BAE SYSTEMS ES ROCHESTER QUALITY CONDITIONS

Where these Quality Conditions conflict with currently agreed terms the following Quality Conditions take precedence.

These Quality Conditions shall be shared with the designated person responsible for Quality within the Supplier's organisation upon Order receipt and prior to the Supplier's acceptance of the Agreement. The Purchaser will deem the following clauses to have been accepted without comment unless expressly referenced otherwise on the Supplier's Order Acknowledgement.

DEFINITIONS

For the purpose of these Quality Conditions;

The terms Goods and Supplies may be used interchangeably and shall mean any goods, including without limitation, materials, technical data, technology, software, hardware, system design documentation, prototypes, test results which are to be provided by the Supplier to the Purchaser pursuant to the Agreement and means any or all of them, as the context may require.

The terms Agreement and Order may be used interchangeably and shall mean the purchase order together with: (a) the BAE Systems Standard Conditions of Purchase; (b) the Special Conditions; (c) the Specification; and (d) any other relevant documents which are expressly referenced on the Order (or, in the absence of such express reference, are deemed to be referenced on the Order).

1. COUNTERFEIT GOODS

1.1 The definitions and rules of interpretation in this clause 1.1 apply to the Agreement:

"Suspect Counterfeit Goods" means any Goods that are suspected by testing, visual inspection or other information to be Counterfeit Goods.

"Counterfeit Goods" means (i) any material, component, part, assembly, sub-assembly, product and any other item forming part of the Goods (together referred to as "Items" and separately as "Item") in which there is a confirmed indication by visual inspection, testing, or other information that it is a copy or substitute made without legal right or authority or one whose material, performance, Identity or characteristics have been misrepresented by the Supplier, manufacturer or a supplier in the Supplier's supply chain and/or (ii) previously used parts provided as 'new'.

"Identity" means any information which relates to the properties or characteristics of the Goods including but not limited to the original manufacturer or suppliers, trademarks or other intellectual property rights, part numbers, date codes, lot numbers, applied testing methods and results, inspections performed, documentation, warranties, origin, alterations, tampering, salvage, recycling, ownership history, packaging, physical condition, previous use and rejection.

"OCM" means the organisation that is the originating source for the production of legitimate components; and

"OEM" means the organisation that is the originating source for the production of legitimate equipment.

1.2 The Supplier warrants that Counterfeit Goods shall not be supplied to the Purchaser or installed in the Purchaser's products by the Supplier.

1.3 The Supplier warrants that only new, unused, authentic, genuine and legitimate Items shall form part of the Goods supplied to the Purchaser.

1.4 The Supplier may only purchase or source Items directly from OCM/OEM, OCM/OEM authorised (e.g. franchised) distributors or aftermarket manufacturers. Use, purchase or the sourcing of Items from non OCM authorised independent distributors or brokers is not permitted unless first approved in writing by the Purchaser. The Supplier must present compelling support for its request to use such non OCM authorised suppliers for the Purchaser's approval (including but not limited to OCM documentation that authenticates supply chain traceability of the parts to the OCM) and include in its request all necessary actions it shall take to ensure those Items thus procured are new, unused, authentic, genuine and legitimate Items.

1.5 The Supplier shall maintain a method of traceability that ensures tracking of the supply chain back to the manufacturer of all Items included in the Goods being supplied. This traceability method shall clearly identify the name and location of all supply chain intermediaries from the manufacturer to the direct source of each Item for the Supplier and shall include the manufacturer's batch identification for the Item such as but not limited to date codes, lot codes, serializations, or other batch identifications. Full supply chain traceability documentation includes but is not limited to OCM/OEM and authorised (e.g. franchised) Supplier certificates of conformity, Orders and test/inspection data and/or certificates. The Agreement shall specify any such additional documentation (other than as specified in this clause) required by the Purchaser.

1.6 If Counterfeit Goods or Suspect Counterfeit Goods are supplied or furnished under the Agreement such Goods shall be impounded. The Supplier shall promptly replace such Goods with Goods acceptable to the Purchaser and the Supplier shall be liable for all costs relating to impoundment, removal and replacement. The Purchaser may notify and turn Counterfeit Goods over to the relevant local or international Government authorities for investigation and the Purchaser reserves the right to withhold payment pending the results of such investigations.

