

DERCO

— A LOCKHEED MARTIN COMPANY —

Derco Companies GEN400-006 (Revised 06/26/2013)		Supplier Quality Manual	
Monitor: Sr. Manager of Quality Support Processes		Approved By: Director of Quality Assurance	
Policy No. QA 100-102	Revised On: 12/19/19	Created On: 06/01/02	Page 2 of 31

The products and services of Derco have earned a worldwide reputation for meeting the highest aerospace standards of quality and reliability. This reputation could not have been earned without the dedication and commitment of our supplier base. To ensure that we continue to meet our customers' expectations and industry requirements, we have produced this supplier quality manual. This manual provides information, guidance and requirements necessary to fulfill all customer, regulatory, and industry requirements. Derco encourages each supplier to work toward continuous improvement in all areas regarding quality, delivery, and performance.

We thank you for your cooperation and commitment to work with us to ensure that we are both mutually successful.

1. PURPOSE

This manual supplements the requirements stated on Derco purchase orders (PO's) and applicable commercial, military and industry aerospace standards, i.e. FAA, EASA, ISO 9001, AS 9100, AS9110, and AS9120. These requirements are necessary to ensure that material delivered to Derco by its' suppliers will meet or exceed required quality levels.

The requirements, as listed, are based on a defect prevention system, which will improve quality, lower costs and increase productivity.

2. SCOPE

This document is applicable to all suppliers. These requirements and applicable purchase order flow down must be transferred to all sub-tiers. Suppliers must apply appropriate controls to their direct and sub-tier suppliers to ensure that requirements are met.

The requirements of this manual are separated into the following sections:

- [Part 1: General Requirements \(applicable to all suppliers\)](#)
- [Part 2: Additional Requirements for All Manufacturers](#)
- [Part 3: Additional Requirements for Build-To-Print Manufacturers](#)
- [Appendix A: Quality Codes \(Q-Codes\)](#)

3. REFERENCES

- 3.1. ISO 9001
- 3.2. AS9100 Standard
- 3.3. AS9110 Standard
- 3.4. AS9120 Standard
- 3.5. ISO 17025
- 3.6. ISO 10012
- 3.7. ANSI/NCSS Z540

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- 3.8. QA 400-110, Quality Assurance Supplier Evaluation Survey
- 3.9. QA 400-110A, Quality Assurance Supplier Evaluation Survey, Appendix A
- 3.10. RQA 400-007, Calibration Supplier Survey
- 3.11. QCS-001, LM Directory of Controlled Processes and Approved Processors
- 3.12. TMS-MC-015, Supplier Tooling Manual
- 3.13. NAS-412: Foreign Object Damage/Foreign Object Debris (FOD) Prevention

4. DEFINITIONS

- 4.1. **Acceptance Documents:** CoC, 8130-3, EASA Form 1, Packing Slip, etc.
- 4.2. **ANSI:** American National Standards Institute
- 4.3. **AS:** Aerospace Standard
- 4.4. **AQL:** Acceptable Quality Levels
- 4.5. **CoC:** Certificate of Compliance. A statement testifying the conformance of condition and origin of the product, signed by an authorized company representative.
- 4.6. **DoD:** Department of Defense
- 4.7. **EASA:** European Aviation Safety Agency
- 4.8. **FAA:** Federal Aviation Administration
- 4.9. **ISO:** International Standards Organization
- 4.10. **MSDS:** Material Safety Data Sheets
- 4.11. **PO:** Purchase Order
- 4.12. **SCAR:** Supplier Corrective Action Request
- 4.13. **SAE:** Society of Automotive Engineers
- 4.14. **SPC:** Statistical Process Control

Definition of Conditions:

- 4.15. **AR/As Removed:** Item has been removed from an aircraft; the item requires maintenance and release by an authorized agency to consider it airworthy.
- 4.16. **BER/Unserviceable:** Item has been determined to be beyond economical repair at this time.
- 4.17. **EX/Exchange:** Item is a return core from an exchange transaction that is considered repairable.
- 4.18. **FN/Factory New:** Item is new/unused and has been manufactured and tested in conformance with the requirements, specifications, drawings and test procedures that are applicable and traceable to the OEM and/or manufacturer.
- 4.19. **NS/Surplus:** Item was purchased as excess inventory from an airline, a government or another third-party source and has been visually inspected. Must be new/unused and may only be traceable to the Derco supplier. ("New"- May be substituted for "NS-Surplus" for certain customers to satisfy their local nomenclature and/or standards).

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- 4.20. **OH/Overhauled:** Item has been overhauled and tagged returned to service by a FAA Repair Station or the Original Equipment Manufacturer (OEM) utilizing the applicable technical data.
- 4.21. **RI/Return As Is:** Item is not serviceable and is being returned to the owner with no maintenance performed.
- 4.22. **RP/Repairable:** Item is determined to be repairable and can be made serviceable by an authorized agency (FAA Repair Station, A&P Mechanic, OEM, etc.).
- 4.23. **SV/Serviceable:** Item has been determined serviceable.

5. POLICY

PART 1: General Requirements

5.1. Ethics Statement

- 5.1.1. Lockheed Martin values relationships that are grounded in a shared commitment to performing in accordance with the highest standards of professional business conduct and encourages all suppliers to implement an effective ethics program, including adopting a written code of conduct. In performance of this Contract, both parties are expected to conduct themselves in a manner consistent with the principles expressed in either the Lockheed Martin's Supplier Code of Conduct, available at <http://www.lockheedmartin.com/us/suppliers/ethics.html>, or the Defense Industry Initiative Model Supplier Code of Conduct available at <https://www.dii.org/www/featured-tools>. Should you have any questions, wish to use our training materials, or observe conduct contrary to the principles set forth in the Codes referred to above, please do not hesitate to call the Lockheed Martin ethics helpline at 1-800-LM-ETHIC (1-800-563-8442).

5.2. Commitment to Sustainment

- 5.2.1. Sustainability is a key element of our business model for innovation and growth. It allows us to operate efficiently and exceed customer needs, which are important aspects of our long-term business planning. Sustainable thinking permeates wide-ranging strategies in areas such as technology research and development, talent management, facilities operations and supply chain management.
- 5.2.2. Lockheed Martin has established a sustainability strategy that integrates environmental, social and governance stewardship into all aspects of our business. Suppliers are key to our ability to achieve success in sustainability. To learn how you can partner with us to drive responsible growth and maintain high standards please visit our Sustainable Supply Chain Management website at <http://www.lockheedmartin.com/us/suppliers/sustainable-supply-chain.html> We also invite you to review our Sustainability Report at

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<http://www.lockheedmartin.com/sustainability> to learn more about Lockheed Martin's objectives.

- 5.2.3. Suggestions or questions regarding our sustainability strategy can be sent to <mailto:sustainability.lm@lmco.com>.

5.3. Quality Requirements

- 5.3.1. Suppliers are responsible to comply with all Quality Codes listed on the Derco purchase order.

Note: For the full list of Quality Codes refer to [Appendix A](#) of this manual.

