

Quality Clauses for Packaging Systems, Inc.

(Purchase Order Clauses)

PSI.1. QUALITY SYSTEM: Seller shall provide and maintain a Quality Management System in accordance with stated requirements of the applicable purchase order, contract drawing, or specification and revision requirements. Compliance with this requirement shall not preclude subsequent rejection until seller provides acceptable product. Seller's quality system is subject to review and approval by PSI during the purchase order contract duration.

PSI.2. RIGHT OF ACCESS: In addition to our right of access, the supplier agrees to right of access for our customers (primary or prime customer), or regulatory agencies to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

PSI.3. CERTIFICATE OF CONFORMANCE/COMPLIANCE: A certificate of conformance/compliance is required from the seller for parts and material in accordance with applicable purchase order, contract drawing, and specification and revision requirements.

PSI.4. RECORDS: All quality records created and/or retained by seller shall be legible, stored and retained in a suitable environment to prevent damage, deterioration or loss. Quality records shall be retained by seller for a minimum of ten years, unless otherwise specified. Records shall be available for review by PSI, their customers and regulatory authorities in accordance with contractors or regulatory requirements.

PSI.5. FLOW-DOWN REQUIREMENTS: Seller is required to flow down all applicable requirements in the purchasing documents (e.g. key characteristics, record retention period etc.) to sub-tier suppliers.

PSI.6. SELLER'S TRACEABILITY: Seller's providing parts and material shall supply a copy of the original certificate of conformance or certificate of compliance and the material safety data sheet. Test Reports and/or Certificates of Analysis when requested on the purchase order shall be provided to specifications requested. All documentation shall accompany shipments. Failure to provide documentation shall result in delay of receiving material and possibly payment of invoice.

PSI.7. SHELF LIFE: A minimum of 85% shelf life is required upon delivery of all age sensitive material, unless otherwise specified on applicable purchase order, or approved by the buyer. Certifications for shelf life items shall include the following:

- Type of material
- Manufacturer's name
- Manufacturing date
- Expiration date
- Lot or batch number

PSI.8. ORDER CONFIRMATION: Seller shall acknowledge orders within 48 hours from receipt.

PSI.9. TERMS/CHANGES: As specified on order, unless otherwise arranged by the seller and the buyer, any change to the contract requirements by the supplier must be approved by the customer in writing; all COD shipments require an invoice to be faxed to the Buyer with correct value of order, prior to shipping.

PSI.10. DISCREPANCIES: The supplier shall notify the buyer in writing of any price or quantity discrepancy, prior to acceptance of the order or shipping the material.

PSI.11. SHIPPING: The order shall be shipped as specified with our forwarder of choice, unless otherwise agreed. If the supplier is unable to use the forwarder requested, please contact the buyer for alternate choice.

PSI.12. FOREIGN OBJECT DAMAGE: Seller shall maintain a program to control foreign object damage or contamination during manufacturing, assembling, inspection, storage, and shipment.

PSI.13. DELIVERY: Packaging Systems, Inc. requested delivery date = dock received date.

PSI.14. NON-CONFORMING MATERIAL: When it is known to seller that material is nonconforming to buyer's requirements, seller shall contact buyer for approval prior to delivery. Material received in compliance to buyer's purchase order requirements, including requested documentation, is subject to be on hold with buyer until issues have been resolved. This condition may cause delay of payment of seller's invoice. When the root cause to a nonconformance is determined to be under the responsibility of the seller, a corrective action requests may be issued and the seller shall take necessary actions to prevent future deliveries of nonconforming products.

PSI.15. NOTIFICATION OF CHANGE: Notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval from PSI.

PSI.16. DISCLOSURE OF CONFLICT MINERALS: Sellers providing product shall practice due diligence to ensure supplied product does not contain conflict minerals originating from the Democratic Republic of the Congo or adjoining countries identified in section 1502 of the Dodd–Frank Wall Street Reform and Consumer Protection Act.

PSI.17. CALIBRATION SERVICES: Vendors providing calibration services shall be accredited to ISO/IEC 17025:2005. Vendor ISO/IEC 17025:2005 scope of approval shall include all equipment listed on applicable acknowledged purchase order. Calibrations shall conform to ISO 10012:2003 and ANSI Z540.3-2006 and must be traceable to NIST.

PSI 18. MATERIAL SUBSTITUTION: Unauthorized material substitutions are not permitted on Buyer's Goods. Unauthorized material substitution includes any deviation from the engineering definition of a raw material. Engineering definition includes Buyer design drawing and applicable specifications, product specification, form, size, shape, chemistry, melt method, origin, temper/condition, product testing or surface finish. Alternate materials specified in the engineering definition (and often described as approved material substitutions therein) do not constitute unauthorized material substitution.

PSI 19. COUNTERFEIT PARTS PREVENTION: To prevent the inadvertent use of counterfeit parts and materials all fasteners and/or electrical, electronic and electro-mechanical parts delivered and/or used in the manufacture of deliverable products shall be from the Original Component Manufacturer (OCM)/ Original Equipment Manufacturer (OEM) or their franchised dealer or an authorized distributor chain. Parts shall not be used or reclaimed and misrepresented as new. The supplier shall flow down this requirement to sub-tier suppliers.

PSI 20. INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR): EXPORT SENSITIVE ITAR CONTROLLED: Information contained herein is subject to the code of Federal Regulations Chapter 22 International Traffic in Arms Regulations. This data may not be resold, diverted, transferred, trans-shipped, made available to a foreign national within the United States, or otherwise disposed of in any other country outside of its intended destination, either in original form or after being incorporated through an intermediate process into other data without the prior written approval of the US Department of State.

PSI 21. CONTRIBUTION TO PRODUCT/SERVICE CONFORMITY

This is being written to notify suppliers, and for suppliers to notify their personnel to ensure they are aware of their contribution to product or service conformity.

PSI 22. PRODUCT SAFETY

Suppliers are to support Product Safety by ensuring robust management of special requirements, critical items and key characteristics as addressed within this document and as defined by AS9100D.

PSI 23. ETHICAL BEHAVIOR

It is necessary to understand the importance of ethical behavior in your business operations and treat all personnel in an ethical and fair manner while doing business with PSI.

PSI 24. SUPPLIER PERFORMANCE

Suppliers must maintain a minimum product/service conformity rating of 95% and a minimum on-time delivery rating of 90%. PSI monitors supplier performance quarterly and may notify applicable suppliers of required actions when unacceptable ratings are detected.