1.7 The Supplier shall control Suspect Counterfeit Goods to prevent unintended reuse or re-entry into the market and ensure they are not returned to their supplier unless under controlled circumstances for validation or testing. The Supplier and those entities within its supply chain shall ensure that Counterfeit Goods do not re-enter the market and the Purchaser shall not be liable to the Supplier for the costs of any material that is not returned to the Supplier pursuant to this clause.

1.8 This clause 1 applies in addition to any quality provision, Specification, statement of work or other provision included in the Agreement addressing the authenticity of Goods. To the extent that such provisions conflict with this clause, this clause 1 shall prevail.

1.9 The Supplier shall flow down these requirements contained in this clause 1 to the Supplier's supply chain for any Items that are intended for supply to the Purchaser.

1.10 The Supplier shall inform its employees, contractors, workers and any other third parties (and shall procure that they shall inform their employees, contractors, workers and other third parties) engaged in the performance of work under the Agreement in writing prior to performance of work that there is a risk of criminal penalties associated with any falsification, concealment, fraud or misrepresentation in connection with work performed or Goods provided under the Agreement in the UK and other jurisdictions.

1.11 The Supplier shall notify the Purchaser as soon as it becomes aware of any Counterfeit Goods or Suspect Counterfeit Goods which arise in relation to any Goods. Suppliers eligible for utilisation of the Government-Industry Data Exchange Program ("GIDEP") shall utilise the GIDEP process to alert the industry to Counterfeit Goods or Suspect Counterfeit Goods.

2. DELIVERY OF NON-CONFORMING GOODS

2.1 If the Supplier wishes to deliver non-conforming Goods they must formally request to do so via a concession request. This should be sent to the buyer named on the face of the Order

and must detail the Order, line item number and part number of the Goods as a minimum (plus serial number where applicable), details of the non-conformance, reason for non-conformance, thorough root cause statement and corrective action, together with action to prevent reoccurrence and its effectiveness. The Supplier can only ship the non-conforming Goods if this concession is signed by an approved Purchaser representative, and a Material Review Form (MRF) number is supplied which must be added to the delivery paperwork of the non-conforming Goods.

2.2 In the event that Supplier becomes aware of having delivered non-conforming Goods they shall contact Purchaser and take action appropriate to the effects, or potential effects of the nonconformity. Supplier shall evaluate each non-conformance for its potential to exist in previously produced or delivered Goods, or Goods in transit to Purchaser. Where a non-conformance is identified, Supplier shall notify Purchaser in writing within 24 hours for issues impacting flight safety or for Goods in transit to Purchaser, and in writing within 5 working days for all other issues.

2.3 Prior to redelivery of a rejected item, the Supplier shall forward a Supplier Corrective Action Report (SCAR) to the Purchaser. If a SCAR is expected to take longer than this to prepare and submit to the Purchaser then Supplier should make Purchaser aware of the expected date of the report. The reports should be submitted to the buyer named on the face of the Order. In the event that Supplier provides a SCAR that is deemed unacceptable to the Purchaser, the Purchaser shall reject the SCAR and the Supplier shall return an amended SCAR addressing Purchaser's comments within 5 working days of such rejection.

3. DEFECTIVE SUPPLIES

3.1 Upon becoming aware at any time that there is, or in its reasonable opinion there might be, any defect in the Supplies which might cause death, personal injury, damage to property or economic loss (**Defect**), the Supplier shall:

3.1.1 immediately take all such action as is required to avoid any such consequences;

3.1.2 as soon as reasonably practicable, notify the Purchaser of the Defect and provide information on how the Defect might affect the Purchaser (and/or the Purchaser's customer);

3.1.3 as soon as reasonably practicable, agree with the Purchaser in advance any action to be taken by the Supplier (or by the Purchaser) to remedy the Defect and/or any consequences of the Defect and the relevant timescales and then implement such action accordingly (which shall in all cases be at the Supplier's own expense and risk); and

3.1.4 provide the Purchaser with information relating to the Defect which the Purchaser (and/or the Purchaser's customer) may from time to time reasonably request.