- 5.3.2. All hardware must conform to the current and applicable revision of the AN, MS, NAS prints unless otherwise stated in the Derco purchase order. Metallic fasteners, including bolts, nuts, screws, and studs having internal or external threads with a nominal diameter of 6 millimeters or ¼ inch or greater, that are manufactured to National/Military Standards such as MS, AN, NAS, etc. require test reports & certifications be on file, in accordance with the Fastener Quality Act and be provided if requested by Derco.
- 5.3.3. Drawings and engineering specifications set tolerances and performance requirements. It is the responsibility of each supplier to ensure all requirements are met.
- 5.3.4. All items must be manufactured in accordance with the applicable design authority or OEM technical data unless Derco provides an exception in writing.
- 5.3.5. If an MSDS is required for the material, the supplier must include a copy with each shipment of the items furnished under this order.
- 5.3.6. The supplier shall utilize the best industry methods available to pack their materials to assure the product will not be damaged during transit.
- 5.3.7. The supplier shall ensure that their employees are aware of:
- Their contribution to product or service conformity
 - Their contribution to product safety
 - The importance of ethical behavior

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5.4. Assessment / Audit

5.4.1. Self-assessment will be performed using the following documents, as applicable, and should be completed upon request:

- Quality Assurance Supplier Evaluation Survey (QA 400-110)
- Derco Repair Commercial Subcontractor Survey (RQA 400-110A)
- Derco Repair Calibration Service Provider Survey (RQA 400-007)

5.4.2. Derco reserves the right to audit its suppliers for compliance with the requirements stated in this document and applicable standards. Either Derco or its authorized representative may accomplish this through scheduled audits.

5.5. Quality System Changes & Relocation

5.5.1. Suppliers shall notify Derco Aerospace Inc. Quality Assurance, in writing, within ten (10) days of any:

- Change in its quality system status resulting in loss of 3rd party registrar's certification;
- Adverse action initiated by the supplier's customer, the Government, the Federal Aviation Agency (FAA), the Civil Aviation Agency (CAA), or any other regulatory agency, resulting in disapproval or suspension of the supplier's quality system; or
- Change in supplier's organization, processes or procedures resulting in adverse effect on conformity verification of any item.

5.5.2. Suppliers shall notify Derco Aerospace Inc. Quality Assurance, in writing, at least ninety (90) days in advance of any sale, relocation, or transfer of any portion of the supplier's manufacturing operations.

5.6. Right of Entry

5.6.1. Suppliers shall permit Derco, its customers, and/or any applicable regulatory agencies, the right to enter the supplier's premises and/or controlled facilities at any level of the supply chain during normal business hours for the purpose of ensuring the supplier's compliance with the terms and conditions of any order, including but not limited to inspection of work, records and materials.

5.7. Record Retention

5.7.1. Suppliers shall ensure that the product meets all requirements, standards, and acceptance criteria prior to delivery. Records shall be retained for three (3) years

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or per customer PO requirements and be provided upon request. Records created by and/or retained by suppliers shall be readily retrievable and available for traceability in a method to prevent deterioration for evaluation by the customer.

5.8. Corrective Action

- 5.8.1. Suppliers must have a system for corrective action. Corrective action refers to an internal problem-solving process initiated to prevent future delivery of defective product. Emphasis should be on identifying potential problems and implementing a solution at the source.
- 5.8.2. Corrective action should be performed by an individual knowledgeable in the area or process that caused the defect. That person should conduct a root cause analysis to identify the cause of the problem, propose and implement a solution.
- 5.8.3. The solution should be verified to ensure the problem is solved.
- 5.8.4. Derco may request that a supplier take corrective action via a written Supplier Corrective Action Request (SCAR). A SCAR may be initiated by the rejection of material at Derco or may be based on a trend or repeated rejections or failures. The reason for rejection will be stated on the SCAR.
- 5.8.5. The supplier has the responsibilities described above and must describe the implemented corrective action in the reply.
- 5.8.6. Suppliers must provide a SCAR response by the due date on the SCAR. If a response is not received a reminder call or email will be sent. If SCAR's are not responded to within the specified time period, Derco reserves the right to terminate any open purchase orders with the supplier. Unusual circumstances that require additional time to resolve should be arranged in advance by the supplier through Derco's quality department.

5.9. Calibration

- 5.9.1. All Derco's suppliers are required to have and maintain a calibration system that is compliant to ISO 17025, ISO 10012, NCSL Z540, or equivalent and must be traceable to international or national measurement standards.
- 5.9.2. Supplier shall maintain a documented calibration system for the calibration and maintenance of tools, jigs, inspection, and test equipment.

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5.10. Incident Related Parts, Product Malfunctions, Defects and Unairworthy Conditions

- 5.10.1. Per aircraft industry standards, it is imperative that Derco Aerospace know whether a part or component has been subjected to conditions of extreme stress, heat or environmental conditions (e.g. flooding, hail, etc.). We therefore require our suppliers to notify us immediately if any product being sold to Derco has been subjected to the aforementioned conditions.
- 5.10.2. Overhauled, Repaired, Repairable, or As Removed parts must not have been exposed to extreme heat and/or stress.
- 5.10.3. Suppliers must report any items that have been sold, repaired or overhauled for Derco that are identified and confirmed to have a product malfunction, defect or unairworthy condition and must describe what actions (e.g. return, scrap, recall, etc.) Derco should take on those products. Reporting must occur:
 - within 24 hours of the Supplier's discovery of a potential or verified nonconformance impacting flight safety,
 - within 5 working days of Supplier's discovery of all other potential or verified nonconformances.

5.11. Request for Change / Deviation

- 5.11.1. The supplier must thoroughly review the documentation and purchase order provided by Derco.
- 5.11.2. Any deviations and/or changes from the most current PO need to be communicated and accepted by the Derco buyer.
- 5.11.3. The acceptance or rejection of deviant material is at the sole discretion of Derco. The supplier must secure approval from Derco, in writing, prior to delivering material that has any deviations. Such approvals must be made through an amendment to the purchase order.

5.12. Acceptance Documents

- 5.12.1. Acceptance documents as specified on the PO must be supplied with each shipment of parts.
- 5.12.2. Corrected documents must adhere to the following requirements to be considered acceptable:

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- Any errors shall be lined through with one single line, the correct information shall be entered near the error and each correction and/or addition of information shall be initialed and dated.

5.12.3. Acceptance documents shall include as a minimum:

- Supplier name
- Address
- Derco purchase Order number
- Derco part number
- Revision level, as applicable
- Description
- Batch/Lot number (when applicable)
- Quantity
- Condition, if other than Factory New
- Serial number (when applicable)
- Date code (when applicable)
- Certification references, i.e. Mil, FAA, DoD (when applicable)
- Statement of traceability for raw materials and processes to the products delivered to Derco (when applicable)
- Statement attesting that the product meets all of the requirements of the purchase order (when applicable)
- Legible approval signature(s), including titles and/or inspection stamp, by an authorized supplier representative (excluding packing slips)

5.12.4. Certification of Conformance for all parts, with the exception of ground support equipment, must accompany the parts from Supplier's facility, including a statement of the condition of the parts, back-up data on file for inspection, and signed by an authorized representative of the Supplier. Should such certification not accompany the shipment, parts will be held in quarantine and no payment will be processed until the proper certification is received. Derco Aerospace reserves the right to be supplied with and/or audit such certification on all new items purchase d. This may require traceability and full source documentation. All raw material, machining, and processing certifications shall be supplied at no cost if requested.

