

## **AIP Supplier Requirements**

### **1.0 Scope**

- 1.1 The AIP Supplier Requirements (SR) are to be reviewed by the supplier. Upon acknowledgement and acceptance of AIP's Purchase Order, the SR is considered accepted by the supplier.
- 1.2 The Supplier will comply to all aspects of this document with regards to the products and services delivered.
- 1.3 In the case where the requirements are in conflict with the requirements of a purchase order, the purchase order will take precedence.

### **2.0 Supplier's Quality Management System**

- 2.1 Where appropriate, the Supplier is required to have a quality system that ensures parts delivered to AIP meet all specifications.
- 2.2 The Supplier shall authorize AIP to determine through audits whether their quality assurance activities meet the requirements of AIP. An audit can be conducted as a system, process or product audit, and will be announced in timely fashion.
- 2.3 The Supplier shall grant AIP access to their facility and production documentation for a physical evaluation, if deemed necessary.
- 2.4 AIP shall communicate the results of this evaluation to the Supplier. If AIP considers corrective actions to be needed, the Supplier agrees to prepare an action plan immediately, to implement it on schedule, and to notify AIP of the progress made.
- 2.5 The Supplier must have methods for control of documents and data and, shall implement them effectively.

### **3.0 Contract Review**

- 3.1 During contract review, the Supplier shall examine all technical documentation, such as specifications, drawings, parts lists for feasibility and manufacturability upon receipt. The Supplier shall notify AIP immediately of any potential issues and/or risks as well as improvement possibilities identified.

### **4.0 Process and Production Controls.**

- 4.1 The Supplier shall coordinate the manufacturing and test conditions with AIP for prototypes and preproduction parts and shall document these. The goal is to build prototypes and pre-production parts under conditions similar to full-scale production, when applicable. This does not apply to distribution facilities.
- 4.2 Production or delivery activities should not be started until AIP releases it with written authorization via purchase order.
- 4.3 In the case of process disruptions and quality deviations, where the Supplier is unable to supply products conforming to the specification, Supplier must obtain a concession from AIP and nonconforming material must not be shipped to AIP without written approval.

- 4.4 The Supplier must ensure that identification of the packaged products will also remain legible during shipping and storage.
- 4.5 The Supplier agrees to ensure the traceability of the products they supply. The material must be traceable back to the raw material through proper documentation. Measures must be instituted to ensure that if a defect is detected, the defective parts/products/batches, etc., are traceable and contained.
- 4.6 The Supplier agrees to supply a copy of the manufacturing record (either physically or electronically) to AIP for each lot manufactured, if requested. Distribution suppliers shall have the OEM documentation for review, if required by AIP.
- 4.7 If AIP makes production and test equipment available to the Supplier, especially equipment and fixtures related to deliveries, then they must be labeled as AIP property. The Supplier is responsible for protecting this property from damage and ensuring proper function, maintenance, and repair.
- 4.8 During the manufacturing process the Supplier shall apply suitable methods of quality planning. (e.g. Work instructions, checklists, documented inspection and/or testing methods, and any other AIP requirements) This does not apply to distribution facilities.
- 4.9 These documents shall be controlled by suitable means so as to not be changed without proper review and authorization.

## **5.0 Shipment Paperwork**

- 5.1 Supplier shall provide shipment paperwork with each shipment listing AIP part number and revision, Supplier part number (if requested), AIP part description, quantity and AIP Purchase Order number.
- 5.2 Supplier shall supply all material certifications as requested by AIP.
- 5.3 Should shipment paperwork not be received or not contain the required information, the material shall be considered as nonconforming.
- 5.4 Records of these items must be retained for 10 years or per customer requirement, whichever is longer.

## **6.0 Change Controls/No Change Clause**

- 6.1 The Supplier agrees to obtain AIP approval in writing prior to changing:
  - 6.1.1 Production location.
  - 6.1.2 Raw materials.
  - 6.1.3 Test and Inspection methods or equipment.
  - 6.1.4 Production equipment at the same site (for validation processes).
  - 6.1.5 Production processes.
- 6.2 If it becomes evident that agreements reached such as quality characteristics schedules or delivered quantities cannot be met, the Supplier shall notify AIP immediately.

- 6.3 The Supplier shall also notify AIP immediately of any deviations detected after delivery. The Supplier shall disclose all necessary data and facts.
- 6.4 Quality records, including but not limited to incoming inspection (concerning purchased parts and other raw materials from sub-contractors), reliability and endurance testing, inspection, end of the line testing and defect analysis, if applicable, must be retained by the Supplier at least 7 years.
- 6.5 The Supplier shall grant AIP the right to inspect records upon request.

