



**Document title: CONTRACT FLOWDOWN
 REQUIREMENTS - off the shelf
 commodities**

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1. Purpose

- To define contractual requirements that pertain to the item being purchased in which this document is specified

2. Scope

- Applies additional requirements, contained within, to a contract when specified in a contract or specification.

3. Definitions:

- 3.1.1 **Counterfeit part:** a part that is a copy or substitute without legal right or authority to do so or one whose material, performance or characteristics are knowingly misrepresented by a supplier at any level in the supply chain. Examples of counterfeit parts may include, but are not limited to:
- 3.1.1.1 Parts which do not contain the proper internal construction (die, manufacturer, wire bonding, etc.) Consistent with the ordered part.
 - 3.1.1.2 Parts which have been used, refurbished or reclaimed, but represented as new product.
 - 3.1.1.3 Parts which have a different package style or surface plating/finish than the ordered parts.
 - 3.1.1.4 Parts which have not successfully completed the OEM's full production and test flow, but are represented as completed product.
 - 3.1.1.5 Parts sold as up screened parts, which have not successfully completed up screening.
 - 3.1.1.6 Parts sold with modified labeling or markings intended to misrepresent the part's form, fit, function, grade or manufacturing date.
- 3.1.2 **"Part":** the lowest level of separately identifiable items (e.g. Piece parts)
- 3.1.3 IAW – In Accordance With
- 3.1.4 GRI – Greenray Industries Inc.
- 3.1.5 **Part Obsolescence:** a part that is being discontinued and will not be available for purchase.

4. Contract Requirements – all apply and shall be flowed down to the seller's suppliers at all tiers

4.1 Quality Management System (QMS) Requirements

The Supplier shall implement and maintain a QMS which complies with the applicable standard or specification listed in Table 2. Any exceptions to these requirements may be approved by Greenray Quality Manager, through the Greenray Procurement Representative.

Table 2: Quality Management System Requirements Product/Service	Minimum Required QMS
Manufacturer with Design Authority, Manufacturer Build to Print, or Value Added Distributor	ISO 9001 (or equivalent), AS9100 Preferred
Inspection and Test Services	ISO 9001 (or equivalent), AS9003, AS9100 Preferred
Pass Thru Distributor	AS9120
Special Processing	NADCAP AC7004 Preferred
Commercial	ISO 9001 (or equivalent)
Services	ISO 9001 (or equivalent)
Calibration Services	ISO 17025 or ANSI-Z540-1
Catalog Items	As specified by contract or Purchase Order
Customer Directed, Engineering Directed or Sole Source of proprietary parts or Program Justified Source	Supplier's recognized quality system imposed. Exempt from Greenray requirement to be 3rd party certified.

4.2 **Change in QMS Certification Status**

The Supplier's QMS is subject to review and audit by Greenray. Any changes to the Supplier's registration, such as a change in certification status (e.g. update, withdrawal, or disapproval) or registration body, must be forwarded to the Purchasing Representative within 30 days.

A change in Supplier name, ownership, or facility location will subject the Supplier's System and Processes to reevaluation by Buyer. The Supplier shall notify their Procurement Representative of any of these changes in writing within 60 days prior to the change occurring.

4.3 **Electrostatic Discharge (ESD) Control:** Items on this Purchase Order may require ESD handling per best commercial practices for protection of Electrical and Electronic Parts, Assemblies and Equipment. Packaging shall be clearly identified as containing ESD sensitive materials. All items shall be packaged in ESD protective bags, tubes, or film.

4.4 **Part Substitutions Not Allowed:** The supplier shall furnish items of the exact manufacturer's part number specified on the GRI purchase order that were fabricated by the exact manufacturer specified on the GRI purchase order. Substitutions that offer "alternate" or "equivalent" items that do not meet these requirements are not permitted unless specifically authorized by the GRI Purchasing Department via purchase order amendment. Parts received that do not comply with these requirements will be rejected and will be returned to the supplier at the supplier's expense

4.5 **Supplier Audit** - performance of any audit of the supplier's quality system and/or test and inspection documentation at the supplier's facility may be required in association with this order. The audit may encompass parts procured to this order or any parts in-process for GRI, to assure conformance to the associated procurement documentation. A supplier representative shall be available to provide technical assistance to the auditor in those areas of a technical nature, i.e., ate, test programs, etc.

4.6 **Right of entry** – GRI and GRI customer and/or government representative) reserve the right to access the supplier's facilities and lower-tier suppliers, to assure the supplier's product(s) and processes fully comply with the requirements of this PO. Procurement quality engineering reserves the right to audit and approve/reapprove existing and potential suppliers and their sub-tier suppliers, prior to award of a PO, as well as post award, as GRI considers necessary to assure product conformance and completion of the PO.

4.7 **Manufacturer's lot traceability.** Each part delivered on this purchase order shall be clearly marked with a lot code or date code which provides traceability to the manufacture's process. If the part is too small to mark, the minimum protective package shall contain the information.

