

## **Supplier Quality Requirements Manual (SQRM)**

**Revision Original – Creation Date: 26 October 2018**

**Approved by:**

**ALATUS Aerosystems QA Dept.**

Jeff Harmon

Supplier Quality Manager

Supplier may view this document via the ALATUS Aerosystems website at: [Alatusaero.com](http://Alatusaero.com)

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## 1. Process Owner

ALATUS Aerosystems Supplier Quality Assurance

## 2. Applies To

This document is applicable to all ALATUS Aerosystems (herein referred to as ALATUS) purchase orders (POs) for all contract deliverable production, overhaul, and general supply programs.

This document is effective for the following ALATUS Aerosystems

locations: Industry facility - *17055 East Gale Avenue, City of Industry, CA*

*91745 Brea facility - 423 Berry Way, Brea, CA 92821*

*Walnut facility - 20445 East Walnut Drive, Walnut, CA 91789*

*Chatsworth facility - 9301 Mason Avenue, Chatsworth, CA 91311*

## 3. Purpose

The ALATUS Aerosystems Supply Chain and Supplier Quality teams' objective is to exceed our Customer's expectations for first time quality, on-time delivery, and long-term cost management by building a long-lasting and mutually-beneficial relationship with our supply chain partners. The purpose of this document is to clarify ALATUS quality requirements for the entire supply chain.

## 4. Scope

This document is applicable to ALATUS Aerosystems sub-tier suppliers. Any deviations from this document shall be based on contractual agreements and addressed by specific customer documentation.

Internal ALATUS processes and procedures will be governed through ALATUS's Business Management System.

## 5. References

*AS9100, Quality Management Systems – Requirements for Aviation, Space and Defense Organizations*

*AS9102, Aerospace First Article Inspection Requirement*

*AS9120, Quality Management Systems – Requirements for Aviation, Space and Defense Distributors*

*ARP9013, Statistical Product Acceptance Requirements*

ISO 9001:2000, *Quality Management Systems - Requirements*

NAS412, *Foreign Object Damage/Foreign Object Debris (FOD) Prevention*

SQR-001, *Supplier First Article Inspection Form Completion* SQR-002,

*Supplier Nonconformance Requirements*

Alatus Aerosystems' Terms and Conditions

## 6. Definitions and Acronyms

Editorial Changes	Deviations and changes to controlled or “frozen” planning <u>specifically allowed by the specification</u> that do not require a Revision change.
Engineering	An engineering drawing (type design authority data) or digital model file(s) that discloses, by means of graphic or textual presentation, or by combinations of both, the physical or functional requirements of an item.
DPD	Digital Product Definition – The electronic data elements that specify the geometry, functional requirements and all design requirements for a product (including notation and parts lists), and the use of this data throughout an integrated CAD/CAM and coordinate measurement system.
Pay for Source Inspection	The supplier is required to contract with an ALATUS-approved service provider for source inspection operations.
Special Process	Any process for production and service provision where the resulting output cannot be verified by subsequent monitoring or measurement and, consequently, deficiencies become apparent only after the product is in use or the service has been delivered.
Specification Custodian	The organization that authored the specification and is responsible for managing approved sources.
Quality Assurance Requirements	A defined special purchase order condition relative to quality assurance needs for procured direct parts/materials or processing services. (Also known as Q-Clauses)
ALATUS	ALATUS Aerosystems (formerly known as Triumph Structures – Los Angeles, CA)
ASL	Approved Suppliers Listing

CAD	
CAM	Computer-Aided Design
CFE	Computer-Aided Manufacturing
CFM	Customer Furnished Equipment
CoC	Customer Furnished Material
COTS	Certificate of Conformance
COQ / COPQ	Commercial-Off-the-Shelf
FAI	Cost of Quality / Cost of Poor Quality
FAIR	First Article Inspection
FO	First Article Inspection Report
FOD	Foreign Object
FPQ	Foreign Object Damage / Foreign Object Debris
GRAMS	First Part Qualification
I&R	General Requirements for Aerostructure & Material Suppliers
JIT	Interchangeable and Replaceable
MRB	Just-In-Time
N/A	Material Review Board
NDI	Not Available / Not Applicable
NDT	Non-destructive Inspection
PO	Non-destructive Test
QA	Purchase Order
QIP	Quality Assurance
	Quality Improvement Program

QMS	Quality Management System
SCAR	Supplier Corrective Action Request
SDR	Supplier Deviation Request
SQR	Supplier Quality Requirements
SQRM	Supplier Quality Requirements Manual
T&C's	Terms and Conditions
UOM	Units of Measure
VMI	Vendor Managed Inventory

## 7. Responsibilities

- 7.1. It is the responsibility of the ALATUS Aerosystems Supply Chain Management and Supplier Quality teams to establish and develop aerospace suppliers with demonstrated capabilities, and to ensure all suppliers consistently meet the ALATUS Aerosystems specified requirements for quality and delivery.
- 7.2. ALATUS Aerosystems is committed to meeting our customers' expectations and expect no less than this same level of commitment to product and service excellence and continual improvement from our sub-tier suppliers.
- 7.3. Suppliers are expected to develop, execute, and sustain key business, operational, and process management practices that demonstrate they are capable of effectively meeting and exceeding the contractual obligations to the satisfaction of ALATUS Aerosystems and our customers. Table 1 contains keys to determining the applicability of ALATUS Aerosystems' Quality Management System requirements to each individual procurement, and shall be used by the supplier as part of the supplier's quality planning function to ensure compliance with ALATUS Aerosystems requirements.
- 7.4. Suppliers shall comply with the requirements contained in this document, the purchase order / contract terms and conditions (T&C's) and Quality Clauses, and all applicable Supplier Quality Requirements (SQR) documents.

- 7.5. ALATUS Aerosystems, our customers, and government regulatory agencies shall have the right of entry into the supplier's facility, and the requirement shall be flowed down in any subcontract to the suppliers' sub-tiers. The ability to examine and verify the quality of work, records, processes, and material at any place, including the subcontract's facility, must be included.

## **8. General**

- 8.1. The methods contained within this manual shall be adhered to at all times to ensure the conformance of products and services.
- 8.2. Unless otherwise noted, all documents referred to in this manual can be found on the ALATUS Aerosystems website: [Alatusaero.com](http://Alatusaero.com)
- 8.3. Any inquiries or requests for information and clarification shall be addressed using emails.
- 8.4. Any correspondence or data submitted in support of ALATUS Aerosystems procurements are to be in English and the documented measurements shall be derived using equipment that measures in the original native engineering unit of measure. Mathematical conversions are not allowed. Any request to deviate from this requirement must be sent to the ALATUS Aerosystems Procurement Agent.

