ADDITIONAL CONTRACT FLOWDOWNS FOR LOCKHEED MARTIN U.S. NATIONAL DEFENCE PROJECTS

The requirements herein are in addition to Leonardo MW Ltd General Conditions of Purchase reference PRO085-R-UK latest revision.

In the context of this document Leonardo MW Ltd is the Purchaser, Seller is the Vendor/ Supplier under PO control

SECTION 1 – QUALITY ASSURANCE.

** SQA1 FIRST ARTICLE INSPECTION (FAI) [TCR 823] **

An FAI shall be conducted by the Seller and the documented results shall be accepted by a Leonardo Quality representative prior to any material shipment.

First Article Inspection is required for the part number included on this purchase order with no exceptions.

First Article Inspection is required for all sub-assemblies, and detail parts including castings and forgings that make up the configuration item/s included on this purchase order.

Procured standard catalogue hardware (standard COTS parts)/ material and commercial off the shelf hardware are excluded, unless they have been modified to a particular Leonardo requirement.

The FAI shall consist of a complete, independent, and documented physical and functional inspection process to verify that prescribed production methods have produced an acceptable item as specified by engineering drawings, planning, purchase order, engineering specifications, and/or other applicable design documents.

FAI requirements:

A First Article Inspection (FAI) is required in addition to inspection requirements elsewhere in this purchase order.

First Article Inspections shall be performed in accordance with Aerospace Standard AS9102, Sellers FAI format is acceptable to be used

FAI performed by Sellers shall include:

a) First Article Inspection report.

b) Documentation of the verification of the engineering against the manufacturing work instructions, (Drawings, Parts lists, BOMs, Procedures etc.)

c) Documentation of the verification of all process steps performed by the operator (router or shop traveller).

d) Test results or CMM data.

e) Supporting sub assembly FAI

f) Special Process approvals, if invoked via the Engineering drawings

g) Copies (or made available on request) of all Material and Parts Certificates of Conformance.

h) Copies of the Acceptance Test Procedure and Test Data.

i) ESS thermal and vibration results

j) Nonconforming documentation (if any).

k) Details of Software/ Firmware versions used during manufacture and test

l) Calibration details of equipment used or verification of calibration

Original FAI reports and supporting documentation shall be included with the delivery of the initial FAI article.

Inspection results shall be documented by recording variable data whenever possible. Attribute data will be recorded only when variable data is not available.

A copy of FAI reports and supporting documentation shall be retained at the Sellers facility in accordance with records retention requirements as defined in other text notes applicable to this purchase order.

Leonardo may wish to witness the Acceptance Testing (AT) as part of the FAI if defined in the Drawing package.

Partial or complete re-accomplishment of FAI:

FAIs approved by Leonardo are valid until change has occurred as identified in AS9102, paragraph 4.6 or a break in production exceeds 24 months.

As products evolve during the lifecycle, changes are to be reviewed to determine whether the previous FAI has been affected. The FAI requirements may be satisfied by a partial/delta FAI that addresses differences between the current configuration and prior approved configurations.

Products evolve during the lifecycle, any changes implemented via the CIB that affects Form, Fit or Function will need to be reviewed to determine if the previous FAI has been affected.

A full or partial FAI shall be performed when there is:

One or more significant changes have been made to the product. A 'significant' change means where there is an effect on the form, fit or function of the product, thus causing a change in part number/issue increment. A change in material would be deemed as a 'form' change.

There has been a significant change to the Seller's manufacturing process. A significant change in manufacturing process encompasses a change of manufacturing equipment and/or personnel, and the addition or removal of process stages which could affect final product quality.

The manufacturing location of the product has changed.

There has been a change in sub-tier Seller of a critical sub-part or outsourced process.

A change in a program (computer generated) that can affect fit, form or function.
There has been a change of a Special process at Manufacturing level, Supplier level or at sub-tier supplier of a Special process.

An event that can affect the manufacturing process (natural or man-made)

An implementation of Corrective Action required to complete a previous FAI.

A lapse in production for two years shall require an update for any characteristics that may be impacted by the inactivity.

A reject trend of Field failures/ internal rejects seen by Leonardo Ltd.

Requirements agreed at the Leonardo CIB.

