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To:
Company:
Address:

Date:
From:

Title:

This document establishes JIT Manufacturing Inc's. (JIT) requirements for Suppliers of direct products, processes, and services. Also, it defines the supplier's responsibility for assuring that purchased items conform to procurement requirements, as well as to drawings and specifications supplied by JIT. The Supplier Quality Management System Requirements clauses below apply to every supplier and every Purchase Order (PO), unless otherwise specified. There may be Quality Clauses (QC) listed on the PO that you are required to adhere to. These can be referenced under the [Quality Clauses section](#).

Independent distributors supplying product must comply with [SQR-3](#), [SQR-5f](#), [SQR-8](#), [SQR-9](#), [SQR-10](#), [SQR-12](#), [SQR-13](#), [SQR-15](#), [SQR-16](#), and [SQR-20](#).

The requirements set forth herein will ensure a consistent and quality-based relationship between JIT and its Suppliers.

Supplier Quality Management System Requirements (SQR)


SQR-1: The supplier must notify JIT if there is a change in your ownership, management, or the location of your facility.

SQR-2: The supplier shall maintain a Quality Management System (QMS) that is:

- a. compliant to ISO9001 requirements set forth by ISO 9001 (1st Step)
- b. registered to ISO 9001 (or equivalent based upon the type of service provided - e.g., ISO17025) (2nd step)
- c. registered to AS9100

SQR-3: The supplier must meet all requirements on the Purchase Order including those listed on this document. Acceptance of the PO by acknowledgement and/or by shipping/receiving of product will affirm supplier's acceptance of these requirements.

SQR-4: The supplier is required to supply all personnel necessary for the proper performance of the supply. Such personnel shall be appropriately qualified, competent, and skilled to perform the relevant part of the supply in which they are engaged. This should be documented and available upon request.

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SQR-5: Supplier shall provide the following information with the first shipment of parts:

- a) First Article Inspection Report (FAIR)
- b) Ballooned drawing of FAIR dimensions/notes
- c) Production Process Flow Diagram
- d) Control Plan
- e) Certificate of Compliance ([see SQR-7 also](#))
- f) Any other product compliance document not listed here but listed on the PO

SQR-6: Supplier shall notify JIT prior to shipping parts when:

- a) Products are produced using different or new equipment
- b) Products are produced using a different process
- c) Products deviate from the original design
- d) There is a change of their external providers
- e) The location of manufacturer has changed
- f) Any other changes that deviate from JIT's acceptance of the first shipment of product and documentation


Supplier shall obtain JIT's approval of these changes prior to shipping any product to JIT.

SQR-7: Supplier shall be able to provide a Certificate of Compliance (C of C) with each product provided to JIT affirming the products are complying to PO requirements. The C of C must include, at a minimum,

- a) The name of company
- b) JIT's PO number
- c) Part number or material description
- d) Issue date of the C of C
- e) Compliance statement to PO, drawing, or specification
- f) Signature of authorized supplier representative (electronic signatures are acceptable)
- g) Lot/heat numbers, if they apply to the material being supplied (a copy of the Certificate of Analysis must also be supplied)

As well it is expected that the supplier will maintain process verification data, supporting test data and any data that will support the compliance of their product. This data should be available upon request in a timely manner.

SQR-8: Supplier shall not deviate from product described in the PO requirements without written approval from JIT. **Supplier shall prevent the use of any counterfeit parts or materials from shipping to JIT. Any unauthorized copy, imitation, substitute, or modified product, which is knowingly misrepresented as the specified genuine product is unacceptable to JIT.** If any product is subcontracted and that product is identified to be counterfeit, the Supplier will

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contact the subcontractor furnishing the product and provide any of the Supplier`s data supporting the counterfeit nature of the product. Supplier will notify JIT and will discuss options with JIT for disposition of the affected material in order to prevent re-entry into the supply chain.