## **9. Supplier Quality Management System Requirements**

- 9.1. Suppliers are expected to implement and maintain a Quality Management System (QMS) in accordance with the respective Quality System Standard listed in Table 1 as appropriate for the type of product or service being procured by ALATUS. All costs associated with obtaining and maintaining appropriate QMS approvals shall be borne by the supplier.
- 9.2. These systems shall be used in determining eligibility for the ALATUS Approved Suppliers Listing (ASL). Suppliers that cannot or will not meet this requirement shall contact the appropriate ALATUS Purchasing Agent.
- 9.3. Any suppliers that perform an operation that is Nadcap controlled must be Nadcap certified for that operation.
- 9.4. All suppliers shall ensure that all personnel involved and performing work in support of an ALATUS Aerosystems purchase order be made aware of:
- 9.4.1. Their contribution to product or service conformity;
  - 9.4.2. Their contribution to product safety; and
  - 9.4.3. The importance of ethical behavior.

Table 1 - Supplier Quality Management System Requirements

Quality System Level	Applicable Minimum Quality System Document <sup>(7)</sup>	Supplier Description
Level 1 <sup>(3)</sup>	AS9100 <sup>(1)</sup>	Manufacturer (Build-to-Print), Inspection Services, Raw Material Suppliers
Level 2 <sup>(4)</sup>	AS9120 or ASA100	Pass Through Distributor, Standard Hardware Suppliers
Level 3 <sup>(2) (4)</sup>	Nadcap AC7004	Processor
Level 4	AS9100 <sup>(3)</sup> or ISO9001 <sup>(3)</sup>	Tooling, both Build-to-Print and with design authority
Level 5 <sup>(5)</sup>	NONE	Commercial-Off-the-Shelf (COTS), Technical Service Providers, CFE/CFM/VMI <sup>(6)</sup>
Level 6	ISO 10012-1, ISO 17025, ANSI X540-1, A2LA, NVLAP, or AC7006	Calibration/Laboratories
Level 7	ISO 9001	Manufacturer, Single source, customer directed not able to meet AS QMS Requirements
Note		
1	Less the "Design" requirements of the standard	
2	Requirement is Nadcap/Nucap Process Approval	
3	"Other Party" certification required	
4	"Other Party" certification required, Approval to AS9100 will also satisfy this requirement	
5	Service Providers may require other audits if ALATUS is to transmit Digital Data	
6	CFE/CFM/VMI; Customer Furnished Equipment/Material; Vendor Managed Inventory	
7	When AS9100, AS9110, or AS9120 are listed, the EN or SJAC equivalents are also applicable	



## 10. Supplier Approval Process

- 10.1. A new supplier application is initiated by the ALATUS Purchasing Agent and forwarded to the supplier for completion.
- 10.2. When the application is completed and returned to ALATUS, the application is reviewed by Purchasing and Supplier Quality to determine whether the prospective supplier is qualified to become an ALATUS supplier.
  - 10.2.1. If approved, the supplier can be added to the Approved Suppliers List (ASL) and notified of the approval.
  - 10.2.2. If the application is disapproved, the supplier will not be added to the ASL.
- 10.3. The following factors shall be evaluated to determine whether ALATUS will require a supplier capability risk assessment at the time of approval: (Refer to section 11.10 for more details on assessments)
  - 10.3.1. The commodities or services to be supplied;
  - 10.3.2. Criticality of the program, commodity, or service; and
  - 10.3.3. Current Quality and/or Delivery performance with other aerospace customers

Note: Supplier Capability Risk Assessments may be required at a later date due to performance history, any loss or suspension of certification(s), or program rate increases.

## 11. Supplier Performance and Approval Status Maintenance

- 11.1. The Quality Management Systems identified in Table 1 shall be the Quality Systems standard used in determining eligibility for the ALATUS Aerosystems ASL.
- 11.2. QMS certificates and approvals will only be recognized if they are issued by an accredited registrar that participates in the aerospace industry's IAQG oversight process.
- 11.3. Once added to the ALATUS Aerosystems ASL, the supplier must continue to demonstrate an acceptable level of performance to remain eligible for new business and to maintain their approved status.
- 11.4. Supplier performance is monitored monthly using a Supplier Scorecard. Performance measurements include:
  - 11.4.1. Quality yield
  - 11.4.2. Delivery yield

- 11.4.3. Supplier Corrective Action Request (SCAR) response on-time
- 11.4.4. Cost of Quality dollars (\$) and percentage (%) of spend
- 11.5. Suppliers who consistently demonstrate unsatisfactory performance may lose their approval status and become suspended or terminated from the ALATUS Aerosystems ASL. Corrective actions and/or performance improvement plans may be required to regain satisfactory approval status. These methods are further described in Sections 33 and 34.
- 11.6. Suppliers must notify ALATUS in case of QMS and/or Nadcap certification probation, suspension, or termination within 48 business hours of occurrence.
- 11.7. Supplier name changes, changes in ownership, facility changes, or changes in senior Quality management must be reported to ALATUS within 48 business hours of the occurrence. Notification may be by email to the ALATUS Procurement Agent.
- 11.8. ALATUS reserves the right to perform a review of ALATUS purchase order and deliverable product(s) key/critical elements with the supplier. Assessments may include, but are not limited to:
  - 11.8.1. Quality System,
  - 11.8.2. Build Package,
  - 11.8.3. Contract and purchase order flow downs,
  - 11.8.4. Control of tooling,
  - 11.8.5. Digital Product Definition (DPD) data handling,
  - 11.8.6. Supplier sub-tier management.
- 11.9. These assessments may be initiated during initial approval, when significant changes in a supplier's facility occur, in response to negative performance trends, when supplier delegation is being considered, or as a periodic monitoring tool.
- 11.10. Supplier Capability Risk Assessments are conducted to ensure the supplier's equipment, resources, technical and process capabilities are adequate to support ALATUS purchase order requirements.
  - 11.10.1. If it is determined that a Supplier Capability Risk Assessment is needed, ALATUS will notify the supplier in writing to schedule the onsite evaluation.
  - 11.10.2. An assessment cannot be closed out until objective evidence is provided to ALATUS proving compliance to the criteria. This objective evidence should be provided in a timely manner to minimize any delay.

Organization of any documentation and objective evidence prior to the assessment is highly recommended.

11.10.3. Refusal to comply with the Supplier Capability Risk Assessment process will result in a cancelled application and/or removal from the ALATUS Aerosystems ASL.

11.11. Supplier Product Conformity Assessments are a process-based review of a supplier's practiced business and manufacturing process controls against their internal procedures as well as PO and contractual requirements. Supplier Product Conformity Assessments may also be initiated when significant changes in a supplier's facility occur (i.e., major management changes, facility upgrades, equipment movement, major capacity changes, etc.).

11.12. Nonconformances identified during any type of assessment or review may require initiation of formal corrective action requests to document the resolution. ALATUS will utilize assessment and review results as a basis for determining the amount and nature of additional supplier oversight required.

11.13. ALATUS may follow-up with suppliers to review the implementation of development strategies through subsequent on-site assessments and/or a specific request to the supplier to provide evidence to substantiate the successful implementation of targeted improvement.

## **12. Purchase Order Requirements**

12.1. ALATUS Aerosystems PO's for direct parts / materials, outside processing, and services may include a number of additional clauses relating to specific quality assurance requirements. Applicable Quality Assurance Requirements or Quality Clauses may be assigned on a part number or purchase order basis and are identified on the ALATUS Aerosystems PO's.