For items that require Source Inspection and First Article, a Source Inspection request must be made no less than (5) working days prior to the desired shipment time. Contact the Leonardo Procurement and Leonardo QA representative.

For items that do not require Source Inspection, First Article documentation shall be sent to Leonardo QA prior to delivery

**** SQA2 Supplier Corrective Action Request [MFC-PR-004 Formerly TCR 827] ****

Seller agrees to provide a formal response to any Supplier Corrective Action Request (SCAR) within the timeframe indicated on the SCAR, typically 30 days. Seller is also requested to contact Leonardo QA when the material associated with a SCAR investigation has not been returned to Seller or more time is required to adequately perform an investigation. A final SCAR response must be provided prior to the goods being returned to a central email address scar.edinburgh@Leonardocompany.com

**** SQA3 Changes in Standards [MFC-PR-001 formerly TCR 838] ****

The replacement and cancellation of Military standards and commercial specifications is ongoing. In the event that a Leonardo drawing references a superseded or obsolete specification or standard, the Seller may do one of the following:

1. Superseded Standards or specifications should be replaced by the recommended replacement documents.

2. Obsolete Standards or Specifications may be substituted with Seller, industrial or Leonardo Standards/Specifications

**** SQA4 SELLER PROCESS CHANGE CONTROL [MFC-CC-001 Formerly TCR 830 and TCR 842] ****

Some or all of the products acquired under this agreement will be incorporated into higher level assemblies that may be subject to stringent qualification testing requirements for critical government applications; even minor changes to Seller's products or processes may necessitate requalification or produce unacceptable results in higher level assemblies.

Since the impact of any such product/process change can be most efficiently assessed prior to product integration into higher level assemblies and the potential cost of remediation/retrofit activities for end products deployed worldwide could be substantial, as a cardinal commitment under this contract, Seller expressly commits to:

1) Maintain a robust sourcing/quality process for the products delivered hereunder;

2) Rigorously comply with the notification requirements specified below; and

3) Include provisions with its sub-tier Sellers that are adequate to implement the requirements of this provision.

Prior Approval Form/Fit/Function Alterations:

Seller will not implement, or otherwise deliver to Leonardo, products incorporating any alterations to product form, fit, or function without the express prior written approval of the Leonardo Procurement and Leonardo QA representative.

Such approval shall not be unreasonably withheld but shall be dependent upon Seller's thorough documentation of such proposed changes (including any analysis necessary to confirm continued suitability). Seller's notification and Leonardo's limited approval of such form, fit or function alterations shall not be interpreted to waive any other contractual requirement(s) or to otherwise relieve Seller from delivering fully compliant products.

Prior Notification - Material Changes: Prior to delivering any products incorporating a "material change", Seller shall provide advance notice to Leonardo in sufficient time to reasonably evaluate the proposed change and, if necessary, to place an end-of-life order for the unchanged product, but in no event shall Seller's notice be less than 30 calendar days. For purposes of this clause a "material change" is any alteration to the design, technical specifications, materials, component sourcing, or production process, facilities or location, whether instigated by Seller or its sub-tier Sellers.

Risk Notification Product Alerts, Leonardo procurement and Leonardo QA representative, shall be promptly notified whenever Seller becomes aware or reasonably suspects that any product delivered to Leonardo is, or contains a component that is, subject to a recall notice, warning alert, GIDEP Alert, and/or any other type of notification or concern regarding product authenticity, quality, safety, process integrity, and/or specification compliance.

For work procured from sub-tier Sellers under this contract, the Seller shall flow the requirements contained herein in Seller contract documentation.

**** SQA5 SELLER CONTROL OF SPECIAL PROCESSES [TQ99 expires 18th April 2020 superseded by MFC-DC-020] ****

NADCAP Transition (MFC-DC-020 Implemented for 18th April 2020)

Lockheed Martin are transitioning the approval of Specialist Process Suppliers from their TQ99 Procedure to Procedure MFC-DC-020. The intention is to have this completed by the date above.

Special Processes referenced by specification within Engineering Designs shall be identified, documented and maintained by the Seller.

Seller shall have documentation records available providing objective evidence of adherence to this PO Note requirement. Leonardo reserves the right to access these records upon request. The Seller shall have records of this Special Process approval on file and available for review by the Leonardo Quality representative.