5.12.5. Acceptance documents for all parts, with the exception of ground support equipment, must not contain vague certification of conformance (CoC) verbiage such as "to the best of our knowledge" that alludes to the fact that the parts being supplied "may" conform to the appropriate technical data. The CoC should definitively attest to the fact that the parts are made in accordance to the correct technical data or if vague verbiage is used, then, there must be accompanying

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documentation (manufacturing and/or material and processing certifications) stating that the part was manufactured in accordance with the correct technical data (drawing, specification, etc.). In limited cases, Derco may make an exception for New Surplus parts.

- 5.12.6. Supplier must maintain unique identification traceability and have recall capabilities for non-conforming product.
- 5.12.7. All documentation must be numerically linked to maintain full traceability. Numerical link can be established by referencing either a common PO/ job/lot/batch or work order number on all documents provided with each shipment. A part number is not considered a numerical link.

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PART 2: Additional Requirements for All Manufacturers

The following requirements are in addition to Part 1: General Requirements.

5.13. Quality Requirements

- 5.13.1. In order to ensure manufacturing control, the supplier shall establish and document process standards and criteria for all aspects of the manufacturing operation.
- 5.13.2. Inspection standards for evaluation of the manufactured product based on drawings and engineering specifications, shall be established and documented.
- 5.13.3. Inspection sample plans may be used to evaluate product quality. Established plans should take into consideration both attribute and variable data.
- 5.13.4. Acceptable Quality Levels (AQLs) must be set by the supplier to ensure acceptable product quality levels are maintained.
 - AQL selection is governed by the capability of the manufacturing process to maintain tolerance. In all cases, it is based on a statistical probability and does not relieve the supplier from maintaining tolerance conformance on all parts.
- 5.13.5. Workmanship standards shall be in compliance with those called out on the drawing or specification, or when not stated, best available industry standard. If internal standards are developed, they should meet or exceed aerospace/industry standards (e.g. ANSI, SAE, etc.).
- 5.13.6. Derco encourages the use of statistical methods to control quality. Such methods should include Statistical Process Control (SPC) techniques.
- 5.13.7. The supplier shall establish procedures for the verification, storage, maintenance, and accounting of Derco owned property including, but not limited to: material, products, tools, Mylar's, and equipment provided to the supplier for use in producing product for Derco. Any items that are lost, damaged, or unusable, shall be reported to the Derco buyer immediately.
- 5.13.8. The supplier shall have procedures for the positive identification and control of all components, including raw materials, used during manufacturing, processing, and delivery so that in the event of a recall, traceability to raw materials and processing can be ascertained.

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5.13.9. The supplier shall assure that all incoming materials and components used in the manufacture of products to be delivered to Derco shall be inspected, tested or otherwise verified to be conforming prior to use or processing. Non-conforming material shall be conspicuously identified and segregated to prevent commingling with acceptable material until properly dispositioned. Material that is found non-conforming can only be reworked back to drawing or specification requirements. Material that cannot be reworked will not be dispositioned as use-as-is by the supplier without written approval from Derco's Quality Assurance department. Contact the Derco buyer immediately should either of these dispositions be required.

5.14. First Article Inspection

5.14.1. All parts delivered to Derco must comply with all drawing and specification requirements by the manufacturer before shipment.

5.14.2. If requested, the supplier is to provide measurement / test results and attribute type data in a report format detailing specified test parameters and results when required by PO.

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PART 3: Additional Requirements for Build-To-Print Manufacturers

The following requirements are in addition to Part 1: Standard Requirements and Part 2: Additional Requirements for All Manufacturers.

5.15. Applicability

- 5.15.1. Questions regarding these requirements or the applicability shall be addressed to the Derco Supply Chain Management representative (Buyer) who administers the Purchase Order (PO).

5.16. Quality Requirements

- 5.16.1. Suppliers shall maintain an ISO, AS or Military Standard equivalent quality system. Third party registration of an ISO/AS/EN Quality Management System, from an ANSI-ASQ National Accreditation Board (www.anab.org) approved registrar, is preferred. Derco approved distributors, defined as any supplier buying items from other suppliers and selling those items to Derco without adding value to the items, should be compliant to AS9120, as a minimum. Derco approved MRO (Maintenance Repair Overhaul) facilities, which perform the overhaul, repair, inspection, replacement, or modification of an aircraft or an aircraft component after completion of manufacturing and initial airworthiness certification by the applicable Authority, should be compliant to AS9110, as a minimum. Suppliers shall ensure its quality system is compliant with a currently maintained and published consensus industry standard quality system specification as appropriate to the supplier's activities. Suppliers shall also ensure compliance to all quality requirements identified the purchase order. Suppliers shall ensure all applicable quality requirements are imposed upon sub-tier suppliers.

5.17. Counterfeit Parts Prevention

- 5.17.1. For purposes of this section, work consists of those parts delivered that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.
- 5.17.2. This section applies in addition to any quality provision, specification, statement of work or other provision included in the contract addressing the authenticity of work. To the extent such provisions conflict with this section, this section prevails.

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- 5.17.3. Suppliers shall include all elements of this section or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as work to Derco Aerospace Inc.
- 5.17.4. Suppliers shall ensure that counterfeit work is not delivered to Derco Aerospace Inc.
- 5.17.5. Suppliers shall only purchase products to be delivered or incorporated as work to Derco directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by Derco.
- 5.17.6. Suppliers shall immediately notify Derco with the pertinent facts if a supplier becomes aware or suspects that it has furnished counterfeit work. When requested by Derco, suppliers shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.
- 5.17.7. In the event that work delivered constitutes or includes counterfeit work, suppliers shall, at its expense, promptly replace such counterfeit work with genuine work conforming to the requirements of the contract. Notwithstanding any other provision to the contract, suppliers shall be liable for all costs relating to the removal and replacement of counterfeit work, including without limitation Derco's costs of removing counterfeit work, of reinserting replacement work and of any testing necessitated by the reinstallation of work after counterfeit work has been exchanged. The remedies contained in this paragraph are in addition to any remedies Derco may have at law, equity or under other provisions of the contract.
- 5.17.8. Suppliers shall establish and maintain a Counterfeit Parts Prevention and Control Plan using Industry Standard AS-5553 as a guideline. The purpose of this document shall be to prevent the delivery of counterfeit parts and control parts identified as counterfeit.
- 5.17.9. Suppliers eligible for utilization of the Government-Industry Data Exchange Program (GIDEP) shall utilize the GIDEP process to alert the industry of encountered counterfeit parts.

5.18. Government/Industry Data Exchange Program (GIDEP) Membership

- 5.18.1. Distributors and eligible manufacturers are required to be a member of GIDEP.

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5.19. Foreign Object Debris/Damage Prevention

- 5.19.1. Suppliers shall maintain a FOD prevention program in accordance with National Aerospace Standard NAS-412: Foreign Object Damage/Foreign Object Debris (FOD) Prevention.
- 5.19.2. When the potential for FOD entrapment or migration can occur during manufacturing or processing by the supplier's sub-tier suppliers, suppliers shall ensure flow down of applicable FOD requirements to the sub-tier suppliers.
- 5.19.3. Prior to closing inaccessible or obscured areas and compartments during assembly, supplier's planning/work instructions shall provide objective evidence of inspection for foreign objects/materials. Suppliers shall ensure tooling, jigs, fixtures, and test or handling equipment are maintained in a state of cleanliness and repair sufficient to prevent FOD.

