten (10) years or as noted by quality clause, whichever is greater.

General Requirement:

All records must be made available to World Micro for review within 72 hours of notification of records request.

Aerospace / Defense Records:

All records related to product quality and traceability for Aerospace/Defense products must be retained for a period no less than ten (10) years or as specific on purchase order.

Medical Records:

All records related to product quality and traceability for Medical Devices and components must be retained for a period of no less than ten (10) years or the life of the device, whichever is greater.

Performance Metrics:

World Micro measures suppliers to a stringent quality performance for quality success and on-time delivery. Failure to meet World Micro's supplier quality requires may result in the blacklisting and removal of the supplier from the approved supplier list. The following metrics are tracked and available upon request:

- 95% or better on-time delivery,
- 98% quality success rate.

Quality Management System:

Supplier agrees to have in place a quality management system that is compliant to the requirements of ISO9001. Including in this quality management system, practices shall in place to meet the following World Micro requirements:

- Implement and maintain a quality management system,
- When required, use customer designated suppliers,
- Process for notifying and recalling World Micro of non-conforming material has shipped to World Micro due to a non-conforming process, product, or service,
- Competence training, including awareness training on the supplier's contributions to product conformity, product safety, and the importance of ethical behavior,
- Prevention of the use or sell of unapproved, suspect, or counterfeit parts,
- Notifying World Micro of major changes to the supplier's process, products, or services. In addition any major changes to their supplier's processes, products, or services,
- Flowing down World Micro's applicable requirements throughout the supply chain,
- Inspection system
- Provide certificates of conformance, tests reports, or authorized release documents when required by World Micro.

Quality Clauses:

Quality Clauses specific to purchase order are spelled out in the notes section of that order. A complete list of Quality Clauses can be found at: <http://www.worldmicro.com/quality/supplier-requirements/>.

Code of Conduct

World Micro has developed its own Code of Conduct based on the Electronic Industry Citizenship Coalition (EICC). World Micro requests that all Supplier's and their Supply Chain partners take any necessary steps to flow down and comply to our Code of Conduct. World Micro's Code of Conduct can be found at:

<http://www.worldmicro.com/quality/supplier-requirements/>.

Anti-Discrimination:

World Micro recognizes that the diverse knowledge, perspectives, ideas, experiences and qualities of all employees are critical to our success. World Micro is committed to supporting a diverse workplace culture that is free from harassment of any kind and inclusive of people

regardless of their race, ethnicity, national origin, age, gender, sexual orientation, socio-economic status, physical abilities, political affiliation, marital status, religious beliefs or any other non-merit fact, so that all employees feel included, equally valued, and supported. World Micro believes that all workers deserve fair treatment with dignity and mutual respect. It is to this aim that World Micro does not and will not engage in activities that violate these basic human rights.

QMS Cross-References & Links

Supplier Quality:

- The Most Current Revision of this Document may be found at <http://www.worldmicro.com/quality/supplier-requirements/>
- Electrostatic/Moisture Sensitive Devices (ESD/MSD)
- Electrostatic Discharge sensitive (ESD) items are to be handled and shipped in accordance to an ESD Program, with a preference for ANSI/ESD S20.20.
- Moisture sensitive (MSD) items are to be handled and shipped in accordance with IPC/JEDEC J-STD-033B.1

Inspection:

- All electronic components received will be inspected per the IDEA-1005-D: Inspection Process Guidelines: <http://www.worldmicro.com/pdf/IDEA-1005-D%20Inspection%20Process.pdf>
- Electronics received will be inspected per AS553 for counterfeit mitigation awareness. AS553 information can be found at: <http://www.as553.info/>

Acceptance:

- All material purchased by World Micro (buyer) shall pass IDEA-STD-1010 (current rev.) inspection standards prior to acceptance.

Quality Clauses:

- A complete list of Quality Clauses can be found at: <http://www.worldmicro.com/quality/supplier-requirements/>
- Electronic Industry Citizenship Coalition (EICC): <http://www.eiccoalition.org/>