Within the First Article Inspection Report (if FAI is required) the Seller shall include a summary listing with the Special Process Supplier used, the Special Process and the Approver expiration date of each process.

Approval of Special Process sub-tier Sellers by NADCAP/ Leonardo does not relieve the Seller of the responsibility for assuring that work performed by Sub-tier Sellers is in accordance with Specification requirements.

All Special Processes (example: Chemical Processing, Soldering, cleaning, X-ray, welding, magnetic particle and penetrant inspection, heat treating, plating, etc.) require either NADCAP accreditation or Leonardo QA approval as follows:

NADCAP Approval
To view the NADCAP approved process Suppliers list; search the eAuditNet website:

https://www.eauditnet.com/eauditnet/ean/user/login.htm .

Search by the Supplier's name and address to view the approved Special Process Suppliers.

Prior to selecting/using a NADCAP Special Process Supplier, the Seller and/or sub-tier Suppliers shall contact the selected NADCAP Special Process supplier and confirm that they currently are approved to perform the specific Type, Class, Method, etc. per the associated drawing requirements.

If a Special Process/ processor is NADCAP approved, the Seller must inform Leonardo QA that they are using NADCAP approved processes

Leonardo QA Approval

Sellers performing Special Processes (example: Chemical Processing, Soldering, cleaning, X-ray, welding, magnetic particle and penetrant inspection, heat treating, plating, etc.) shall have the Special Processes approved by Leonardo QA as per PAS-031-P-UK, if not NADCAP approved

**** SQA6 SUB-TIER FLOW DOWN CONTROLS [MFC-CC-003 Formerly TCR 845] ****

The Seller shall flow down and verify compliance with all applicable Quality requirements, associated specifications, and any other contractual agreements throughout the supply chain (LRU component manufacturers, subcontractors, and Sellers). The Seller shall have systems and methods to assure full compliance to all Quality Purchase Order (PO) notes and requirements applicable to this PO. When products or services applicable to this PO are procured by the seller from sub-tier Sellers, the seller shall flow the Quality PO note requirements and all other requirements, as necessary, to assure full compliance is achieved.

Sellers must notify Leonardo of any Sub-tiers using Special Processes. Sellers using sub-tier Sellers for Special Processes must either have their own internal system, approved by Leonardo QA, to control their sub-tier Sellers, or the sub-tier Sellers must have current approval by NADCAP and or Leonardo QA for the special processes. Sellers must inform Leonardo of any process changes.

**** SQA8 COUNTERFEIT PARTS PREVENTION [MFC-PR-003 Formerly TCR 832] ****

(a) The Seller may only purchase material directly from Original Component Manufacturers (OCMs), OCM authorised (i.e. franchised) distributors, or authorised (i.e. franchised) aftermarket manufacturers. Seller shall provide authenticity and traceability records to Purchaser upon request.

Upon receipt of Purchasers Purchase Order, Seller shall immediately notify Purchaser if Seller cannot provide electronic parts, components, and/or assemblies traceable to the original component manufacturer (OCM), or the original equipment manufacturer OCM authorised (i.e. franchised) distributor, or authorised (i.e. franchised) aftermarket manufacturers. Use of items that were not provided by these sources is not authorised unless the Seller provides documentation that authenticates supply traceability to ensure that the parts procured are new, unused and authentic. Upon receipt of such notification Purchaser reserves the right to terminate the purchase order at no cost to Purchaser or provide specific material validation test and inspection protocol requirements as mutually agreed upon by the parties.

In the event that Seller delivers items that are determined not to be authentic, Seller shall take corrective action as required by the terms of this purchase order. Seller shall establish and maintain a material authenticity process which ensures the requirements of this clause are met. Seller's obligation to substantiate authenticity shall survive acceptance of and payment for supplies delivered under this purchase order.

(b) If this purchase order is for the (1) supply of electronic parts, (2) supply of end items, components, parts or assemblies containing electronic parts, or (3) provisioning of services where the Seller will supply electronic parts or components, parts, or assemblies containing electronic parts as part of the service then the provisions of paragraphs (a)–(e) of DFARS 252.246-7007, "Contractor Counterfeit Electronic Part Detection and Avoidance System," in effect on the date of this purchase order, including its definition of "electronic parts", are incorporated in this paragraph by reference. Where necessary to make these provisions of
DFARS 252.246-7007 applicable to this purchase order "Contracting Officer" shall mean both "Contracting Officer" and "Purchaser".