5.20. Control and Processing Nonconforming Material and Corrective Action

- 5.20.1. Suppliers shall implement and maintain a documented quality system that provides for identification, documentation, and disposition of nonconforming material. Supplier shall ensure effective corrective and preventive action is taken (including repetitive nonconformance's dispositioned "Use-As-Is" or "Repair" by Derco's or Supplier's Material Review Board ["MRB"] actions) to prevent, minimize, or eliminate nonconformance's. Supplier's quality management system shall ensure that non-conforming material is not used for production purposes.
- 5.20.2. Suppliers shall maintain records of all nonconforming material, dispositions, assignable causes, corrective and preventive actions, and effectiveness of corrective actions for the period specified in Para. 5.24.1.
- 5.20.3. Suppliers shall evaluate each nonconformance for its potential to exist in previously produced or delivered Items, or items in transit to Derco Aerospace Inc. If a nonconformance exists, suppliers shall notify Derco Aerospace, in writing, within 24 hours for issues impacting flight safety or for items in transit to Derco Aerospace, and, in writing, within 5 working days for all other issues.
- 5.20.4. Suppliers shall provide effective corrective and preventive action upon request by Derco Aerospace Inc. When requested by Derco, suppliers shall provide trend data and findings. Suppliers shall identify true root cause findings and corrective and preventive action(s) to preclude recurrence by utilizing tools such as cause mapping, cause and effect analysis, 5 why's etc.

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5.20.5. When the supplier's functional test of a returned item fails to confirm Derco reported nonconformances, Derco must be notified. Derco shall provide suppliers with disposition instructions and/or additional verification test parameters, if required. When additional testing fails to confirm Derco reported nonconformances, suppliers shall notify Derco and wait for further direction.

5.20.6. Suppliers shall assess all Derco-identified nonconformance's, whether or not item(s) was/were returned to the supplier and take appropriate actions to ensure causes of nonconformance are corrected.

5.21. Material Review Authority, Requests, and Reporting

5.21.1. For Supplier Designed Items, the supplier has Material Review Authority (MRA), except for one or more nonconformance's that affect a parameter controlled by Customer drawing or specification, where form, fit or function, interchangeability, Critical Safety Characteristic ("CSC") related to Critical Safety Item ("CSI") service life or reliability is affected. Suppliers shall submit the nonconformance(s) and proposed disposition(s), if any, affecting any such parameter(s) to Derco for evaluation and Derco MR Disposition.

5.21.1.1 Derco has the right to rescind Supplier's MRA.

5.21.1.2 Derco and Derco's customers shall each have the right to refuse acceptance of any and all nonconforming items.

5.21.1.3 When requested by Derco, suppliers shall provide Derco's Supplier Quality Engineer with Supplier's MRB disposition information related to Derco item(s).

5.21.2. For Customer-designed items, suppliers disposition authority is limited to scrapping of items, eliminating the nonconformance by rework to engineering, or returning to supplier. On items of customer-design, suppliers shall document nonconformances for submittal to Derco's MRB for dispositions. Suppliers shall not continue processing item(s) or incorporating any nonconformance's into any Item, process, procedure or data that affects a parameter controlled by customer drawing or specification or affects form, fit or function, interchangeability, service life or reliability unless and until the supplier has received prior written approval from Derco. Prior to receiving written approval from Derco, supplier's continued processing shall be limited to subsequent operations that do not hide, alter or limit the ability to inspect, disposition or repair Item.

5.21.3. Supplier's request for Derco MR disposition of Supplier or customer designed items shall be documented on the supplier's internal nonconformance report and

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submitted to Derco via electronic mail. Suppliers shall ensure that root cause analysis and corrective and preventive action plans for all discrepancies exist and/or have been implemented based on corrective and preventive action(s) effectively, prior to delivering Items that have Derco MR dispositions.

- 5.21.4. Suppliers shall ensure the supplier's quality system has capability to report nonconformance(s) on CSI in full compliance with Defense Federal Acquisition Regulation Supplement ("DFARS") 252.246-7003: Notification of Potential Safety Issues.

5.22. Outsourcing of Critical Items

- 5.22.1. Suppliers shall notify Derco, in writing, when any key characteristic, interchangeable-replaceable features, fracture critical features, durability critical features, maintenance critical features, safety critical features, critical safety hardware/features, mission abort critical features are to be subcontracted.

5.23. Control of Tooling

- 5.23.1. **Tooling as a Media of Acceptance:** Suppliers shall utilize mandatory/required tooling provided by Derco and designated as production type tooling to be utilized for item manufacture as supplier's media of inspection and for Derco (a.k.a. LSI) source acceptance for those part features created by, or depicted by, such tooling, e.g., contours, hole locations, and profiles. Suppliers shall periodically validate supplier manufactured and/or owned tooling that is used as a media of acceptance to its control media.

- 5.23.2. **Derco Furnished, Supplier Manufactured or Supplier Owned Tooling:** Suppliers shall include in its documented quality system written procedures for the control, maintenance, and calibration of special tooling, jigs, inspection and test equipment, and other devices used in manufacturing processes.

- 5.23.2.1 **Derco Furnished Tooling for Customer or Supplier-Design Items:** Suppliers shall comply with the requirements of Lockheed Martin's tooling manual (TMS-MC-015) concerning Derco-furnished controlled tooling, tooling tools, and production tools. TMS-MC-015 is available on the Lockheed Martin website: <https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/quality-requirements/control-specs.html>

- 5.23.2.2 **Supplier-Manufactured or Owned Tooling for Customer-Designed Items:** Where the supplier manufactures and/or owns tooling for Customer-Designed Items, suppliers shall comply with the requirements

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of Lockheed Martin's tooling manual (TMS-MC-015) concerning Supplier-manufactured and/or owned tooling that is used in the production of Item(s) for the purchase order.

5.24. Records

- 5.24.1. Suppliers shall maintain complete records of all manufacturing, process capability (if applicable), and tooling controlled per TMS-MC-015, and inspection and test, including copy of CoC, unless otherwise stated in the purchase order. Upon Derco's request, suppliers shall make records available to Derco for at least three (3) years after completion of the purchase order and for longer periods as may be specified elsewhere in the purchase order. Suppliers shall maintain records of all QCS-001 process control tests performed by the supplier and inspection records of processed Items for at least seven (7) years after completion of the purchase order. Upon Derco's request, suppliers shall provide records of inspection tests of processed items and process control tests. Upon Derco's request, suppliers shall forward specific records to Derco at no additional cost, price, or fee to Derco.

5.25. Quality Control Specification (QCS)-001: Directory of Controlled Processes and Approved Processors

- 5.25.1. For Lockheed Martin Aeronautics designed parts (reference cage codes 98897, 36659, and 81755), suppliers shall use the QCS-001 Directory to identify controlled processes and the associated Lockheed Martin approved processors. QCS-001 sets forth both the process sources and the processes that require Lockheed Martin approval, prior to use for items delivered to Derco. A controlled process is an operation performed on an Item where the operation cannot be readily verified after processing. Controlled processes have verifiable controls inherent to the process, e.g. heat treat, plating, nondestructive testing, etc.
- 5.25.2. Access to QCS-001 is available at the following site:
<https://www.lockheedmartin.com/content/dam/lockheed-martin/aero/documents/scm/Quality-Requirements/Control-Specs/qcs-001.pdf>
- 5.25.3. Derco hereby authorizes suppliers to use Nadcap approved sources for Industry Standard processes controlled by QCS-001. Suppliers shall ensure that a source is currently approved by Nadcap, prior to a source performing processing on Items. Suppliers may access Nadcap approved sources at <http://www.pri.sae.org> or <http://www.eauditnet.pri.sae.org>. Upon request by Derco, suppliers shall provide Derco with objective evidence that the supplier selected and used a source approved by Nadcap at the time processing was performed and at the time Item(s) is/are delivered to Derco. Derco does not mandate the supplier's use of Nadcap approved sources and shall not be responsible for any cost associated with

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Nadcap accreditation or the use of a Nadcap approved source or process. Derco shall have the right to validate any Nadcap approved source or process using normal survey practices, and shall have the right to disapprove the supplier's use of any such source in connection with this PO.