12.2. Suppliers are expected to review all applicable Quality Clauses as part of their contract review and quality planning processes. Requirements imposed by Quality Clauses are contractual and shall be integrated into the supplier's Quality Systems and/or product-specific planning and related controls to ensure consistent compliance for all parts / materials supplied.

12.3. ALATUS will assist suppliers in gaining the necessary access to the Quality Clauses but the use of verbal communication is not an acceptable method of communicating purchase order requirements.

- 12.4. Acceptance of the ALATUS Aerosystems purchase order constitutes acceptance and accountability for achievement of all requirements listed on the PO, the requirements within the applicable SQR documents, and the requirements contained herein. **Lack of diligence on the supplier's behalf is not justification for not complying with the applied requirements.**
- 12.5. It is the supplier's responsibility to perform an in-depth review of the purchasing documentation to ensure that the supplier can and will comply with the requirements therein. It is also the supplier's responsibility to request or otherwise obtain subordinate documents, specifications, and data referenced within the purchasing documentation. **Failures resulting from a lack of review and/or compliance with subordinate requirement documents will be considered the responsibility of the supplier.**
- 12.6. The supplier must obtain any agreements deviating from the issued purchase order in writing. No verbal agreements will be recognized under any circumstances and all liability as a result of the supplier accepting verbal changes to the purchase order shall be the responsibility of the supplier. Any requests or deviation shall be forwarded to the ALATUS Procurement Agent in writing for agreement or re-assignment of the purchase order.
- 12.7. Changes, supplements, or amendments to ALATUS Quality requirements must be agreed to in writing by the ALATUS Supplier Quality representative. ALATUS Procurement Agents do not maintain the authority to modify, rescind, or otherwise alter ALATUS Quality requirements.
- 12.8. Unless otherwise specified in the PO, manufacturing and inspection shall be performed to the latest released planning/engineering at the date of the PO. Requests to use revisions other than the latest can be submitted via email to the ALATUS Procurement Agent. Approval must come in the form of a revised PO allowing the use of the requested revision.
- 12.9. All measurements shall be in the original native engineering unit of measure (i.e., engineering dimensions in metric units must be measured with equipment capable of measuring in metric units. Mathematical conversions are NOT allowed). Requests for deviations of this requirement must be submitted to ALATUS in writing and approved by ALATUS prior to acceptance of products or services. Any such requests need to contain a measurement plan detailing the processes and characteristics affected, a means to ensure that calculations are accurate, assurance that no rounding is utilized

that could compromise engineering tolerances, and the adequate training of individuals.

- 12.10. Unless otherwise specified in the purchase order, manufacturing and inspection shall be performed to the latest released planning/engineering. The supplier is authorized to work to the drawing revision level noted on the supplied planning (where applicable) or to a more current revision of released engineering supplied by ALATUS. If a drawing change notice or drawing revision changes the configuration of the part and is not called out on the purchase order or supplied planning, the supplier should notify the ALATUS Procurement Agent immediately for written authorization.
- 12.11. If the purchase order does not indicate the revision of the drawing or specification, the supplier is to reference the Specification Document List located on the ALATUS Aerosystems website: [Alatusaero.com](http://Alatusaero.com)
- 12.12. Unless otherwise specified in the purchase order, sampling methods are prohibited by ALATUS and/or its customers. If a sampling plan is approved, the supplier must have a procedure in place in accordance with ARP9013 *Statistical Product Acceptance Requirements*.
- 12.13. Customer specific requirements shall be flowed down to the supplier on the PO including, but not limited to, General Requirements for Aerostructure & Material Suppliers (GRAMS), etc.

### 13. First Part Qualifications

- 13.1. First Part Qualification (FPQ) is required only when specified by the governing engineering specification or ALATUS customer requirement. FPQ verifies that the fabrication, inspection, and processing procedures of the first production part are in compliance with drawings/specification.
- 13.2. Preapproval of supplier technique sheets, manufacturing planning, or production processes may be required depending on the controlling specification (i.e., Boeing D6-1276).
- 13.3. Where specifications associated with product being procured by ALATUS require qualification or other types of approvals prior to production, the supplier shall submit all required materials and/or documentation to the ALATUS Procurement Agent.  
**Regardless of the customer specification verbiage, the supplier shall NOT contact ALATUS Aerosystems' customer regarding specification requirements associated with qualification data without prior written approval from ALATUS Aerosystems.**

## 14. First Article Inspections

- 14.1. The purpose of a supplier First Article Inspection (FAI) is to ensure that all design features of a deliverable product and its sub components meet all applicable levels of design drawing, material, process specification, and purchase order requirements.
- 14.2. ALATUS requires suppliers of direct production parts to employ a FAI process in accordance with AS9102. The purpose of this requirement is to develop objective evidence to support that all engineering design and specification requirements are properly understood, accounted for, and verified.
- 14.3. The First Article is a process imposed on assemblies, sub-assemblies, and detail parts (including castings, forgings, machined, composite, raw material cut to an engineering shape/part number, etc.). An acceptable first article product is a representation of those planning, capable, and repetitive manufacturing processes and proven tooling which produced it. A complete FAI must be submitted prior to shipment of product.
- 14.4. A FAI product must be a true representative of the designed manufacturing / fabrication process. Therefore, suppliers shall not use prototype parts, or parts manufactured using methods different from those intended for the normal production process, for the FAI. The “First Part” produced may not qualify as the First Article if changes to the process are made subsequent to its delivery.
- 14.5. The supplier must be able to demonstrate that the intent of the FAI was successfully accomplished and show objective evidence thereof. The supplier will ensure FAI’s submitted on behalf of sub-tier suppliers have been reviewed and are compliant with the requirements of this document and SQR-001.
- 14.6. First Article Inspections are to be documented in accordance with methods prescribed in AS9102. Suppliers are to utilize the forms associated with this standard where possible. A supplier’s equivalent forms may be used in place of those contained within AS9102 provided all content prescribed within AS9102 is included.

Note: Suppliers may acquire copies of AS9102 and the associated forms from [www.sae.org](http://www.sae.org).

- 14.7. First Article Inspection (FAI) is required when one or more of the following factors apply:
- 14.7.1. The product is being produced by a supplier for the first time;
  - 14.7.2. There is a lapse in production that exceeds two (2) years;

- 14.7.3. Any process, facility, or methods of manufacture or inspection are changed; a change in the design affecting form, fit, or function of the part;
- 14.7.4. A FAI is required as part of a corrective action for a part number with repetitive rejection history (typically a part with three (3) repeated rejections or as required by the customer);
- 14.7.5. A natural or man-made occurrence which may adversely affect the manufacturing process; or
- 14.7.6. A FAI requirement is specifically invoked on the PO.

Note: When the First Article Inspection Quality Clause is listed on the PO or line item, it applies to the first part only unless the above criteria are met and a FAI is needed to fulfill these requirements.

14.8. All First Article Inspection Reports (FAIRs) received shall be in accordance with AS9102B, *Aerospace First Article Inspection Requirement*.