"As a non-North American entity that is ineligible to participate in Government-Industry Data Exchange Program (GIDEP), Seller will use accepted industry notifications to ensure it is tracking potential impact to its products of Counterfeit Materiel identified and providing appropriate notifications to Purchaser. If Seller becomes aware or suspects that it has furnished Suspect Counterfeit Materiel or Counterfeit Materiel, Seller shall promptly: notify Purchaser; investigate; cooperate with Purchaser's investigation; quarantine and replace affected Materiel with conforming authentic Materiel; and provide all relevant facts and information to Purchaser.

(c) The substance of this clause shall be incorporated into any subcontract or purchase order entered into by Seller for the performance of any part of the work under this purchase order.

**** SQA9 Non-Conforming Material ****

All products shall meet specified contractual requirements.

Installation or use of nonconforming products without specific Leonardo QA authorisation is not permitted.

Non-conformances shall not be given a disposition of "use as is' or "repair" through Seller action without Leonardo approval.

Rework to print is acceptable.

The Seller shall maintain a procedure to control the identification, documentation, evaluation, disposition, and segregation requirements of nonconforming products.

The Seller shall notify Leonardo QA of any nonconforming products via the Seller's Material Review Board (MRB).

Any Non standard Rework or Repair must be Leonardo/ Customer approved.

This contract operates a Zero Concession policy, requests for Concessions will only be considered due to the criticality/Impact of the non-conformance. Leonardo Must be notified as soon as any Non-conformance is detected

**** SQA10 Verification of Purchased Product (AS9100 7.4.3) ****

The Seller shall establish and implement the inspection or other activities necessary for ensuring that delivered product meets specified drawing/ purchase order requirements.

NOTE Verification activities can include - providing objective evidence of the conformity of the product from the Seller (e.g., accompanying documentation, certificate of conformity, test records, statistical records, process control records, final inspection process)

All items provided to Leonardo- must undergo a final inspection process prior to delivery.

**** SQA11 Contract Review (ISO9001:2015 8.2.3)*****

During the required Contract Review the Seller shall ensure that the Drawing / Manufacturing pack provided by Leonardo can be manufactured without the need for non-conformances. Any non-conformances identified by the Seller during the Contract Review must be agreed with Leonardo QA

The results of the review (excluding proprietary or financial information) must be available for Leonardo audit activities.

**** SQA 12 CLEANING ****

Precision cleaning for parts where a high level of cleanliness is critical e.g. parts used in laser and electro-optic systems.
Prior to, and after, any finishing process the part(s) shall be cleaned and free from grease, oil, oxide, scale, particles or other foreign matter.
Unless otherwise specified on the drawing, it is expected that the cleaning process will consist of a cleaning process followed by deionised water rinse and drying.

- Blind holes to be blown out using clean, filtered oil-free air or White spot nitrogen.
- Blow drying or final clean should be by blowing the part using clean, filtered oil-free air or White spot nitrogen

Special attention shall be paid to the removal of particles/ foreign matter from the part being delivered, which shall be inspected under a minimum of x3 magnification.

All items provided to Leonardo MW must undergo a final inspection and cleaning process prior to delivery

**** SQA 13 Packaging ****

13.1 Packing Quantities
Unless otherwise specified on the drawing, the primary packaging quantity shall be one.
13.2 Inner Packaging
Each item shall be individually packaged in an inner (primary) package.
The inner package shall be made from a non-shedding material, which is suitable for use in a Clean Room Environment (minimum Class 6, ISO 14644).
The inner packaging shall be suitable for ESD sensitive equipment.
The Inner Package shall be individually packaged in an inner (secondary) package (double bagging)
Inner packages shall then be placed in the Outer packaging.
13.3 Outer Packaging
The outer packaging of the item shall be adequate to ensure delivery in a serviceable condition and prevent damage during transportation conditions. This packaging may be re-usable
13.4 Labelling
Unless otherwise specified on the drawing, each package shall be marked with:

- Leonardo MW Ltd item part number
- Issue
- Component name
- Serial number
- Manufacturer's Name
- Antistatic warning label (where applicable)
- Date of Manufacture