- 5.25.4. Suppliers are not required to use approved sources listed in QCS-001 for standard hardware (nuts, bolts, washers, etc.) ordered to military, federal or industry specifications or standards (e.g., MS, AN, NAS, etc.) or for metallic raw material (plate, sheet, bar, extrusion, etc.) purchased from a mill.
- 5.25.5. Suppliers shall review the list of Lockheed Martin approved sources for Lockheed Martin-controlled processes prior to using a process source for a controlled process listed in QCS-001 and select sources that are approved by the Lockheed Martin. Suppliers shall provide objective evidence of the supplier's review upon request.
- 5.25.6. If a supplier performs or directs its sub-tier to perform processes controlled by QCS-001 without Derco's prior approval, Derco shall have the right to disapprove the supplier's quality system.
- 5.25.7. Supplier's utilization of Lockheed Martin approved sources does not relieve the supplier from the obligations to ensure subcontracted sources are in full compliance with applicable process specifications and to deliver conforming Items. Upon request by Derco, suppliers shall provide objective evidence that such compliance was attained and that such conforming Items were delivered.
- 5.25.8. Suppliers shall be responsible for ensuring that the supplier and their sub-tiers are aware of all applicable QCS-001, requirements and have access to the appropriate information in support of these requirements.
- 5.25.9. Suppliers shall submit all requests for additional QCS-001 process approvals in writing to Derco.

5.26. Contract Review and Planning

- 5.26.1. Suppliers shall ensure all supplier sub-tier purchase orders and/or associated purchase order documents for Customer-controlled processes include the following data elements/statements:
 - 5.26.1.1 Supplier's unique LM Aero identification number ("vendor code") and all LM Aero unique "process codes" for each Customer-controlled process to be performed.

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- 5.26.1.2 A statement with the words, Controlled Processes must be accomplished in accordance with process specification(s) and requirements noted on the purchase order.
- 5.26.1.3 A statement that supplier's supplier must file and maintain a copy of all purchase orders containing the above statement and make these available for review by Derco, upon request.
- 5.26.1.4 A statement that the supplier's supplier must submit a Certificate of Conformance ("CoC") with a unique certification number containing the following information:
- Title and specification number (including revision letter) of the process
 - Name and address of the process or non-destructive testing ("NDT") facility
 - Supplier's supplier's unique LM Aero identification number ("vendor or processor code) Note: If processor is utilized based on a Nadcap approval, a statement to the effect "Source utilized based on current Nadcap accreditation" shall be included.
 - Date the CoC was issued
 - Purchase order part number
 - Quantity of parts (to include quantity accepted/ rejected)
 - Signature and title of authorized quality agent of Supplier
 - Fracture durability classification or serialization, when required
- 5.26.1.5 A statement to ensure the supplier's sub-tiers suitably wraps, boxes or racks parts to guard against shipping damage and to apply rust or corrosion protection.
- 5.26.1.6 A statement requiring the supplier's sub-tier to identify specification(s) title, specific revision level(s) and drawing(s) requirement(s) to be performed by a QCS-001 source.
- 5.26.1.7 Suppliers shall review testing lab CoC's to ensure all required testing has been accomplished and meets all requirements of the applicable testing specification. Upon Derco's request, suppliers shall provide objective evidence of the supplier's review.

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5.27. Supplier's Performance of QCS-001 Processes

5.27.1. When performing QCS-001 Controlled Processes in the supplier's facility, suppliers shall accomplish QCS-001 processes in accordance with the applicable process specification(s).

5.28. QCS-001 Requirements for Supplier Designed Items

5.28.1. Suppliers have the authority and responsibility to approve and control its processing sources including in-house processes. Derco shall have the right to review and maintain surveillance of the supplier's quality system for approval and control of any processes listed in QCS-001, including those performed in-house. Derco shall have the right to withdraw the supplier's authority to approve and control processes listed in QCS-001 if Derco determines the supplier's system has failed to control processing or testing. Derco shall have the right to direct the supplier, at no increase in price, cost or fee to Derco, to use Lockheed Martin approved sources listed in QCS-001 in the event of withdrawal of such authority.

5.28.2. Supplier designed items shall include items identified as source or specification-controlled items as noted on Lockheed Martin drawings, unless the drawing specifically invokes a Lockheed Martin process specification denoted in QCS-001 as a controlled process.

5.29. Engineering Specification Requirements - (Applicable to Lockheed Martin Designed Items; Ref cage codes 98897, 36659, and 81755)

5.29.1. Suppliers shall review and certify compliance to Lockheed Martin established engineering process and manufacturing specifications associated with Lockheed Martin designed items.

5.29.2. Unless otherwise noted in the purchase order, compliance to the latest revision of the specification(s) effective on the date of purchase order issuance is required.

5.29.3. Lockheed Martin engineering specifications are proprietary information and the supplier must have a Proprietary Information Agreement executed in order to gain access to the applicable systems. Suppliers shall flow down the applicable Lockheed Martin engineering specification and approved materials to each sub-tier involved with manufacturing or processing a Lockheed Martin designed product.

5.29.4. This PO and applicable Lockheed Martin web-based resources contain the required engineering specifications. Suppliers shall contact the Derco to request specific/applicable engineering documents when unable to access web-based resources.

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- 5.29.4.1 The Engineering Materials & Approved Products (EMAP) Database Requirements (Applicable to all programs except F-16, F-2, & T-50) are located on the Lockheed Martin external web site at:
<https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/engineering/engineering-materials-approved-products-emap-design-support-database.html>
- 5.29.4.2 Lockheed Martin Aeronautics engineering specifications applicable to each program are located at: <https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/engineering/material-process-specifications-all-programs.html>
- 5.29.4.3 Pertinent to Marietta programs, C-130, C-27, C-5, P-3, S-3, and F-22, for parts listed on Lockheed Martin engineering drawings, one of the following will be required:
- a) Preferred Parts Handbook (PPH) volumes 1 thru 5.
 - b) Design Support Database (DSD) – Parts Core Marietta Programs (formerly known as Preferred Parts Handbook (PPH) Volume 6, Section 99), applicable to all Marietta programs except F-22.
 - c) The Preferred Parts Handbook, Volumes 1 thru 5, is not on-line and must be obtained from the Buyer.