Note: Additional partial FAI's are required in accordance with AS9102. Refer to SQR-001 *Supplier First Article Inspection Form Completion* for more instructions on completing the AS9102 form and when a full or partial FAI is required.

14.9. All First Article Inspections shall be submitted to ALATUS via Net Inspect unless otherwise authorized in writing by ALATUS.

14.10. All First Article products are required to be conspicuously marked or identified as a First Article product. Products received without a First Article on file at ALATUS, or not marked as a First Article when it is a First Article part, may be returned and the associated costs borne by the supplier.

14.11. Suppliers that proceed at risk and produce products prior to acceptance of the FAI by ALATUS Aerosystems shall not have recourse to recover losses resultant from a failed First Article. All costs associated with the result of a rejected supplier First Article produced at risk by the supplier shall be borne by the supplier.

14.12. The First Article package shall include the report and all supporting documentation described in SQR-001. The FAI will not be considered complete until nonconformances affecting the part or assemblies have been closed and corrective action implemented. Partial FAI's will be performed for those affected characteristics and the results recorded.

14.13. When the supplier chooses to procure subassemblies and parts, these FAI requirements shall be imposed by the supplier upon the sub-tier supplier. If the

supplier is furnishing kits, a FAI must be performed and documented by the supplier for each item in the kit, as well as the kit level part number.

- 14.14. When the engineering is based on Digital Product Definition (DPD), the following guidelines shall be taken into account:
- 14.14.1. All features that are defined by the 3D model must be included in the product acceptance plan and accounted for as part of the FAI documentation.
  - 14.14.2. When the dimensional characteristics are not defined by either a standard linear tolerance or GD&T feature control frame on the face of the model, these features are defined in the parts list and/or notes on the drawing.
  - 14.14.3. The FAI shall account for the entire engineering dataset (i.e., the general / flag notes, parts list, all features / characteristics per defined tolerances).
- 14.15. The FAI will be reviewed by ALATUS quality assurance personnel for compliance to engineering requirements and for required content in accordance with AS9102 and SQR-001. ALATUS may also re-inspect parts to validate supplier First Article reports.
- 14.16. If applicable, suppliers will be notified of the rejection of their First Article submission through Net Inspect.
- 14.17. Rejected First Articles will require resubmission of the complete or partial First Article's data and (where requested) parts. Partial or complete re-accomplishment of the FAI for affected characteristics is required for changes in product design, any change in the supplier's manufacturing process, or other events as prescribed within AS9102 and this document.
- 14.18. A rejected First Article may result in the issuance of a Supplier Corrective Action Request in order to identify the reason the rejected First Article was not detected by the supplier's Quality System.
- 14.19. Where appropriate, ALATUS Supplier Quality may utilize a specifically tailored process review in order to validate the thoroughness and effectiveness of those processes developed and deployed by individual suppliers for purposes of generating and verifying their First Article documentation in accordance with AS9102.
- 14.19.1. Those suppliers whose processes are successfully validated in this manner will still be required to transmit their FAI reports along with the labeled part from which the data was derived, but will not be required to seek ALATUS First Article Verification approval for individual parts prior to commencing ongoing production shipments.



14.20. Clarification for castings and forgings: The die or pattern must be qualified per the requirements of the blue print specifications and the supplier of the castings or forgings shall perform first piece inspection.

14.20.1. Actual dimensions are to be recorded on the First Article Inspection AS9102 form (or supplier equivalent provided they address all the elements of the AS9102 form).

14.20.2. When the forging or casting is to be procured to an engineering drawing, the FAI along with the qualification package (as defined by governing specifications) shall be submitted to ALATUS for review and approval.

14.21. The requirement for a First Article Inspection excludes supplied basic raw materials such as metallic plate/sheet, chemicals, fibers, fabrics, and these outside processing services:

14.21.1. Nondestructive Testing

14.21.2. Heat Treating

14.21.3. Material Testing Laboratories

14.21.4. Chemical Processes

14.21.5. Coatings

14.21.6. Welding

14.21.7. Shot Peening

## **15. Special Processes**

15.1. When special processes are required, only approved suppliers shall be used per the specification custodian's approved listings (i.e., Boeing D1-4426, etc.). Listing on these approved lists does not assure or imply that the work performed is acceptable, nor does it compel the listed processor to accept the work.

15.2. When processes are procured, it is the responsibility of the supplier to verify all processes are performed in accordance with the specification requirements.

15.3. The processor shall review, perform, inspect, and certify to the process specification as required by the purchase order.

## **16. Non-Destructive Test (NDT) / Non-Destructive Inspection (NDI) Submittal**

16.1. When required by ALATUS PO or Quality Requirement, submittal of NDT/NDI general procedures and part-specific techniques to ALATUS is required prior to production testing.

Note: ALATUS approval may also include the need for ALATUS's customer approval.

- 16.2. It is the responsibility of the supplier to review the associated drawings/drawing notes and related documents to determine if/when NDT/NDI is required.
- 16.3. When required, NDT/NDI procedures or technique sheets shall be submitted to the ALATUS Procurement Agent for approval.
- 16.4. Guidelines for the minimum content of general procedures / techniques are provided in the respective process specifications. After initial approval, any changes to subject documents shall be resubmitted to ALATUS for approval unless the edits made are authorized by the governing specification without approval (i.e., Boeing D6-1276 “Editorial Changes”).
- 16.5. Suppliers using outside NDT/NDI sources shall ensure that the selected NDT/NDI sub-tier has ALATUS approval as applicable for the procedure / technique used.

## **17. Manufacturing Planning Submittal**

- 17.1. When required by ALATUS Aerosystems’ PO or Quality Requirement, submittal of manufacturing plans for Critical or, in some cases, Non-Critical Parts may be required for approval.  
  
Note: The criticality of parts will be identified on the engineering drawing (i.e., Fracture, Durability, Fatigue, Maintenance, Flight Safety Critical, etc.).
- 17.2. Manufacturing plans requiring approval per specification / PO requirements shall be submitted to ALATUS at least 30 days prior to start of production for approval.
- 17.3. The manufacturing plan shall contain fabrication, processing, processor name, and inspection steps in the sequential order required by the applicable process specification(s) and/or engineering drawing(s). This shall also include all sub-tier associated manufacturing and/or process plans.
- 17.4. Once approved, the supplier’s manufacturing plan shall be considered “frozen” and the supplier shall control all manufacturing, processing, testing and inspections as stated in the approved plan. No deviations, including supplier’s sub-tier suppliers / processors, are permitted without ALATUS’s written authorization unless the edits made are authorized by the governing specification without approval (i.e., Boeing D6-1276 “Editorial Changes”).
- 17.5. Delivery of product is not permitted until the supplier has received appropriate ALATUS approvals.

