

**ON TIME & RIGHT, INC.
PROCUREMENT & QUALITY CLAUSES**

Introduction:

On Time & Right, Inc. Procurement & Quality Clauses are designed to communicate specific requirements in regards to shipments to On Time & Right, Inc. These clauses will be reflected on contracts and/or purchase orders as applicable. Any deviation from the contract or purchase order requirements must be documented in writing from the appropriate On Time & Right, Inc. authority.

A) Quality System:

1. General Requirements:

- a. **ISO 9000** - Seller shall meet all of the requirements of ISO9001:2000 or equivalent.
- b. **Right of Entry** – Purchaser reserves the right of access by the organization, their customer, and regulatory authorities to all facilities involved in the order and to all applicable records.
- c. **Notification of Non-Conforming Material** – The seller is responsible to notify On Time & Right, Inc. in writing, or any delivered non-conforming material that may affect reliability or safety in a timely manner. Notification must include a clear description of the nonconformity, which includes as necessary parts affected, customer and/or organization part numbers, quantity and date(s) delivered.
- d. **Use As Is & Repair Dispositions of Product to Be “Delivered to On Time & Right, Inc.”**
The seller must obtain a written waiver prior to delivering any product that is known to the non- conforming or repaired prior to delivery to On Time & Right, Inc.
- e. **Warranty** – Seller warrants that all items delivered on this purchase order will be free from all defects in materials and workmanship and agrees to replace the item(s) within 18 months of acceptance by the buyer.
- f. **Latest Revision** – Unless otherwise specified on the purchase order, the Seller will supply product conforming to the latest industry revision or the latest revision of the on file print or specification.
- g. **Part substitution** - Parts may not be substituted unless written authorization is provided by an authorized On Time & Right, Inc. representative. All certification must reflect the part number listed on the purchase order.

2. Misc. Quality System requirement applies

- a. All parts must be burr free
- Additional quality system requirements apply and will be specified on the purchase order

3. Sampling Plan

Parts will be inspected using ANSI/ASQZ1.4 or equivalent. Any deviation from this must be approved in writing by On Time & Right, Inc.... quality management. Sampling results must be documented.

4. Approved Processors

- a. Supplier shall only use processors designated by purchase order, end user requirements, or specification.
- b. Specific requirements shall be flowed down on the purchasing order as required.

5. Source Inspection

Government source inspection is required prior to shipment from supplier facility. Upon receipt of this order, promptly notify the local government and/or customer representative to plan for and schedule source inspection.

B) Documentation:

1. Packing List

All documentation shall be legible/reproducible and include:

- a. Seller's name and address
- b. Purchased Part Number
- c. Manufacturer's part number (If different from the Purchased Part Number)
- d. Purchase Order Number (if replacement parts required you must use the new replacement P.O.#)
- e. Date
- f. Quantity
- g. Lot Numbers
- h. Serial numbers (When applicable)
- i. Manufacturer's name
- j. Country of Origin

NOTE: An individual packing list must be created for each purchase order in the shipment.

2. Distributors C of C (Certificate of conformance)

All C of C documentation shall be legible/reproducible and include:

- a. Seller's name and address
- b. Purchased Part Number
- c. Manufacturer's part number (If different from the Purchased Part Number)
- d. Purchase Order Number
- e. Date
- f. Quantity
- g. Statement of conformity
- h. Signature of authorized authority
- i. Lot Number
- j. Serial numbers (When applicable)
- k. Manufacturer's name
- l. Country of Origin

**ON TIME & RIGHT, INC.
PROCUREMENT & QUALITY CLAUSES**

3. Manufacturer's C of C (Certificate of conformance)

All C of C documentation shall be legible/reproducible and include:

- a. Seller's name and address
- b. Purchased Part Number
- c. Manufacturer's part number (If different from the Purchased Part Number)
- d. Purchase Order Number
- e. Date
- f. Quantity
- g. Statement of conformity
- h. Signature of authorized authority
- i. Lot and serial numbers (When applicable)
- j. Manufacturer's name
- k. Mercury Free - Certification must include a statement that signifies shipped product is mercury free.
- l. Country of Origin – In the case of kits where individual kit components were made in different countries, the country of manufacture must be shown for each separate part number.

Note: Traceability must be established and documentation included for each change in custody back to the original manufacturer

4. Special Process Certifications

Seller and any sub-tier contractor engaged in special processes (i.e./ x-ray, welding, NDT, heat treat, plating painting, cleaning, testing, etc.) will submit a certificate of conformance for the process being performed with each shipment. The certificate will include the information described in section 5. Any additional data or objective quality evidence required by the process specification will also be included.