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Appendix A:
Quality Codes (Q-Codes)

Applicable to All Suppliers	
Code	Description
Q101	Items identified with part numbers other than those listed on the PO will NOT be accepted. Any deviation requires written approval from Derco prior to accepting PO
Q102	Unless otherwise stated in the Derco purchase order, <u>all</u> life-limited items must have a minimum of 75% life remaining upon receipt at Derco. Shelf Life limits are established by industry standards including but not limited to the current versions of SAE AS 1933, SAE ARP 5316, MIL-HDBK-695 or the manufacturer's data. Cure data/date of manufacture and shelf life/expiration date are required. Manufacturer's name and batch/lot number are required if applicable.
Q103	A complete kit list is required with all kits
Q106	Derco Aerospace, Inc. reserves the right to audit certifications on any items purchased. This may require traceability & full source documentation
Q109	Teardown report required at time of quote.
Q113	Bearings must be individually packaged in original manufacturer's package. For Sealed bearings: lube date and re-lube date/shelf life are required. Must have a minimum of 75% of life remaining prior to re-lube date upon receipt at Derco.
Q115	Protective coating and proper packaging to prevent damage is required for sheet metal products.
Q124	All documentation must be numerically linked to maintain full traceability. Numerical link can be established by referencing the purchase order number, job number, lot/batch number, work order number, or serial number on all documents provided with each shipment. A part number is not considered a numerical link.
Applicable to Part 3 Build to Print Suppliers	
Q130	Shelf life requirements for materials controlled by LM Aeronautics are defined in the specific Engineering Materials & Approved Products (EMAP) material code.
BA-P50	LOCKHEED MARTIN SPECIAL PROCESS APPROVAL: Contractors and any sub-tier contractor engaged in special processes (example: soldering, cleaning, x-ray, welding, magnetic particle and penetrant inspection, heat treating, plating) shall have special process approval by Lockheed Martin. Approval of special process sub-tier contractors does not relieve the contractor of the responsibility for exercising control measures necessary to ensure that work performed by sub-tier contractors is in accordance with specification. Contractor shall have records of the approval on file, available for review by the Lockheed Martin Quality Representative. The Contractor shall identify the sub-tier contractor(s) that perform special processes, by process specification and part number, and supply this information to Lockheed Martin with each shipment. A list of approved special processors can be found through the Procure to pay portal (LMP2P).
CTFIRST	FIRST ARTICLE INSPECTION (FAI) REQUIREMENTS, AS9102 FIRST ARTICLE INSPECTION: The supplier shall perform a first article inspection for this Part Number if any of the following conditions occur: 1) First time product is manufactured for production. 2) A change in the design affecting fit, form, function and/or interchangeability of the part. 3) A change in manufacturing source(s), process(es), inspection method(s), acceptance criteria, location of manufacture, tooling or materials. 4) A change in numerical control program or translation to another media that is utilized to produce end item parts. 5) A natural or man-made event, which may adversely affect the manufacturing process. 6) A lapse in production for two years, or as specified by the customer. 7) For MOTS (Modified Off-the-Shelf) or AID (Altered Item Drawing) items, FAI of the modified portion at a minimum is required. NOTE: A first article inspection report is not required for rework/repair purchase orders or for parts or material conforming to an established industry or national authority published specification, which has all

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	characteristics identified by text description (i.e., COTS and Mil-Spec parts). The inspection shall include, but not be limited to a complete documented verification of all dimensions, features, notes, and specifications identified in the contract. For all product changes, a delta FAI of the changes is acceptable. Additionally, the supplier shall be responsible for confirmation that all operations not performed in the supplier's facility meet applicable requirements. The supplier may utilize the most current version of AS9102 for their first article inspection report, utilizing AS9102 Forms 1, 2, and 3 or equivalent forms containing all Required and Conditionally Required information as outlined in AS9102. The FAI form must be signed and dated by the person who prepared it. The supplier shall submit the FAI report and copies of the supporting documentation* as evidence of conformance to this requirement with the first shipment on the purchase order as required above. When requested, the supplier shall also provide a copy of inspection performed to verify conformance of subsequent build lots/shipments. The supplier shall retain the First Article Inspection Report for a minimum of 5 years. *Supporting documentation may include certificates of conformance for raw materials and special processes (as defined in the AS9100 specification and identified on the engineering drawing), drawings, and test reports.
DEFECTNOT	NOTIFICATION OF NONCONFORMING PRODUCT: Supplier is not granted Material Review Board (MRB) authority unless authorized directly by the purchase order. MRB authority is not required for COTS parts (COTS, as defined in FAR 2.101). Supplier agrees to notify the buyer of any nonconforming product that will be delivered on this PO and obtain written approval prior to shipment. Additionally, the supplier shall notify the LM buyer of any findings surfaced through internal or independent process audits and inspections that impact product identified on the PO.
EA-Q-UPLD	UPLOAD REQUIRED DOCUMENTATION: When documentation is required by PO, SOW or drawing; upload documentation electronically. Support documentation may include packing slip, certificate of conformance, FAI, as-built records, test records, failure analysis, and objective evidence of government source inspection. When uploading proprietary, sensitive, export controlled or confidential documents, confirm the appropriate SIP (Sensitive Information Protection) Tagging is selected, when prompted at the time of upload. SDLRs should be sent through channels designated by LM sourcing. Attach the documents in P2P Ship to tab during the creation of the barcode label unless otherwise directed using the following steps: 1. Click on the Supporting Documentation Button 2. In the next screen Click on browse 3. Find the item you want to upload - Double click on the item 4. Click the upload document button 5. You will see the document(s) it show in the list of uploaded documents 6. Click the Back To Ship To button
JTQC003	CERTIFICATE OF CONFORMANCE REQUIRED: Seller must provide a Certificate of Conformance stating that material/items supplied under this purchase order meet all applicable purchase order requirements. This certificate shall include: 1. Purchase Order Number 2. Requested Part Number 3. Nomenclature 4. Condition 5. The certificate shall bear the signature or stamp and title of an authorized agent of the Seller. This Certificate of Conformance shall accompany the shipment. Note: If the Seller is providing an Alternate Part Number, the Seller must include documentation traceable to the Original Equipment Manufacturer (OEM) stating that the material is a suitable substitute.
JTQC010	SOURCE INSPECTION REQUIRED: Lockheed Martin Source Inspection required at the manufacturer's/repair facility. Seller must notify buyer seven calendar days in advance of proposed quality verification. Evidence of the completed inspection must be shown on the shipping documents. You are