## **18. ALATUS Aerosystems Furnished Tools**

- 18.1. When tooling is furnished by ALATUS Aerosystems or its customers, this does not relieve the supplier of the responsibility of proving the adequacy of all tooling. Any anomalies found in such tooling must be immediately reported to the ALATUS Procurement Agent. All ALATUS-furnished tools must be maintained, inventoried, and readily recallable.
- 18.2. If ALATUS furnishes tooling to the supplier requiring a tool prove-out, the acceptance will be based on verification of the supplier's first article part and/or assembly documentation.
- 18.3. The supplier shall induct all ALATUS-furnished Precision Measuring Equipment (PME) into their calibration system and control it in accordance with their written calibration procedures.
  - 18.3.1. PME is defined as any device used to measure, gage, and test, inspect, or otherwise determine compliance with prescribed technical/engineering requirements. PME includes, but is not limited to, calipers, micrometers, linear scales, pin gages, thread gages, spline gages, custom gages, and optical comparators; coordinate measuring machines, hardness & conductivity testing equipment, optical flats, roughness testers, torque wrenches, tensiometers, protractors, sine bars, and angle blocks.
- 18.4. The supplier is responsible for maintenance periodic calibration of all ALATUS-furnished PME unless otherwise negotiated with the ALATUS Procurement Agent.

## **19. Raw Material Requirements**

- 19.1. Supplier shall provide the raw material certification, which was provided by the original mill. Mill certifications shall include conformance with the applicable material specification as noted on the ALATUS PO, material description, alloy and condition, physical properties, chemical analysis, and heat lot number.
- 19.2. If the raw material was purchased from a distributor, include the distributor's certificate of conformance along with the mill certification. At no time should the raw material be recertified by any means other than by the original mill.

Note: These requirements apply for all raw material including castings and forgings. All chemical analysis and physical test certifications shall be provided in fulfillment of the PO even when the material is ALATUS furnished.

- 19.3. The supplier is required to verify the correct material type and temper to engineering prior to the first fabrication operation. Evidence of verification shall be on the supplier's shop traveler, work order, planning paper, or other inspection status documentation.
- 19.4. No material substitutions are authorized unless approved by ALATUS. Contact the appropriate ALATUS Purchasing Representative for approvals.
- 19.5. Boeing Commercial Programs (reference BCA document X31764 and note Q29), validation of raw material test reports is required. When the supplier utilizes test reports to accept purchased material, the following requirements apply:
- 19.6. Test reports shall be checked 100% against the raw material supplier's requirements and applicable specifications.
- 19.7. The supplier shall periodically validate test reports for raw material accepted on the basis of test reports. That validation shall be accomplished by the supplier or other independent party through periodic, scheduled tests of raw material samples. Schedules for frequency of tests will be established by the supplier based on historical performance of the raw material supplier.
- 19.8. Seller shall retain test reports provided by the raw material supplier and seller's validation test results as quality records traceable to the conformance of goods.
- 19.9. If ALATUS supplied parts or materials are found to be nonconforming upon receipt, the supplier is to immediately notify the ALATUS Purchasing Representative listed on the purchase order. The continued use of this material without the written permission of ALATUS constitutes the suppliers' acceptance of part or material quality and any costs related to repair or replacement.

## **20. Counterfeit Parts Avoidance, Detection, Mitigation, and Disposition**

- 20.1. ALATUS Aerosystems suppliers shall put into place a documented program to avoid, detect, mitigate, and disposition counterfeit parts and materials. For guidance, AS6174 should be utilized.
- 20.2. Suppliers shall also flow down counterfeit parts program requirements to their sub-tiers, especially but not limited to:
- 20.2.1. Electronic parts suppliers
  - 20.2.2. Raw material suppliers
  - 20.2.3. Distributors

## 21. Deliverable Documentation

21.1. A Certification of Conformance (CoC) must always accompany the deliverable product.

21.1.1. The CoC may be included on the packing slip or a separate document.

21.1.2. The CoC statement contained within the CoC document must state that the products have been inspected by the supplier's Quality Assurance department and they adhere to all contract requirements, applicable drawings and / or specifications.

21.1.3. The original signature and/or stamp of the supplier's authorized quality representative are required and must be dated. Secured, computer-generated signatures are acceptable.

21.1.4. All CoC's shall be traceable to the material and, at minimum, shall contain:

21.1.4.1. Supplier's name,

21.1.4.2. Supplier's address,

21.1.4.3. PO number,

21.1.4.4. PO item number,

21.1.4.5. Drawing number and revision,

21.1.4.6. Quantity delivered,

21.1.4.7. Serial number(s) (as required), and

21.1.4.8. When applicable, nonconformance reference number.

21.2. All special process certifications shall accompany the product and supplier CoC.

21.3. Suppliers and/or manufacturers of machined parts, sheet metal parts, composite/nonmetallic parts, castings & forgings, and raw materials must provide the original mill certifications and any material distributor certifications when appropriate.

21.3.1. Mill certifications shall include conformance with the applicable material specification as noted on the purchase order, material description, alloy and condition, physical properties, chemical analysis, and heat lot number.

**Note:** Unless specifically required by the purchase order, suppliers that have been granted delegation or product that has been subjected to ALATUS source inspection do not need to include copies of the material certifications with the product delivery. However, certifications shall be made available during source inspection and or by request for delegation.

21.4. If the raw material was purchased from a distributor, include the distributor's Certificate of Conformance along with the mill certification.

21.4.1. Recertification by any means other than by the original mill is not authorized.

21.5. Castings and forgings procured in support of ALATUS purchases of machined parts must have documented evidence of customer qualification acceptance prior to production. All chemical analysis and physical test certifications shall also be provided for castings and forgings.

Note: Suppliers using ALATUS-provided material may provide evidence of ALATUS consignment in lieu of raw material certifications.

Note: When required by purchase order or quality requirement, Certificates of Conformance for metallic product shall contain hardness and conductivity values. ALATUS may specifically identify what surfaces to perform hardness tests and what methods to utilize. Incorrect scale or location may result in a scrap part of which the supplier shall be responsible.

Note: When special processing is performed, the supplier's manufacturing detail for the end item parts shall list the order in which special processing was performed, the supplier that performed the process, the processor's special process approval number, and the Certificate of Conformance number from the special processor.

21.6. The supplier shall apply the actual date of manufacture, date code(s) or control number(s) to the shipping document and/or Certificate of Conformance, and ensure it is signed by the supplier's designated quality representative.

21.7. Distributors of Standard parts / Hardware / Raw materials shall provide certified copies of manufacturer's test reports with each shipment.

21.7.1. To discourage the potential for counterfeit parts or materials from entering the supply chain, ALATUS does not accept raw materials from pass-through distributors (Level 3) that have not been procured directly from the manufacturer, unless certified copies from the original mill are available or prior written approval has been provided by ALATUS. Any purchase of recertified raw material or raw material that has departed from direct control of the manufacturer is prohibited. Attempts to make such sales to ALATUS shall be grounds for supplier disapproval.

21.7.2. ALATUS classifies a supplier as an approved distributor for a specific manufacturer when the distributor has written authorization from the manufacturer to procure and distribute specific products produced by the manufacturer. It is the distributor's responsibility to provide a copy of the manufacturer's authorization letter to ALATUS upon request.