4. STANDARDS

4.1 As a minimum, the Supplier will ensure that the Order is carried out in conformity with the requirements of its ISO 9001 registration.

4.2 The Supplier shall maintain a documented calibration system for the calibration and maintenance of tools, jigs, inspection and test equipment that is compliant to a prevailing industry requirement, such as ISO 10012-1.

4.3 A Certificate of Conformity (C of C) is required.

4.4 If the Goods have a shelf life, the Supplier shall ensure the date of manufacture and the expiry date is written on the Certificate of Conformance and/or the packaging. The Goods shall have more than two thirds of the shelf life remaining when accepted by the Purchaser.

4.5 The Purchaser operates a risk based approach to Supplier Quality Assurance and requires access to Quality audit information for audits undertaken by 3rd Party Certification Bodies. Audit information shall be provided as detailed below:

4.5.1 For Suppliers holding AS/EN/JISQ 9100 series approvals, the Purchaser shall be granted Level 2 member company access via OASIS.

4.5.2 For Suppliers not holding AS/EN/JISQ 9100 series approvals, the provision of electronic copies detailing any audit findings will be provided to the Purchaser.

The Purchaser reserves the right to provide OASIS feedback to 3rd party certification bodies in relation to supplier quality, performance and non-conforming product(s).

5. FOREIGN OBJECT DEBRIS (FOD)

5.1 If there is any risk of FOD entrapment in the Goods then the Supplier shall maintain an approved FOD prevention programme. Unless otherwise specified in the Agreement, the programme shall use as a guideline NAS-412 National Aerospace Standard, Foreign Object Damage/FOD Prevention. The programme shall as a minimum embody the precautions listed below. By delivering Goods to the Purchaser, Supplier shall be deemed to have certified to Purchaser that such Goods are free from FOD.

5.2 Definitions;

FOD:	A substance, debris or article alien to a vehicle or system which would potentially cause damage.
Foreign Object Damage:	Any damage attributed to a foreign object that can be expressed in physical or economic terms which may or may not degrade the Goods safety or performance characteristics.

5.3 Design - where design activity is performed to meet requirements of the Agreement the Supplier shall take appropriate care to prevent the generation of FOD in the use of the delivered Goods. Opportunities for the detachment of any materials from the external faces of an item must be eliminated as far as it is possible and detachment of materials from internal cavities of an item must be minimalised.

Measures to achieve FOD prevention by design include, but are not limited to:

i) thread locking compounds for internal and external threaded fastenings,

ii) wire locking for external headed screws and locking nuts, especially where the end use is in a high vibration environment,

iii) particle capture (e.g. Getter) materials within cavities to arrest conductive, fibrous and other lightweight FOD (especially in optical or electronic cavities),

iv) mechanical locking washers or similar devices,

v) appropriate torque figures for threaded fastenings.

Provisions for FOD avoidance by design must be reviewed during design reviews.

5.4 Manufacture - Supplier shall instigate and maintain a process for avoiding the ingress of FOD into deliverable Goods during the manufacturing cycle.

Methods to achieve FOD prevention in manufacture include, but are not limited to:

i) good housekeeping – minimalising the presence of extraneous materials in the manufacturing areas,.

ii) careful methods planning – ensuring that FOD is not generated in the course of manufacturing, or, if this is unavoidable, e.g. during wire cropping, that there is a positive method of capturing the waste materials,

iii) visual inspections scheduled at appropriate times in the manufacturing lifecycle, especially prior to the fitting of covers to an enclosed item.

FOD prevention measures in manufacturing will be reviewed during audits or at other times deemed necessary by the Purchaser.

5.5 Packaging - Supplier shall instigate and maintain a process for avoiding the ingress of FOD into deliverable Goods during the packaging and delivery cycle.

Preferred packaging material types are;

i) paper sheets,

ii) bubble wrap,

Discouraged packaging material types are;

iii) polystyrene chips (environmentally unfriendly, small pieces increase risk of FOD, and Polystyrene is extremely static which can cause issues during production),

iv) shredded paper.

6. FIRST ARTICLE INSPECTION (FAI)

6.1 The Supplier shall perform an FAI and submit the FAI report prior to the first shipment of Goods provided against Purchaser's drawing in the Agreement. The Supplier shall only release the FAI against the formally issued drawings and approved change notes.