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	required to provide reasonable access for the Source Inspector to any drawings, documents, and inspection equipment at any point in the manufacturing process. Select the PO line in the ship to LMC tab of the LM P2P portal and click inspection scheduling. Enter the quantity to be inspected and the date desired for the visit of our source representative. Upon submission, you will receive an inspection lot number. In some cases, you will receive an authorization to ship without source inspection because of a waiver or our dock to stock programs (AIM or QVP). Authorization to ship without Lockheed martin source inspection does not preclude government source inspection (GSI) if required on the purchase order. If you do not currently process purchase orders from the LM P2P portal or you require assistance, contact Supply Quality Services at Fc-MST, Supplier-QA-Services (RESOURCE) supplier-qa-services.fc-mst@lmco.com Note:*** Please contact the LM buyer on the PO if you are not contacted by the source inspector within 48 hours of requesting source***
JTQC011	DOCUMENTED TRACEABILITY REQUIREMENT: A. Items ordered on this purchase order require traceability. Seller must maintain a documented system for recording and controlling of traceable items in accordance with specified requirements with full connectivity to Original Equipment Manufacturer (OEM) or last Federal Aviation Administration (FAA) certified facility. B. Where no requirements are otherwise specified in the purchase order. The Seller must: 1. Maintain records of each item to ensure traceability to parent material by heat/lot number and producer's name. Such data shall be identified on the shipper. 2. Identify each item with buyer /manufacturer's part number, (as appropriate) heat/lot number, producer's name and grain direction. (when applicable) 3. Associated documents must be maintained at least (7) years. C. As removed items require additional evidence of traceability. The Certificate of Conformance must contain the aircraft nomenclature and serial number (not tail number) of the donor aircraft.
JTQC012	SOURCE/SPECIFICATION CONTROL DRAWINGS: Parts/Material that are Lockheed Martin Source or Specification Controlled must be traceable to the source (CAGE Code) listed on the LM drawing. When the listed source is no longer available, the Supplier shall contact the Buyer listed on the PO to obtain LM Engineering disposition.
JTQC019	FIRST ARTICLE INSPECTION (FAI) REQUIREMENT: FAI required in accordance with AS9102, or approved by an LM Procurement Quality Assurance Engineer. NOTE: The requirements of this clause do not apply to Hologram identified items or items supplied by other Lockheed Martin locations. A. Seller shall establish and maintain internal processes for the accomplishment of each First Article Inspection ("FAI") in accordance with AS9102 and C019. FAIs are performed to ensure delivered Items are in compliance with the requirements of this PO. Seller may obtain copies of AS9102 from the Society of Automotive Engineers at: www.sae.org. Forms can be obtained at: http://standards.sae.org/as9102a. References to AS9102 in this document refer to the revision in effect at the time of this PO or Seller may work to a more current version of AS9102, if desired, at no additional cost, price or fee of this PO. B. Buyer reserves the right to require Seller to perform an FAI, at Buyer's request, at no additional cost, price or fee of this PO. C. Seller shall document completion of the FAI in the English language. D. For "Buyer-Designed Items", Sellers procuring or manufacturing Items requiring AS9102 compliance shall contact assigned Supplier Quality Engineer a minimum of 5 days prior to Seller procuring items or beginning any manufacturing activity for this PO. Assigned Supplier Quality Engineer may elect to review or participate in Seller's FAI process at any time throughout the FAI process based on the complexity/criticality of the item and Seller's performance to Buyer's requirements. E. Distributors that procure Buyer-designed Items shall ensure that the manufacturer has performed FAI

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and that documentation is available upon request.

F. For "Seller-Designed" Items associated with Buyer-released engineering definition (i.e. Buyer Source Control Drawing, Buyer Specification Control Drawing, Seller Interface Control Drawing), Seller, at a minimum, shall meet Buyer's FAI requirements. Seller shall document the results in the FAI report. Buyer shall have the right to request additional verification of the FAI process as may be required by Buyer's Program or other quality requirements. Seller shall contact assigned Supplier Quality Engineer a minimum of 5 days prior to Seller procuring Items or beginning any manufacturing activity for this PO. Assigned Supplier Quality Engineer may participate in the FAI process at any time from inception until the FAI is complete. The degree of the Supplier Quality Engineer participation will be dependent on the complexity/criticality of the Item and Seller's performance to Buyer's requirements.

G. If and when Seller incorporates any engineering change (including software/firmware) that has the potential to affect form, fit, function, safety, or reliability, Seller, without further direction from Buyer, shall perform partial or full FAI as required by AS9102. Seller shall perform partial or full FAI, at no increase in the cost, price or fee of this PO, to ensure that the changes have had no adverse effect on Items delivered under this PO. This partial or full FAI requirement also includes changes to non-deliverable software and revisions in programming used in numerical controlled machines, test stations, coordinated measuring equipment, etc.

NOTE: Paragraph G augments the requirements of AS9102 Seller shall adhere to the requirements of Paragraph G and AS9102 which requires the performance of a full or partial FAI when any of the following events occur:

1. A change in design affecting fit, form, or function of the part
2. A change in manufacturing source(s), process(es), inspection method(s), location of manufacture, tooling or materials, that can potentially affect fit, form or function
3. A change in numerical control program or translation to another media that can potentially affect fit, form or function

4. A natural or man-made event, which may adversely affect the manufacturing process
5. A lapse in production for two years or as specified by the Customer (reference Para B)

H. Seller shall notify the assigned Supplier Quality Engineer a minimum of 5 days prior to creating or starting any changes identified in paragraph G above or AS9102 that affect items delivered under this PO. Seller shall submit documentation of complete or partial FAIs accomplished as a result of such changes to the assigned Supplier Quality Engineer.

I. The following items shall not require FAI, unless otherwise directed by Buyer:

1. Standard hardware and electronic piece parts (AN, MS standard hardware, etc.).
2. Items procured under this PO to Seller's part number.
3. Commercial Off-the-Shelf ("COTS") Items.
4. Metallic (plate, bar, rod, etc.) and non-metallic (paints, sealants, adhesives, etc.) raw materials.
5. Engineering models, design/concept prototypes, etc...
6. Items that have been manufactured and delivered to the U.S. Government where Seller has objective evidence of an FAI performed, within the past two (2) years from date of this PO, for the U.S. Government to the same configuration as required by this PO.
7. Items that have been returned by Buyer for repair, or
8. Items procured to Buyer's part number where Buyer has not developed drawings and/or specifications controlling the Item's physical and functional requirements.

J. Seller shall ensure discrepancies and non-conformances, if any, discovered during the FAI are documented and dispositioned by the appropriate Material Review Board ("MRB") actions, (i.e., Seller's MRB for Seller design and Buyer's MRB for Buyer design).

K. Seller shall comply with the forms usage and completion requirements stated in AS9102. Seller shall complete all fields, but may mark a field as not applicable by indicating "N/A", if appropriate.

L. Seller shall submit objective evidence of the completed FAI with each shipment unless prior authorization, in writing, has been obtained from the Supplier Quality Engineer. Supplier Quality Engineer may use record on file as objective evidence if the item and revision are from the same manufacturer as the