21.8. Suppliers who procure from distributors are to utilize only distributors with a QMS that complies with either AS9100 and/or AS9120.

21.9. Distributors shall ensure that standard parts / hardware / material are marked in accordance with specification requirements. Original mill marking shall be affixed and legible on raw materials and shall not show signs of tampering or altering.

21.10. Suppliers of Age-Sensitive Materials must provide the original manufacturing / cure date, lot number(s), expiration date or length of shelf life (if indefinite, so state), and any special storage/handling instructions.

Note: For age-sensitive rubber products, the supplier's "expiration date" or "length of shelf life" data is not required if the cure date and applicable specification number are stamped on the deliverable hardware. Supplier is responsible to determine if acceptance test report submittal is required in accordance with applicable material specification.

21.11. Items on supplier's Certification of Conformance and/or packing sheets shall clearly reflect the following requirements for reworked product, including work performed by supplier at the ALATUS facility:

21.11.1. A clearly visible declaration that the item(s) have been reworked in accordance with respective nonconformance documents or applicable purchase order,

21.11.2. The item(s) meet the requirements of the engineering document(s),

21.11.3. The original configuration and qualification status of the item(s) remains in effect (as applicable), and

21.11.4. All applicable nonconformance document numbers or other references have been noted to ensure traceability.

21.12. All deliveries of kitted parts and assemblies/sub-assemblies must be accomplished with a legible Certificate of Conformance or equivalent with each kit. The supplier must certify that all material/parts have been processed, inspected, and tested in accordance with the purchase order and engineering requirements. The supporting data is on file and will be made available for ALATUS review upon request. Any

deviations/waivers associated with material/parts in the kit or assembly are to be listed on the packing slip and/or Certificate of Conformance along with the affected part number. A first article inspection in accordance with ALATUS purchase order requirements is required against the kit part number as well as each individual part within the kit or assembly.

Note: Any additional data package requirements will be itemized on the respective purchase order and/or planning configuration sheet (i.e., work order, manufacturing order, etc.).

## **22. Marking, Packaging, and Handling**

22.1. Suppliers shall mark all deliverable products and documents in accordance with the purchase order, manufacturing planning, engineering drawing, or this document, in that order of precedence.

Note: In the event there is a conflict between the requirements defined in this document, the purchase order, the engineering drawing and/or specification, the drawing / specification shall take precedence.

22.2. Suppliers shall ensure that all products are packaged in a manner and with materials necessary to prevent deterioration, corrosion, or damage, considering the conditions at the supplier's facility, transportation to the destination, and the expected or specified conditions at the destination.

22.3. The supplier shall provide special handling for articles sensitive to handling damage. During fabrication and processing, special carts, boxes, containers, and transportation vehicles shall be used as necessary to prevent damage due to handling. During individual packaging of parts, the use of staples is prohibited. This requirement excludes multi-part box packaging. All parts shall be checked by the supplier for damage at receipt (when applicable) and prior to shipment.

22.4. When specific packaging requirements are flowed down to ALATUS by the customer, the same requirements shall be flowed down to the supplier. These requirements may supersede the requirements of this section, e.g., government specification packaging.

## **23. Records Retention and Disposition**

23.1. All records shall be readily available for review by ALATUS, its customers, and Government regulatory agencies. An English version shall be available for all quality data and/or approved design data.



- 23.2. Prior to destruction of any Quality Records related to ALATUS procured products / services, the supplier shall notify and submit a records disposition request to the ALATUS Procurement Agent.
- 23.3. Records shall be retained in hard paper, film media, and/or electronic as required by contract or purchase order requirement, or for a minimum of ten (10) years after purchase order completion if not defined. ALATUS will be offered first right of refusal prior to record destruction.
- 23.4. Records include but are not limited to:
- 23.4.1. Inspections and test results indicating the nature and quantity of nonconformances, the quantities approved and rejected, the nature of corrective action taken, and the final sign off by quality personnel.
  - 23.4.2. Manufacturing Information and all supporting documentation such as raw material certifications, special processing records and certifications, and manufacturing records (i.e., routers and travelers) shall be retained and remain continually accessible at no cost to ALATUS by the supplier in accordance with the terms of the purchase order.
- 23.5. Suppliers shall maintain parts traceability records as required per applicable drawing requirements. The supplier's Certificate of Conformity package shall include parts traceability data.

## **24. Interchangeability and Replaceability (I&R) Requirements**

- 24.1. Supplier shall review the purchase order and associated drawing(s) to determine if Interchangeability & Replaceability (I&R) features apply to supplier's deliverable hardware and/or statement of work.
- 24.2. I&R records shall be maintained by supplier and made available to ALATUS upon request. Supplier's packing sheets and/or attachments must include the designated I&R control numbers as specified in the purchase order's configuration statement of work.

## **25. Foreign Object Damage / Foreign Object Debris (FOD) Control Program**

- 25.1. The supplier shall establish, document, and maintain a FOD control program in accordance with NAS412.
- 25.2. Basic elements to be included in the supplier's FOD program are:
- 25.2.1. Foreign Object (FO) prevention training,
  - 25.2.2. Performance measurement,

- 25.2.3. Design and manufacturing planning consideration for FO prevention,
- 25.2.4. Work sequencing,
- 25.2.5. Cleanliness of work area (housekeeping),
- 25.2.6. Control of tools, personal items, fasteners, scrap, etc. (accountability),
- 25.2.7. Lost items search and documentation process,
- 25.2.8. Protection entry control into Foreign Object critical areas,
- 25.2.9. Foreign Object focal point(s),
- 25.2.10. Periodic (annually at minimum) evaluation of the FOD control program for effectiveness.

25.3. At ALATUS Aerosystems' discretion, the suppliers FOD control program is subject to on-site review and approval.

## **26. Suppliers Management of Sub-tier Suppliers**

- 26.1. ALATUS Aerosystems suppliers are responsible for management of their subcontractors. This management shall include compliance in addition to acceptable quality performance.
- 26.2. Due to ALATUS customer requirements, all suppliers must comply with and flow down the QMS requirements (listed in Section 9) to all sub-tier suppliers. Any risk of utilizing sub-tiers without the recommended QMS capability shall be borne solely by the supplier.
- 26.3. Suppliers shall provide purchasing information to their suppliers that adequately describe the product/service to be procured. It is recommended that suppliers provide specific information in lieu of general reference to specification or documentation.
- 26.4. Suppliers are responsible for flow down of all requirements and provisions of the ALATUS Aerosystems PO and this document to sub-tier suppliers. Deviations to this document and/or the ALATUS PO are not authorized without written ALATUS consent.
- 26.5. When customer specific documents are flowed down to the supplier, the supplier shall also flow down the same documents to their sub-tier suppliers as applicable to the process/service being provided.
- 26.6. ALATUS suppliers are also required to utilize special process suppliers approved by the specification custodian's approved listing (i.e., Boeing D1-4426, etc.). ALATUS suppliers and their sub-tiers are responsible to ensure that only approved process sources are used.