An FAI is not required IF Goods have been previously supplied or IF a previous FAI has been performed. Standard catalogue parts are therefore excluded from this requirement.

A repeat FAI shall be performed if any of the following applies:

i) one or more significant changes have been made to the Goods. 'Significant' here means where there is any effect on the form, fit or function of the Goods, thus causing a part number, or part number/issue increment. A change of material would count as a 'form' change,

ii) there has been a significant change to the Supplier's manufacturing process. 'Significant' here means a change of key manufacturing equipment (incl. programming of test stations / measuring equipment), and/or personnel, or the introduction of, or removal of, process stages which could affect final product quality,

iii) there has been a change of manufacturing location,

iv) there has been a change of a sub-tier supplier of a critical sub-part or outsourced process,

v) there has been a break in supply of the ordered Goods of greater than twenty-four (24) calendar months (e.g. non-contiguous follow-on orders).

6.2 Repeat FAIs may be full or partial, the scope being determined by Purchaser on notification by the Supplier of the nature of the change. Supplier shall notify Purchaser a minimum of 5 days prior to creating or starting any changes that affect the Goods, however if attachment "Control of Equipment Baseline" is referenced in the Agreement the terms in this attachment shall take precedence.

6.3 The FAI is to be performed by the Supplier in accordance with AS9102 at latest revision, including, but not limited to, the recording of actual dimensions / test data results / process control / build traceability, thus ensuring that the Goods are fully compliant with the approved design data.

6.4 The FAI report is to be completed by the Supplier in accordance with AS9102 at latest revision, and shall, in addition, include separate FAI reports completed against all drawn items, all items where a design requirement is captured, and all items within the Supplier and or Purchaser bill of materials.

6.5 It is the Purchaser's preference for advanced copies of the FAI report to be e-mailed to reduce processing delays of Goods received at Purchaser's inwards goods. Goods requiring FAI will not be booked in (i.e. accepted and processed for payment) until an FAI report has been received and deemed acceptable by the Purchaser's quality assurance.

FAI reports containing US Controlled data (ITAR/EAR) data should not be sent in with the goods but emailed the buyer named on the face of the purchase order using a secure method along with details of the appropriate US Export License (TAA/MLA/DSP-5 License reference number).

FAI reports NOT containing US Controlled data (ITAR/EAR) copies should be emailed to fai-rep.rochester@baesystems.com or posted to the FAI coordinator, Quality Assurance, BAE Systems Electronic Systems, Marconi Way, Rochester, Kent ME1 2XX UK.

7. CHANGE CONTROL

7.1 "Equipment Baseline" shall mean the item configuration referenced in the Agreement. All changes to the Equipment Baseline shall be submitted to the Purchaser, as set out in 7.2 and 7.3 below, for classification concurrence and, where required approval via a change proposal.

7.2 Class 1 Changes are defined as any change to the Goods (including in process or place of manufacture) required to either correct deficiencies within the Goods, change resident software or firmware, add or modify interface requirements, or modify effectiveness or performance. A Class 1 Change may be a change which impacts upon life cycle, cost, schedule, safety, manufacturing bill of materials, or that can affect form, fit or function. Supplier approved Class 1 Changes shall not be embodied in the Goods prior to the Purchaser's approval of the change. In order to facilitate Purchaser approval the Supplier shall provide a formal change proposal for each Class 1 Change which shall include any safety impact and proposed embodiment point.

7.3 Class 2 Changes are defined as all other changes to the Goods that are not considered by the Supplier and/or categorised by the Purchaser as Class 1 changes. Supplier approved Class 2 changes may be embodied into the Goods at the Supplier's risk prior to delivery to the Purchaser but must be submitted to the Purchaser for its records and for Purchaser concurrence at least sixty (60) days prior to the shipment of the affected Goods or as otherwise stated within an agreed configuration management plan. In the event that the Purchaser upon review reclassifies a Class 2 Change submitted by the Supplier to a Class 1 Change, the Supplier shall rescind the change and revert to the approved Equipment Baseline until such time as the Class 1 change is approved by the Purchaser in accordance with the process outlined in paragraph 7.2 above. In this event any changes embodied prior to and during the Class 1 change approval cycle shall be re-worked to reflect the Equipment Baseline at no liability to the Purchaser.