This may include:

- a) Upon mutual agreement, destruction of the product by Supplier to render it unusable in any form and documentary evidence provided to JIT and the subcontractor.
- b) Return product to the subcontractor and request evidence of disposition to prevent re-entry into the supply chain. This must be supplied to JIT as well.
(See [QC-4](#) below for GIDEP participation purchase orders)

SQR-9: Supplier shall notify JIT of any nonconforming product at Final Inspection. Any nonconforming product is not to be shipped to JIT without approval.

SQR-10: If any products are found to be defective or otherwise not in conformance with the requirements of the Purchase Order, JIT may reject the product and require that it be promptly replaced or repaired at the Supplier`s expense, including shipping and packaging charges. Alternatively, JIT may repair or replace the nonconforming product at the Supplier`s expense.

SQR-11: Supplier shall be aware of, and adhere to, JIT`s Supplier Code of Conduct and ensure that personnel contributing to the manufacture of the product being provided, are also aware.


SQR-12: Supplier shall retain records on file for a minimum period of 7 years. The supplier shall submit a written reason to JIT`s Purchasing Manager if they are unable to keep the records for this minimum period. The supplier shall implement a plan to become compliant by an agreed upon time frame.

SQR-13: JIT requires its suppliers to comply with all applicable laws, regulations, orders, and policies in providing products and services to JIT. Suppliers must comply and guarantee JIT`s products are compliant to the following regulations:

- a) RoHS Compliant
- b) REACH Compliance

The supplier shall provide JIT`s Purchasing Manager with a signed letter of compliance for each of these regulations.

SQR-14: Supplier must provide JIT Manufacturing Inc.; our customers and applicable statutory/regulatory agencies access to your facilities and to your records relative to the parts processed for JIT Manufacturing Inc.

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SQR-15: Supplier of commercial product shall ensure that the product meets the characteristics of the commercial catalog item. Also, the product must conform to the producer's own drawings, specifications, standards and be the same as offered for sale in the commercial market.

SQR-16: The supplier shall identify those products which have a specific shelf-life requirement. Seventy-five percent of the product(s) shelf life is required upon receipt at JIT.

SQR-17: JIT has established a Quality Performance goal of 90%. This goal is based upon the quantity of pieces ordered, the quantity of pieces rejected, the number of corrective actions issued and any past due corrective actions.

JIT has established an On-Time Delivery goal of 90% for all purchased products. This goal is based upon the number of orders per month and past due orders per month. If you are given a short lead time, this will be accounted for when calculating this score.

Scorecards will be provided quarterly to the top ten suppliers who meet JIT's spending requirements set forth by the Purchasing Manager. The following actions will be taken if one of these suppliers do not meet the above goals:

- a) If supplier drops below 90% in a given quarter, JIT's Management Team may decide to drop the supplier to probationary status.
- b) If supplier drops below 90% for 2 consecutive quarters or drops below 70% in any quarter, a corrective action will be issued
- c) If supplier goes 3 quarters with a rating below 90%, or below 70% for 2 consecutive quarters, JIT's Management Team may determine if further corrective actions are required, supplier audits, or to remove supplier from the approved supplier list.


Timely corrective action response is important and this figures into the suppliers Quality Performance score and could affect the supplier's status on JIT's Approved Supplier List.

SQR-18: Suppliers are required to complete forms FM-700-002 Supplier Code of Conduct and form FM-700-003 Supplier Survey as well as this form.

SQR-19: Supplier shall flow down to its external providers the SQRs and any applicable QC clauses listed in this document.


SQR-20: Unless otherwise specified, the Supplier shall use best commercial practices for preservation and packaging for all items supplied. It is the responsibility of the supplier to ensure that the packaging is adequate to protect the product during transportation, handling, and storage.

SQR-21: Product identification-If a pallet or container contains a single product number, then one identification tag on the pallet or container is acceptable. If there are multiple products on the pallet or container, one pc of each product must have an identification tag on it.