- 26.6.1. Customer approval does not assure nor imply that work performed by a processor listed on the approved processor list is acceptable.
  - 26.6.2. ALATUS suppliers and their sub-tier suppliers are solely responsible to assure that a processor meets all contract, purchase order, drawing, and process specification requirements.
  - 26.6.3. When processors are not designated, the supplier must approve the processor and the supplier becomes responsible for the processors' performance as an approved supplier.
- 26.7. When special processes are Nadcap controlled, the special process supplier used shall be Nadcap approved.
- 26.8. The supplier's Quality System shall ensure that the applicable drawings, specifications, and quality requirements revisions are compatible with current PO agreements and are available and in use by the supplier's manufacturing and inspection areas. Reference the Specification Document List located on the ALATUS Aerosystems website: [Alatusaero.com](http://Alatusaero.com)
- 26.9. Military standards and specifications utilized shall be to the latest revision in effect on the date of process or manufacturing process performance, unless otherwise specified.
- 26.10. Suppliers may contact the ALATUS Purchasing Agent or Supplier Quality Representative when updated revisions of drawings or specifications are needed.
- 26.11. It is the responsibility of the supplier to notify ALATUS when engineering data does not agree with the revision data provided on the PO. Product or process nonconformance resulting from the failure of the supplier to notify ALATUS shall be deemed supplier responsibility.
- 26.12. The use of suppliers or sub-tier suppliers located outside of the United States is strictly prohibited without written authorization from ALATUS Aerosystems
- 26.13. If the supplier is not the original fabricator, processor, or assembly source of the product(s) which make up the deliverable end item(s), the supplier shall obtain and retain on file sub-tier supplier/processor certifications and test results. The supplier's sub-tier supplier/processor certifications and test results shall be made available to ALATUS upon request.
- 26.14. Additional requirements as applicable:
- 26.14.1. Serial Number,

- 26.14.2. Interchangeable and Replaceable (I&R) designated control numbers,
- 26.14.3. Required parts traceability forms associated with Section 24.

Note: When required by ALATUS PO or Q-Clauses, additional certifications shall be provided at no extra charge.

## 27. Nonconformance Reporting and Control

27.1. Supplier-responsible nonconformances are defined as any violation of a specified contractual requirements imposed by an ALATUS Aerosystems purchase order. Nonconformances are to be processed in accordance with the ALATUS contractual requirements and SQR-002.

27.2. If the ALATUS supplied parts or material is found to be nonconforming upon receipt, the supplier is to immediately notify the appropriate ALATUS Procurement Agent listed on the purchase order. The continued use of this material without the permission of ALATUS constitutes the suppliers' acceptance of part or material quality and any costs related to repair or replacement.

27.3. Nonconforming material must be identified, documented, evaluated, segregated (where practical), and submitted to ALATUS for disposition.

27.4. Supplier's disposition authority is limited to **only** the following:

27.4.1. Rework – A process applied to a nonconformance, entirely within the confines of the drawing specifications that will completely eliminate it and result in a characteristic that conforms completely to the drawings, specifications, and contract requirements.

Note: Any rework that will alter the chemical or mechanical properties of the affected part final engineering configuration must be submitted to ALATUS for disposition in accordance with SQR-002.

27.4.2. Return to Vendor – Return of subcontractor product found to be discrepant for subsequent rework or replacement.

27.4.3. Scrap – Permanent removal from production and timely destruction of product found to be unfit for use. Scrapped product shall be conspicuously and permanently marked until destroyed.

Note: Scrapping of parts or materials that are provided by ALATUS or its customer is prohibited without prior written authorization.

27.5. All other dispositions of nonconforming material shall be submitted to ALATUS MRB in accordance with SQR-002.

27.6. If the product is received at ALATUS in a nonconforming state without proper disposition through an SDR, ALATUS will generate a nonconformance report and notify the supplier. In these cases, there may be multiple corrective action requests to be answered by the supplier including, but not limited to:

27.6.1. Not following customer procedures

27.6.2. Nonconforming product escaping the supplier's quality system

27.6.3. The specific nonconformity

27.7. When returning previously rejected material to ALATUS, the supplier shall reference the nonconformance document number on the shipping documents (including the Certificate of Conformance) and shall state if the items have been replaced or reworked. Under no circumstances should reworked or replaced material be combined with any other material.

## **28. Supplier Responsibilities upon Notification of Nonconformances**

28.1. Suppliers are expected to immediately route nonconformance information to their appropriate Operations and Quality personnel. Once notified, suppliers are required to undertake immediate containment action to minimize or eliminate any further impact to ALATUS and/or its customers as a result of similar nonconformances. This includes those in process, in the supplier's inventory, or in the process of delivery.

28.2. Suppliers will also be expected to participate in discussions with the ALATUS Procurement Agent regarding appropriate disposition options for nonconformances encountered as well as the future availability of known-acceptable replacement stock as required.

28.3. When schedule permits, suppliers may request return of nonconforming parts/materials at their expense when such parts/materials are not otherwise suitable for immediate use or rework by ALATUS. Alternately, when schedule permits, suppliers are encouraged to examine nonconformances at the ALATUS facilities prior to final disposition in order to aid the development of timely and appropriate corrective / preventive actions.

## **29. Supplier-Responsible Nonconformance Cost Recovery**

29.1. At the discretion of ALATUS, suppliers may be subject to charges for recovery of costs associated with any/all supplier-responsible nonconforming parts/materials. Reference Table 2.

**Table 2 - Possible Nonconformance Charges**

Category	Description	Value (USD)
1	Administrative Charge for error corrections (e.g., FAIR, CoC, etc.)	\$100.00
2	Administrative Charge for each nonconformance document	\$300.00
3	Rework charge for each part requiring rework by ALATUS Aerosystems or its customer	Actual cost
4	Part/material charges for scrapped material at ALATUS Aerosystems or its customer	Actual cost

Note: Additional charges may also apply where parts or materials, as supplied by ALATUS and/or its customer, require scrapping at the supplier as a result of the suppliers' actions (amount as determined by scrap cost).

Note: Additional charges may also apply where supplied parts/materials require extraordinary rework at ALATUS or its customer, e.g., an assembly needing to be disassembled, part removed and replaced due to bad part/material, etc. (amount as determined by actual rework cost).

### 30. Notification of Quality Escape

30.1. When the supplier identifies or becomes aware of a suspect product/service that has escaped from the supplier's facility to ALATUS Aerosystems, the supplier shall notify the ALATUS Procurement Agent within 48 hours. Note: For escapes that affect "Safety of Flight", the suppliers shall submit all available information IMMEDIATELY UPON DISCOVERY.

30.2. A product or service escape is defined as a product or service that has been delivered / provided to ALATUS Aerosystems by a supplier that does not meet the ALATUS purchase order requirements.

30.3. Supplier notifications of escape shall consist of 2 methods of communication:

30.3.1. By telephone to the ALATUS Procurement Agent, and

30.3.2. In writing using a memo in company letterhead emailed to the ALATUS Procurement Agent with details on the nonconformance, the product affected, and the immediate actions to contain and correct the issue.