5. Chemical & Physical Test Reports

A copy of the manufacturer's chemical and physical test reports for each lot is required with shipment of material. These reports shall include the following information:

- a. Signature and title of authorized quality personnel
- b. Applicable specification and revision
- c. Quality statement

6. First Article Inspection (FAI)

A first article in accordance with AS9102 including an entry for each blueprint/specification requirement will be included with initial shipment of product and resubmitted under the following circumstances

- a. Drawing has changed
- b. There has been a significant change in manufacturing or testing process or processor, tooling, and/or equipment
- c. A different manufacturer is utilized for any part or component of an assembled part
- d. 2 years has lapsed since the initial FAI submission

The following information is required on all FAI package:

- a. Supplier name
- b. Part Number
- c. Applicable Revision
- d. Date
- e. Inspector Name or Stamp
- f. Applicable Blueprint Zones
- g. All Blueprint characteristics and notes with corresponding results

7. Limited Life Materials

- a. Shelf life, cure date, date of manufacture, and expiration date is required for all limited life materials. This must be recorded on the Certificate of Conformance.
 1. Limited life materials shall have a minimum of 80% shelf life remaining unless otherwise stated by On Time & Right, Inc....
- b. Rubber test reports shall be included with shipment when applicable
 1. Test Reports shall show actual values as observed in testing

8. Certificate of Origin Requirement

- a. Certificate stating the country of origin (location of manufacture)

9. Production Part Approval Process (PPAP) Requirements:

- a. Design Records of Saleable Product
- b. Engineering Change Documents
- c. Customer Engineering approval, if required
- d. Design FMEA
- e. Process Flow Diagrams
- f. Process FMEA
- g. Dimensional Results
- h. Material, Performance Test Results
- i. Initial Process Study
- j. Measurements System Analysis Studies
- k. Qualified Laboratory Documentation
- l. Control Plan
- m. Part Submission Warrant (PSW)

**ON TIME & RIGHT, INC.
PROCUREMENT & QUALITY CLAUSES**

- n. Appearance Approval Report, (AAR) if applicable
- o. Bulk Material Requirements Checklist (for bulk material PPAP only)
- p. Sample Product
- q. Master Sample
- r. Checking Aids
- s. Records of Compliance with Customer-Specific Requirements.

On Time & Right, Inc. will disclose on the Purchase Order generated to the supplier the specific submission level per the On Time & Right, Inc Customers Requirements. (Level 1, Level 2, Level 3)

10. DFAR Requirements:

DFAR 252.225

PREFERENCE FOR DOMESTIC SPECIALTY METALS (APR 2003)

a. Definitions. As used in this clause.....

1. "Qualifying country" means any country listed in subsection 225.872-1 of the Defense Federal Acquisition Regulation Supplement.

2. "Specialty metals" means ----

(i) Steel---

(A) With a maximum alloy content exceeding one or more of the following limits:

Manganese, 1.65 percent

Silicon, 0.60 percent or

Copper, .60 percent;

Or

(B) Containing more than 0.25 percent of any of the following elements:

Aluminum, Chromium, Cobalt, Columbium, Molybdenum, Nickel, Titanium, Tungsten or vanadium;

(ii) Metal alloys consisting of nickel, iron-nickel, and cobalt based alloys containing a total of other alloying metals (except) in excess of 10 percent;

(iii) Titanium and titanium alloys; or

(iv) Zirconium and zirconium base alloys.

a. Any specialty metals incorporated in articles delivered under this contract shall "be melted in the United States, its possessions, or Puerto Rico.

b. This clause does not apply to specialty metals --

(1) Melted in a qualifying country or incorporated in an article manufactured in a qualifying country; or

(2) Purchased by a subcontractor at any tier.

(End of clause)

ALTERNATE I (APR 2003)

As prescribed in 225.7002-3 (b)(2), substituted the following paragraph (c) for paragraph (c) of the basic clause, and add the following paragraph (d) to the basic clause:

(c) This clause does not apply to specialty metals melted in a qualifying country or incorporated in an article manufactured in a qualifying country.

(d) The Contractor shall insert the substance of this clause, including this paragraph (d), in all subcontracts for items containing specialty metals.

DFAR 225.8

225.872-1 General.

(a) As a result of memoranda of understanding and other international agreements, DoD has determined it inconsistent with the public interest to apply restrictions of the Buy American Act or the Balance of Payments Program to the acquisition of qualifying country end products from the following qualifying countries:

Australia	Greece	Portugal	France
Belgium	Israel	Spain	Ireland
Canada	Italy	Sweden	
Denmark	Luxembourg	Switzerland	
Egypt	Netherlands	Turkey	
Federal Republic of Germany	Norway	United Kingdom of Great Britain & Northern	

(b) Individual acquisitions of qualifying country end products from the following qualifying countries may, on a purchase-by-purchase basis (see 225.872-4), be exempted from application of the Buy American Act and the Balance of Payments Program as inconsistent with the public interest:

Austria	Finland
---------	---------

(c) The determination in paragraph (a) of this subsection does not limit the authority of the Secretary concerned to restrict acquisitions to domestic sources or reject any otherwise acceptable offer from a qualifying country source when considered necessary for national defense reasons.