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If product was supplied to you by JIT and there are no changes to the PO and you repackage as received, then identification can be with JIT's move ticket that accompanied the product. You may also use your own identification. At a minimum your identification must contain:

- The product number
- Product revision level
- The quantity of the product
- The PO number the product/service was ordered on
- The suppliers name

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Quality Clauses (QC)

(If the Purchase Order specifies that a QC clause listed below applies to the Purchase Order, then you must apply them, and flow them down to any sub-contractors included in the supply of the product)

QC-1: The Department of Defense has authority under the Defense Priorities and Allocations System (DPAS) to place industrial priority ratings on its contracts. DoD uses two ratings: "DO" and "DX."

Any person who places or receives a rated order should be thoroughly familiar with, and must comply with, the provisions of 15 CFR 700 <http://www.ecfr.gov>. This is a representation of the basic requirements that a person must adhere to when accepting DPAS rated orders from activities or services of the Department of Defense.

In order to be in compliance with the requirements of rated orders, Contractors should ensure that DPAS is integrated into their Production Planning and Control System. You must know and understand the difference and priorities of DX and DO rated orders. (see QC2 as well)

DO rated purchase orders

If necessary, to meet required delivery dates at any level in the supply chain, DO rated orders must be given production preference over unrated (commercial) orders.


QC-2: DX rated purchase orders

If necessary, to meet required delivery dates at any level in the supply chain, DX rated orders must be given preference over DO-rated orders and unrated orders.

QC-3: DoD Prime Contracts & Sub-Contracts:

As mandated for all DoD Prime Contracts and Sub-Contracts, Contractors are required to flow down clauses 252.204-7012 and NIST SP 800-171 for subcontract performance and compliance with Cyber Security controls. JIT is legally bound, and as required, flows this information to Vendors/Suppliers with a Compliance Letter as acceptance to standards mentioned above. Any quotes, orders or communications is representation that parties involved abide by these standards indicated.

QC-4: When this clause is specified on the PO, special counterfeit reporting requirements apply in addition to [SQR-8](#). The supplier will also report to any agencies/bodies (GIDEP) about the incident in order that other users at large may become aware of the existence of the product in question and review their own supply chain for any risks as applicable.

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GIDEP participation purchase orders


In each contract executed for the design, development, testing, production and/or support of mission related material that exceeds \$500,000 in total estimated value, and when GIDEP participation is determined to be justified:

- A. The subcontractor shall participate in the [Government-Industry Data Exchange Program](#) (GIDEP) under the latest revision of GIDEP Requirements Guide, NAVSEA S0300-BU-GYD-010. GIDEP is an invaluable tool in the government's war against inefficiency and is limited to participating activities. GIDEP will retain and provide data and/or reports provided in compliance with this contract on a privileged basis. Compliance with the provisions of this clause shall not relieve the contractor from complying with other provisions of the contract.
- B. The contractor agrees to insert paragraph A of this clause in any subcontract that is issued from a GIDEP participation purchase order.

QC-5: JIT retains the right to invoke source inspection of products and processes at the Supplier or sub tier Supplier's facility as part of the First Article Inspection process, as a follow up of production orders or due to quality concerns. The supplier shall contact JIT's Quality Manager or Purchasing Manager within 3 business days of the final inspection to allow the scheduling of the source inspection. The Supplier shall provide JIT's representative with the resources that are requested while verifying conformance to requirements. This includes all supporting documentation required by the purchase order, the quality requirements (See [SQR-5](#) and [SQR-7](#)) and any applicable technical data.

JIT's verification by source inspection of goods shall not be deemed to constitute acceptance of any product discovered later which do not conform to the specifications. This also does not waive JIT's rights or remedies arising by virtue of the nonconforming product. (See [SQR-10](#))

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By signing below, you have agreed to comply with the requirements/practices identified in JIT's Supplier Quality Management System Requirements.

Signature _____
Name (Print) _____
Title _____
Date _____

Please return to JIT's Purchasing Manager:

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