#### **7.0 Corrective and Preventive Actions/Non-Conformances**

- 7.1 AIP inspects the delivered products in the normal course of business. The Supplier shall be notified immediately of any defects detected in the process. This is including all required documentation.
- 7.2 Agreed quantities of the defective parts shall be returned to the Supplier.
- 7.3 The Supplier agrees to analyze each deviation or forward to the OEM, without delay and to notify AIP promptly of the cause of the deviation. The Supplier will inform AIP of any initiated corrective and preventive measures, as well as their effectiveness upon request.
- 7.4 If the supply of components not conforming to AIP requirements should threaten to cause a production interruption at the Supplier and/or AIP, the Supplier must seek a remedy through suitable immediate actions approved by AIP for which the Supplier is responsible (e.g. substitute deliveries, sorting, rework, special shifts, rush shipment, delivery method etc.).
- 7.5 Nonconforming material received or produced by the Supplier must be communicated to AIP. In the event material is rejected, all suspect material must be quarantined until a final disposition is reached.
- 7.6 Prompt action will be taken by the Supplier to correct conditions that cause defective material.
- 7.7 Response to Corrective Action should be returned to AIP within the specified period of time by AIP.

#### **8.0 First Article Inspection**

- 8.1 Where applicable, the supplier will furnish a FAI report with all dimensions and characteristics shown with a corresponding bubble drawing.

#### **9.0 Inspection Records**

- 9.1 Where applicable, the seller shall maintain records of all inspections and tests performed on items delivered to Buyer. These records shall identify nonconformances and shall be made available for Buyer, Buyer's customer and regulatory review. Period of retention is 10 years from close of order, unless otherwise specified on the Purchase Order.

#### **10.0 Sub-tier Management**

- 10.1 Purchase Orders require that all requirements invoked or applied to the customer's purchasing document and its associated documents, including key characteristics where applicable, are to be flowed down to all sub-tier suppliers.

## **11.0 Counterfeit Parts**

- 11.1 At a minimum, Seller shall have a counterfeit parts prevention plan that incorporates the following:
  - 11.1.1 Assesses potential sources of supply to determine risk of receiving counterfeit parts.
  - 11.1.2 A process to specify contract/purchase order quality requirements to minimize the risk of being provided counterfeit parts.
- 11.2 A process to assure detection of counterfeit parts prior to formal product acceptance.

## **12.0 Control of Special Processes**

- 12.1 Supplier will have a process to control special processes. These controls must be made available to AIP when required.
- 12.2 If a special process is flowed down to a sub-tier supplier, then the supplier will maintain records of all certs and be able to obtain process records.

## **13.0 Part Marking**

- 13.1 Marking of the parts is required in accordance with the AIP or AIP customer drawing and/or specification.

## **14.0 Packaging**

- 14.1 Material shall be packaged or segregated in such a way as to assure lot integrity. Tags, labels or test data may be used to assist in this process.
- 14.2 In addition, any and all AIP or AIP customer packaging requirements must be adhered to on all shipments, where applicable.

## **15.0 Reach and RoHS**

- 15.1 All parts sold to AIP must be RoHS and REACH compliant.

## **16.0 Third Party Inspection Notification and Sharing of Findings**

- 16.1 Supplier must notify AIP of any action by the FDA in regard to the products or facilities covered in the agreement and must send a copy of the audit report/findings.
- 16.2 The Supplier must notify AIP of any action by any government and/or official agency in regard to the products or facilities covered in the agreement and must send a copy of the report/nonconformances.

## **17.0 Ethical Standards**

The highest legal, moral and ethical standards of honesty, integrity and fairness are to be practiced by the Supplier. In order to meet this standard, AIP expects each of its business partners to operate and act in full compliance with all applicable laws and regulations. AIP expects that our Suppliers will hold their business partners and other third parties to the same standards.

**18.0 Environmental, Health, & Safety Requirements**

18.1 Suppliers of AIP shall conduct their business in such a manner as to promote a healthy, safe, and environmentally responsible atmosphere for all of its stakeholders. This includes, at a minimum, a program of Health, Safety, & Environment that conforms/complies to all applicable local, state, and federal requirements. This is including all internal processes, sub-contracted processes, and all goods or services provided to AIP. All processes will comply with any and all EPA, OSHA or any other regulatory body at the local, state, or federal level. These outsourced processes include but are not limited to:

- Painting
- Laser Marking
- Passivation
- Bead Blasting
- Electro-plating
- Anodizing

**19.0 Applicability**

19.1 This agreement is applicable for all Purchase Order issued to the Supplier by AIP.

**20.0 Supplier Scorecard**

20.1 Suppliers determined by AIP shall have a quarterly scorecard and rating system communicated.

20.2 An example of the supplier scorecard, ratings, resulting status, and the level of action is all defined. This is the template that will be used:

**Supplier Scorecard & Rating**

<b>Vendor Name:</b>		
<b>Dates:</b>		
<b>Factor</b>	<b>Criterion</b>	<b>Rating</b>
OTD %	Number of orders vs. Number of Orders Delivered on Time	0.0%
Returns	Number of orders conforming/Number of orders received	0.0%
<b>Overall Rating</b>	OTD x Returns	<b>0.00%</b>
<b>Rating Scale</b>	<b>Rating Definition</b>	
95% - 100%	Acceptable	
80% - 94%	Improvement Required- email vendor about the issue	
Below 80%	2 Consecutive quarters requires Corrective Action	