11. Material Certifications

A certification stating the Material of the Item.

ON TIME & RIGHT, INC.
PROCUREMENT & QUALITY CLAUSES

C) Packaging Domestic:

1. General Packaging

- b. Multiple parts and/or manufacturer lots will be adequately segregated to prevent mixed parts or lots.
- c. Documentation for Multiple parts or manufacturer lots will be separated and placed with appropriate lot of material.
- d. Parts must be packaged to ensure that no damage occurs during the shipping process. – Note: The use of expanded polystyrene (Foam Peanuts) is prohibited.
- e. Staples shall not be used to seal bags. Tape or other non-metallic methods shall be used to prevent the potential for FOD (Foreign object damage)
- f. On Time & Right, Inc.... reserves the right to refuse any shipment that is damaged or does not comply with packaging requirements.
- f. Marking media color must contrast the label or container color.
- e. Any life-limited or material requiring special handling must be packaged and labeled in accordance with industry accepted standards.
- f. Any Electrostatic Discharge product must be shipped in ESD packaging.

- g. All kits must have a list of kit components in each individual box.
- h. Unless otherwise specified, individual boxes shall not exceed 40 lbs
- i. All o-rings shall be packaged 1 per.
- j. Wood container lids shall be attached using Phillips head screws in the place of nails to facilitate the opening and closing of the container.
- k. Metal banding shall not be used on shipments of finished parts. Vinyl or other non-metallic banding shall be used. It is permissible to use metal banding on shipments where non-metallic bandings are not strong enough to protect the shipment during transit.
- l. All material with cleanliness or contamination requirements on the drawing shall be adequately packaged to protect the part until point of use.

2. Outer package Identification/Bar-coding

The following information shall be bar-coded on the outside of each package. If the supplier is not capable of bar-coding, they will agree on a standard label type with On Time & Right, Inc.....

- a. Part Number
- b. On Time & Right, Inc.... Purchase Order Number
- c. Quantity
- d. Mfr. Lot Number
- e. Multiple box identification (Box 1 of 2, Box 2 of 2, etc.)
- f. For multiple boxes, indicate which box contains packing slip/certification

Field Requirements

- a. Data must be both human-readable and bar-coded, 3 of 9 symbology.
- b. Minimum label size is 3" X 5"
- c. All labels must be placed on the side of the box to prevent damaging when opening.
- d. Multiple box shipments shall each contain a copy of the documents or the box containing the documents must be clearly marked.

3. Individual Unit Pack Identification (bar-coded)

Each individual unit package shall include the following information:

- a. Part Number
- b. Mfr. Lot Number
- c. Purchase Order Number
- d. Quantity
- e. Manufacturer
- f. Supplier

Field Requirements

- 1. Data must be both human-readable and bar-coded, 3 of 9 symbology.

4. Palletized Receipts

Each pallet shall be identified with the following

- a. Packing slip must be contained inside of the shrink wrap
- b. Pallet must be labeled with the information listed in section C2
- c. Multiple pallet identification on outside of shrink wrap (Pallet 1 of 2, Pallet 2 of 2, etc.)
- d. All pallets must be in good condition
- e. All pallets must be two-way accessible
- f. For multiple pallets, indicate which box contains packing slip/certification
- g. Individual boxes must not exceed 50 lbs.

ON TIME & RIGHT, INC.
PROCUREMENT & QUALITY CLAUSES

5. Import Shipments

- a. Commercial shipping documents are:
 - 1. Original Bill of Lading
 - 2. Commercial Invoice
 - 3. Packing List

- b. Multiple shipments containing the same part number, P.O. number, P.O. item number must comply with the following:
 - 1. Must be marked and should be strapped/banded or shrink-wrapped together on one skid or pallet.
 - 2. The packing list must be placed in a waterproof envelope inside the upper left most container of the skid and marked "Documents enclosed" on the outside face of the container.
 - 3. An additional copy of the packing list & certs must be enclosed in an envelope and attached to the top of the skid or pallet.
 - 4. When banded/strapped or shrink-wrapped multiple containers are shipped, the packing list must be accessible without unbanding the shipment.
 - 5. Any pallet of material weighing over 200 lbs., must be banded with steel bands to prevent damaged shipments.
 - 6. Any partially released item or scheduled release must be documented on the packing list with accompanying certifications.
 - 7. The bill of lading should be annotated "separation of banded or wrapped skids during transit is not allowed."
 - 8. The outside of the container/shipment should be marked in bold letters "Do not separate this shipment."

D) Miscellaneous Requirements:

- 1. Cancelled Purchase Orders
Notify On Time & Right, Inc. at time of confirmation of any potential cancellation fees.

- 2. ROHS Certification Required

- 3. Any item found non-conforming and being replaced by the original supplier will be assigned a new purchase Order Number and that **NEW** Purchase Order Number **MUST** be referenced on all new packing lists and invoices.