

# Quality Clauses for Packaging Systems, Inc.

(Supplier/Customer Clauses) Rev Q 12/02/2022

**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. Signature or stamp with title of Seller's authorized personnel signing the certificate, date of signing, and a statement attesting that Goods provided under this contract conform to all contract requirements. Certificates utilizing secured computer-generated signatures with title of Seller's authorized personnel are acceptable. Traceability information to include the lot trace (e.g., date, batch, heat) or the individual item trace (e.g., serial number) and shelf-life information.

**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.

At the expiration of such period set forth above and prior to any disposal of records, Seller will notify PSI of records to be disposed of, and PSI reserves the right to request delivery of such records. In the event PSI chooses to exercise this right, Seller shall promptly deliver such records to PSI on media agreed to by both parties.

**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 75% shelf life is required upon delivery of all age sensitive material, unless otherwise specified on applicable purchase order, or approved by the customer. Certifications for shelf-life items shall include the following:

- Type of material
- Manufacturer's name
- Manufacturing date

- Expiration date
- Lot or batch number

**NOTE: Manual entering of shelf life SUPERSEDES the 80% requirement.**

**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 PREVENTION:**

- The supplier shall maintain a FOD Prevention Program equal to or greater than AS9146.
- The supplier shall perform a documented risk assessment for the impact of FOD to products that they provide to the PSI.
- The risk assessment shall have documented results that at a minimum include the following: A - Product /process family characteristics. B -Product/process family sensitivity to FOD. C -Foreign object (FO) detectability.
- The supplier shall implement, manage, and execute an effective FOD prevention program based on the results of the risk assessment. Program requirements shall be progressively more stringent based on the risk level defined.
- The supplier shall have a process to identify and document: A -FOD incidents that results in product nonconformance. B -FOD nonconformance. C -Lost tool, production aid, and/or items. The supplier's QMS shall include effectiveness of the FOD prevention program as part of their Management Review process.
- The supplier shall perform process assessments to measure the effectiveness of the FOD Prevention Program. Assessment results shall be documented and reviewed for continuous improvement opportunities.
- Suppliers shall develop and maintain FOD Prevention Program performance measures that include: A -Inspection/audit results. B -FOD nonconformance/incident reports. C -Process assessment results. D -Lost or found tool, production aids, and/or item reports.

**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 incompliant 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 including work tranfer 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: latest revision. Vendor ISO/IEC 17025: latest revision scope of approval shall include all equipment listed on applicable acknowledged purchase order. Calibrations shall conform to ISO 10012: latest revision and ANSI Z540.3- latest revision 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 AS9100 latest revision.

## **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.

## **PSI 25. BOEING SPECIFICATION D607**

### **MATERIAL SUBSTITUTION PROHIBITION**

#### **A. Unauthorized Material Substitution (General)**

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. Terms and definitions for metallic materials and processing used herein are clarified in ARP1917.

Contact Buyer's Authorized Procurement Representative for details regarding deviations to authorized materials. Seller agrees and understands that such deviations only apply to this purchase contract, and only as indicated in the Buyer's authorized document.

#### **B. Metallic Materials (Specific)**

Temper or Condition Conversion - Unless specifically authorized by the engineering definition, conversion of a raw material (i.e. heat treat to change the temper or condition of the material) constitutes material substitution of the condition provided by the manufacturer.

Metallic Raw Materials – Buyer's engineering drawings may refer to obsolete or superseded specifications covering several forms, thicknesses, widths, etc. of the alloy or alloys. The required characteristics of these materials are defined not only by the objective test standards of the specification, but by the processes/methods by which this final form is achieved. These requirements are often captured in the definitions of the required material forms and may not be explicitly called out in the detailed requirements. The raw material certification results from both the process used to make it and the tests to verify basic properties.

Seller shall ensure that metallic materials covered by current or obsolete/superseded specifications are produced using the standard industry practices designed strictly for the production of stock to the specified thickness, diameter, width or cross-sectional area, achieved by thermo- mechanical processing or casting process. Chemical, electrochemical, and mechanical methods used for the removal of surface scale or contamination, or the

production of the required surface finish, in accordance with the material specification are acceptable. Raw material must not be re-certified with respect to thickness, diameter, width or cross-sectional area or product form. Machining or cutting of thicker product or other product forms shall not be supplied in lieu of specified product unless specifically authorized by Buyer. Raw material certifications for material or parts shall reflect the form and size of the raw material as originally manufactured by the raw material producer.

C. Specification Supersession:

For government specifications and standards canceled after June 1994, Seller and subcontractors at all tiers shall use the last active revision of the canceled specification and standard until an acceptable replacement is included in the requirements of this Contract. Contact the Buyer's Authorized Procurement Representative in the event of any inconsistency in applicable specification or standard.

D. Reports (Full Pedigree from melt to final product) - Raw material certifications shall show clear traceability to the manufacturer(s) of the raw material including ingot source, all thermo-mechanical processing (i.e., forging, rolling, drawing, etc), heat treatment, chemical processing and inspections as required by applicable raw material specification requirements.

E. Chain of Custody (Disguising intermediate ownership) – Suppliers shall not disguise the pedigree of material or chain of ownership by removal of a previous supplier's name, nomenclature, or identification.

F. Source of Additional Information - Addition information and guidance may be found through Buyer's Supplier Portal or Buyer's Authorized Procurement Representative.

G. The substance of this Article shall be flowed in all subcontracts at every tier.

## **PSI 26. CANCELLATION OF ORDERS**

Buyer reserves the right to cancel or amend Purchase Orders, in whole or in part, for its sole convenience, by delivering to Packaging Systems, Inc. a written notice within 72 hours of issuing the original Purchase Order. Any cancellation after 72 hours is at the sole discretion of Packaging Systems, Inc.