7.4 The Supplier shall flow down the requirements contained in this clause to its supply chain.

8. MATERIAL TRACEABILITY FOR NON-ELECTRONIC ITEMS

8.1 The following definitions are used in this clause;

Direct Source means the Supplier providing material directly to the Purchaser

Electronic Item means an integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode), or a circuit assembly.

Non-electronic Item means any item that is not an Electronic item.

Proprietary Item means a Non-electronic Item where the manufacturer of the item is specified in the Specification or any associated parts lists.

Non-Proprietary Item means a Non-electronic Item made to a widely available specification where the manufacture of that item can be from multiple sources.

Items means both Proprietary and Non-Proprietary Items.

8.2 This clause covers Non-electronic items and takes precedence for these, for Electronic Items refer to clause 1 of these Quality Conditions.

8.3 The Supplier shall only purchase or source Non-Electronic Non-Proprietary items where traceability back to the original material (i.e. raw material cert, mill cert, original material test certificate) can be maintained. The Supplier shall ensure that the method of traceability clearly identifies the name and location of all supply chain intermediaries from the original material to the Direct Source of each Item and shall include the manufacturer's batch identification such as but not limited to date codes, batch codes, serializations, or other batch identifications.

8.4 Traceability documentation shall include but not be limited to;

Proprietary Items – As a minimum Distributer certificates of conformity with confirmation of manufacturers name with product in original manufacturer packaging and test/inspection data where applicable

Non-Proprietary Items - material certificates, original manufacturer certificates of conformity, plating and secondary operation certificates, orders and test/inspection data where applicable. For hardware purchased to a commercial standard such as BS, ISO and DIN that are not typically accompanied by evidence of full traceability, a distributor certificate of conformance accompanied by evidence of testing is acceptable.
Testing shall be completed as follows:

Hardware Type	**Commercial Standard**	**Test type**	**Pass/Fail Criteria**	**Sample**
Fastener	BS, ISO, DIN	Tensile strength testing to BSI BS EN ISO 3506-1	Section 7 Tables 1-8	1%, min 5 off
Washer	BS, ISO, DIN	Hardness testing to Hardness Vickers BSI BS EN ISO 6507-1	As per material specification or Drawing	1%, min 5 off

8.5 If non-traceable Items are found to be within the Goods supplied or furnished under the Agreement such Goods shall be quarantined. The Supplier shall promptly replace such Goods with Goods acceptable to the Purchaser and the Supplier shall be liable for all costs relating to removal and replacement.

8.6 This clause 8 applies in addition to any quality provision, Specification, statement of work or other provision included in the Agreement addressing the traceability of Goods. To the extent that such provisions conflict with this clause, this clause 8 shall prevail.

8.7 The Supplier shall flow down these requirements contained in this clause 8 to the Supplier's supply chain for any Items that are intended for supply to the Purchaser.

8.8 The Supplier shall notify the Purchaser as soon as it becomes aware of any non-traceable Items which arise in relation to any Goods.

9. DATA RETENTION AND TRACEABILITY

9.1 "Traceable Data" means data as follows, for Goods (other than components and raw materials):

i) data needed to design, develop, manufacture, assemble, test, support and/or dispose of the Goods and which is directly traceable to the Goods (specific item type or item serial

number). Traceability should be maintained from individual components (e.g. raw metal billet or electronic components) through to the finished Goods. Goods include simple processing (i.e. cutting only, no finishing) or fabrication (i.e. culmination of raw material and component parts including finishes),

ii) data relating to product safety,

iii) records relating to measuring and test equipment that are directly traceable to the Goods.

9.2 The Supplier shall retain Traceable Data for a minimum period of 12 (twelve) years from completion of the Warranty period. Traceable data shall not be destroyed (either within or without the data retention period) without the prior written agreement of the Purchaser.

9.3 Where the Agreement is for components or raw material then the Supplier shall provide Purchaser with copies of the certificate of conformance trail as specified in the configuration or traceability attachments referenced in the Agreement unless already provided with the original delivery.