30.4. If it is immediately known, it is expected that the supplier root cause(s) and long-term corrective action(s) will also be submitted with the notification. If the root cause(s) and long-term corrective action(s) are not immediately known, they shall be provided within 14 days or sooner if identified.

30.5. ALATUS may require additional detailed information for any nonconformance report to support internal investigations, MRB dispositions, subsequent submittals for customer dispositions, and/or customer requests.

30.6. It is ALATUS Aerosystems' option to report Supplier Notifications of Escape incidents to the suppliers' Quality System certification body via the OASIS feedback process.

Note: Suppliers may lose their approved supplier status and be removed from the ALATUS ASL for failing to report a known product quality escape.

### **31. Quality and Delivery Performance Measurement**

31.1. The Supplier Quality Scorecard represents the supplier's demonstrated performance based on three independently-weighted Quality components and one Delivery component (see Table 3 for thresholds):

31.1.1. 12-month cumulative delivered quality yield rating (percentage of supplied materials/services which meet all specific requirements),

31.1.2. 12-month cumulative Cost of Poor Quality (COPQ / COQ) with respect to an estimate or actual Cost of Quality as determined by ALATUS,

31.1.3. Number of Supplier Corrective Action Request (SCAR)

31.1.4. Supplier delivery performance is calculated as the number of pieces received on-time versus the total number of pieces received in a reporting period.

Note: Units of measure (UOM) will not affect the calculation.

31.2. Nonconformances reported by the supplier shall not be counted against the supplier's cumulative yield rating but may impact the COQ percentage. Repeat nonconformances, which at the judgment of ALATUS, that are not adequately addressed by the supplier utilizing corrective action may be counted against the supplier's quality rating.

31.3. Negative trends or duplications in the supplier's reported nonconformances may also be given due attention and consideration as a reflection of the Supplier's corrective action process viability.

31.4. The on-time delivery window is 7 days early through 0 days late.

**Table 3 - Supplier Performance Rating Thresholds**

Activity	Measure	Green Threshold	Yellow Threshold	Red Threshold
12-Month Quality Yield	Percent Acceptance	100% - 99.50%	99.49% - 98.0%	97.99% - Less
12-Month Cost of Quality	Percent of Receipt Dollars	0% - 0.50%	0.51% - 2.00%	2.01% - Higher
SCARs Issued	Quantity	0 - 1	2 - 4	5 - More
12-Month Delivery Yield	Percent On-Time	100% - 96.0%	90.0% - 95.99%	Less than 90.0%

31.5. Failure to achieve and maintain an acceptable performance level (yellow or green thresholds) may result in:

- 31.5.1. Formal Supplier Corrective Actions,
- 31.5.2. On-site assessments,
- 31.5.3. Loss of delegation status,
- 31.5.4. Additional Quality requirements (i.e., source inspections),
- 31.5.5. Quality Improvement Plan (QIP),
- 31.5.6. Loss of approved supplier status,
- 31.5.7. Existing business being re-sourced and supplier removed from ASL.

31.6. Any source inspection requirements performed either at ALATUS or at the supplier's facility due to performance issues may be done at the supplier's expense.

31.7. Failure to achieve and maintain an acceptable performance level after being subjected to QIP may have their existing business re-sourced and be removed from the ALATUS Aerosystems ASL.

31.8. It is ALATUS's option to report poor supplier performance to the suppliers' QMS certification body via the OASIS feedback process.

31.9. Suppliers may contest a specific Quality or Delivery rating by submitting a written appeal to ALATUS within 30 working days of issuance of their monthly supplier scorecard.

## 32. Supplier Delegated Inspection Program

32.1. Suppliers who are able to maintain superior performance may be considered for the Supplier Delegated Inspection Program (SDIP). Delegated suppliers are authorized to perform inspection functions and acceptance of product and associated paperwork



on behalf of ALATUS. The delegated authority is defined per the scope of approval document created during the delegation process. The applicability of the delegation is at the discretion of ALATUS and may be revoked at any time.

32.2. Delegated inspection processes **MAY NOT** be delegated to another supplier's employee or delegated by the supplier to a sub-tier supplier. Supplier delegation authority is limited to the scope as defined by ALATUS.

32.3. Delegated suppliers that lost their delegation status due to quality performance reasons may regain their delegated status when all of the following conditions are met:

32.3.1. Successful corrective action resolution of the issue/event causing removal of delegation,

32.3.2. Three (3) consecutive deliveries with no recurrence of the issue/event involved in the loss of delegation if the loss was based on a single issue/event,

32.3.3. Positive nonconformance improvement trend for the latest quarter quality performance metrics,

32.3.4. A minimum of ninety (90) days loss of delegation.

### **33. Corrective Action and Continual Improvement**

33.1. When formal corrective actions requests are determined as necessary in order to address product, process, performance, Quality System and audit nonconformances, ALATUS will initiate and send the Supplier Corrective Action Request (SCAR) to the supplier via email.

33.2. Response deadlines will be communicated in the email and documented on the SCAR form.

33.3. A supplier SCAR should be given the highest priority within the supplier's operations and thus requires the urgent and active participation of the supplier's management team.

33.4. ALATUS Quality personnel will review the supplier's response for timeliness, completeness of the submission, and the suitability of the responses. Late and/or rejected responses will be recorded, the data reviewed to determine supplier capability to perform adequate corrective action, and the intervention of Supplier Quality action.

33.5. Suppliers who demonstrate a consistent inability to provide acceptable responses to SCARs or within the deadlines established are subject to a probationary status or introduction to the Quality Improvement Plan Process detailed in Section 34.

#### **34. Quality Improvement Plan (QIP) Program**

34.1. The Quality Improvement Plan (QIP) Program is utilized by ALATUS to address chronic and/or severe performance issues with approved suppliers.

34.2. This process utilizes root cause corrective action to correct supplier performance issues.

34.3. ALATUS may terminate business with suppliers that demonstrate they are incapable of the required improvement.

34.4. Once a supplier is placed on QIP, the supplier may become ineligible for new work until all issues are successfully corrected and sustained performance improvement is achieved.

34.5. ALATUS Supplier Quality manages the QIP process with suppliers in accordance with BMI 8.4.2. For the supplier, that process is:

34.5.1. The supplier is notified of the placement into this program.

34.5.2. An initial meeting is held between ALATUS and the supplier at the supplier's facility. The reason for being placed in the program (i.e., quality issues, delivery performance, etc.) will determine the required personnel to participate within this meeting.

34.5.3. A SCAR will be issued to the supplier and the supplier will be required to respond by providing a detailed recovery plan within 14 days.

34.5.4. Progress review meetings will be held periodically throughout the recovery phase.

34.5.5. Post-recovery progress meetings might be necessary in order to ensure continued effectiveness.

34.6. If successfully recovering from performance issues and compliance with all steps have been shown, the supplier shall be taken out of QIP and designated as probationary. Any recurrence of the same issues during the supplier's probationary period will result in the supplier being placed back on QIP or considered for immediate termination.

34.7. Suppliers terminated from the ASL shall be required to participate in a supplier assessment audit prior to the supplier being considered for ASL approval reinstatement.