4.8 **Counterfeit Components** - No counterfeit parts, as defined herein, shall be used in parts supplied to GRI.

To mitigate the possibility of the inadvertent use of counterfeit parts, the buyer shall only purchase authentic parts and/or components directly from the original equipment manufacturer (OEM or OCM) or through the OEM or OCM authorized distribution chain. Purchases of parts or components from independent distributors are not authorized unless first approved in writing by a program quality representative. "Independent distributor" Shall mean a person, business or firm that is neither authorized nor franchised by an OCM to sell or distribute the OCM's products but which purports to sell, broker, and/or distribute such OCM products. Independent distributors are also referred to as non-franchised distributors, unauthorized distributors and/or brokers. The contents of this paragraph shall be flowed down to the seller's suppliers at all tiers.

4.9 **Record Retention** - The supplier shall retain in a safe and accessible location all records associated with the manufacturing of serialized or lot controlled items providing continued

traceability of serial numbers or lot number identification through all manufacturing phases commencing with raw material and continuing through final acceptance. This shall include verifiable objective evidence of all inspections and testing with final results and the dispositions of non-conforming items. These records shall be identified to associated items including the heat lot numbers, unit or lot serialization. Records shall be made available to GRI, GRI customer and/or government representative upon request for a period of 3 (three) years.

4.10 **MSDS** – (if applicable) Supplier is to provide an MSDS with each shipment of material

4.11 **Part termination finish:** GRI request the part finish be identified on the packing list or C of C

4.12 **Certificate of compliance (general).** Supplier is to provide a certificate of compliance (c of c) with each shipment which certifies that the product provided complies with all the item specific as well as any general purchase order requirements. When applicable, the lot, heat, batch, date code, and/or serial number must appear along with customer's order number, part number, name and address of manufacturing location, quantity, unit of measure and be signed by an authorized official of the company. The c-of-c maybe part of the packing list. The supplier is required to retain the c of c and certification data for all lots in a safe accessible location and shall be made available to GRI, GRI customer and/or government representative upon request for a period of 3 (three) years.

4.13 **Non-Conforming Product** – The organization shall provide a Corrective Action Response when requested by GRI regarding product that does not conform to the part /specification ordered.

4.14 **Customer verification** - Customer verification activities performed at any level of the supply chain should not be used by the org or the supplier as evidence of effective control of quality and does not absolve the org of its responsibility to provide acceptable product and comply with all requirements

4.15 **Part Obsolescence** – Suppliers shall notify us prior to any sourced part becoming obsolete and aid in establishing a new source. Greenray requires a minimum of year prior notice of a part becoming obsolete. Greenray shall be given the opportunity to make a last time buy.

4.16 **Sampling** – wherever sampling is used as an inspection method; all sampling must be based off of a statistically sound sampling table.

4.17 **Supplier Awareness** - The following is being communicated to Greenray's external providers (i.e. Suppliers) in support of Greenray's Quality Management System and continued improvement:

a. Greenray's "Quality Policy" states, in part, "...To provide competitive, quality products and services which fully meet our customers' specifications first time, on time, every time achieved by constantly striving for continuous improvement in all areas of operations". This cannot be accomplished without our Supplier supporting continual improvement.

b. Greenray's Suppliers maintaining a Supplier Quality Acceptance Rating of $\geq 90\%$ and an overall On Time Delivery Rating of $\geq 80\%$ to support Greenray's goals of: Customer Satisfaction and On Time Delivery to Customers.

c. Accuracy and compliance to Purchase Order requirements by external providers contribute to the overall effectiveness of Greenray's Quality Management System by improved performance and meeting mutually beneficial Quality Objectives. Furthermore, external providers contribute to **product safety** by supplying products and or services in compliance with requirements.

4.18 Supplier Ethics

- Greenray will conduct business in compliance with all applicable federal, state, local, and foreign country laws. We also expect all of our employees and others with whom we do business (i.e. you the Supplier) to conduct their business activities with the utmost integrity, honesty, and to maintain high ethical standards.
- Greenray's provides awareness training for our employees that includes importance of ethical behavior. It is expected that our Suppliers have and support similar practices to ensure full compliance. Suppliers must only provide those products and services that conform to contract requirements, including all testing requirements, and you must ensure that sub tier suppliers of raw materials, parts and components used in our products have an acceptable quality control system and that no counterfeit or malicious parts are utilized in our products.
- Many special laws and regulations apply when we do business with U.S. Government agencies and prime contractors. It is our responsibility and those whom we do business with to know, understand and comply with these laws and regulations, as well as with the Company's own high ethical standards in conducting business. Failure to comply with these rules can subject Greenray, its employees, and those whom we do business with to serious civil and criminal liability, and penalties. We are committed to complying with all laws and regulations that apply to our Government contracts and to acting ethically in all transactions with the Government and we thank you our Suppliers for your shared commitment to meeting these principles.