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	FAI on record. M. Seller shall maintain documentation of FAI results on each deliverable end item for the period specified by this PO. Seller shall provide to Buyer, within 48 hours of a request by Buyer, a complete copy of FAI reports at no increase in the cost, price, or fee of this PO. N. Seller may use Quality Clause C019, Revision 2011-03, to meet FAI requirements in any Other PO with prior versions of Quality Clause C019 imposed between Buyer, acting for and through Lockheed Martin Aeronautics Company, and Seller, provided that Seller does so at no increase in price, cost or fee of this PO. O. Seller shall comply with AS9102 for all Items where Seller completed the initial FAI to the requirements of Quality Clause C019.
JTQC037	BREAKDOWN OF KIT LIST REQUIRED: Supplier must provide a kit list with the individual breakdown of parts with shipment.
JTQC049	CONTROLLED PROCESSES 05/03/18: NOTE: The requirements of this clause do not apply to processes performed on-site at Lockheed Martin facilities or Hologram identified items. Seller shall use the QCS-001 Directory to identify both the process sources and the controlled processes that require Buyer approval, prior to use for Items delivered to Buyer. Buyer hereby authorizes Seller to use Nadcap approved sources for Industry Standard processes controlled by QCS-001. Seller shall ensure that a source is currently approved by Nadcap, prior to a source performing processing on Items. Seller may access Nadcap approved sources at: http://www.eauditnet.pri.sae.org Upon request by Buyer, Seller shall provide Buyer with objective evidence that Seller selected and used a source approved by Nadcap at the time processing was performed and at the time Item(s)is/are delivered to Buyer. Buyer does not mandate Seller's use of Nadcap approved sources and shall not be responsible for any cost associated with Nadcap accreditation or the use of a Nadcap approved source or process. Buyer shall have the right to validate any Nadcap approved source or process using normal survey practices and shall have the right to disapprove Seller's use of any such source in connection with this PO. The list of both Buyer-controlled processes and Buyer-approved sources can be found at: https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/quality-requirements/controlspecs.html. Click on the link for "#LM Approved Processors". Seller shall be responsible for ensuring that Seller or QCS-001 sources have the appropriate revision level of the process standards/specifications prior to performing processing in connection with the Items. Seller shall prepare a Certificate of Conformance (CoC) asserting that the Items contained within this shipment are in total compliance with the requirements of this PO. Items provided under this PO must meet all applicable requirements. Any exceptions shall be annotated in the delivery package. A copy of the CoC shall be included with Seller's product shipper. Seller's CoC prepared for each shipment shall include the following data elements/information: 1. Purchase Order Number 2. Requested Part Number 3. Title and specification number (including revision letter) of the process 4. Name and address of the process or NDT facility 5. Buyer's assigned processor number 6. Date the CoC was issued 7. Quantity of parts (to include quantity accepted/ rejected) 8. Signature and title of authorized quality agent of seller 9. Fracture durability classification or serialization when required Note: Seller must provide with each shipment, objective evidence of compliance to material processes specified under this purchase order. Objective evidence may be in the form of, but not limited to, material test results, personnel certification, inspection records, and process sheets.
JTQC099	MANUFACTURER'S COMMERCIAL AND GOV. ENTITY(CAGE): Seller is to provide Manufacturer's Commercial and Government Entity (CAGE) Code for each item. The CAGE code is to be legibly recorded on the Seller's documentation (e.g., shipper or certification). If the manufacturer does not have a CAGE code,

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	this will be annotated on the documentation
MERCEXLN	MERCURY EXCLUSION CLAUSE: The material supplied under this contract shall contain no functional mercury and shall not be contaminated by mercury or mercury compounds. The Contractor agrees to notify the Lockheed Martin Buyer before shipment, for review and disposition, if functional mercury is present, mercury contamination is suspected or if mercury is knowingly introduced in the manufacturing process. This requirement must be flowed to sub tier suppliers.
SQZH900300	AS 9003 INSPECTION AND TEST QUALITY SYSTEM: THE SUPPLIER SHALL COMPLY WITH THE REQUIREMENTS OF AS 9003 - INSPECTION AND TEST QUALITY SYSTEM, AS A MINIMUM. Only certifications completed by an IAF (International Accreditation Forum) accredited company will be accepted
SUPPRES	SUPPLIER RESPONSIBILITIES: Supplier shall ensure employees involved with fulfillment of LM service or product deliverables understand how their work contributes to meeting the needs and safety requirements of the customer. Additionally, it is expected that all suppliers and their employees perform ethically in the course of conducting LM business and Do What's Right, Respect Others and Perform With Excellence. Additional information can be found in the Lockheed Martin Supplier Code of Conduct linked below. http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/suppliers/LM_Supplier_Code_of_Conduct.pdf
TCR137	IDENTIFICATION OF MANUFACTURER OF THE PRODUCT: TCR137 (06 SEP 12) **IDENTIFICATION OF THE MANUFACTURER** The cage code of the manufacturer of the product supplied shall be recorded on the packing list and/or on the smallest unit container and/or the outer shipping container; the cage code of the headquarters or main plant for the original equipment manufacturer/original component manufacturer is acceptable for commercial product. If the cage code is not available then the name and address of the manufacturer shall be provided. The purchase order supplier of record is responsible for meeting this requirement and shall flow this requirement to its sources of supply. The commercial and government entity (cage) code of manufacturers are assigned and maintained by the defense logistics agency and can be found at: https://cage.dla.mil
UPQ4619	NO PARTS SUBSTITUTION ALLOWED: Commercially available parts (COTS) supplied to this order must be an EXACT MATCH to the part number ordered. For upgraded, alternate, or equivalent parts considered, the SELLER must request and receive approval by purchase order amendment prior to shipment and acceptance by Lockheed Martin Corporation. Parts procured to specifications such as MIL, MS, SAE, etc. may be substituted as allowed by the subject specification. If a QPL/QML exists for the product, the supplier must procure from an approved source. If no QPL exists, the supplier must verify that the material meets the standard in full. Parts supplied to LMC drawings shall be supplied exactly as ordered. Internal parts used on assemblies built to LM drawings shall only be those specified on the LM parts list or an associated LM engineering approved databases for approved parts and materials. No changes are allowed without Lockheed Martin Approval.
UTCC	QUALITY RECORD REQUIREMENTS: UTCC - Quality records, such as first article inspection, test reports and certifications, including chemical and/or physical reports identifiable to the raw materials used in the performance of this po, shall be maintained by the seller in a controlled condition for a minimum of (5) years from completion of purchase order. a certificate of conformance for this po shall be maintained by this seller. these records shall be maintained in protected condition, remain legible, retrievable by PO number, and made available to Lockheed Martin, its customers and /or regulatory authorities. Lockheed Martin may request delivery and/or additional requirements of these records as specified with the po (including supporting documentation such as statement of work or po text note). additional record requirements as stated within the po will take precedence. this requirement shall be imposed on sub-tier suppliers as well.
UTCLMISTA	PACKAGE INTEGRITY: if packaging requirements are not covered by specific instructions or drawing requirements, the supplier shall be responsible to determine the methods and materials (for example - ASTM D3951) used to protect parts against corrosion, contamination, or deterioration, and physical damage within the shipping containers during transit to the delivery address specified in the po. parts shall be individually wrapped, bagged, or otherwise protected to prevent twisted and entangled leads and part-to-part contact

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	when packaged within a larger pack.
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6. CHANGES FROM PREVIOUS VERSION

- 6.1. Revised Q125 in paragraph 7.2. 8/5/08
- 6.2. Changed approved by from name to title. 9/11/08
- 6.3. Revised the last sentence of Q200 and Q201 to read: When manufacturing this Northrop-Grumman (NGC) part for Derco Aerospace, ONLY NGC Approved Processors may be used UNLESS OTHERWISE STATED on the Drawing Exceptions Sheet included in the Technical Data Package provided with this Purchase Order. 9/26/08
- 6.4. Added Quality Code Q128 and revised Q111, 119, 123 & 125. 10/14/08
- 6.5. Revised section 4.4.2. added: return the completed SCAR to Derco's Supplier Supervisor or Quality Manager for review and approval per B. Aeschliman. 2/16/09 MT
- 6.6. Revised Q Code Q105. 3/16/09
- 6.7. Revised Q Code Q120. 6/12/09
- 6.8. (6/28/10) Section 2.11 changed reference from JAA to EASA; Section 4.4.3 changed 15 days to 30 days and changed 30 days to 60 days; Added section 5.6 Definition of conditions; Removed 7.4 First Article Inspection Report. Revised Q code Q101, Q104, Q105 & Q108. Outline was redone by Repair Technical Documents Coordinator to align with Derco Documents requirement. (PS)
- 6.9. (12/9/10) Added Alamo Aircraft to Q105 and Update verbiage for Q105 from Lawrence Engineering hardware (LE) or parts from Advanced Metal Products (AMP) or parts from Airfasco or parts from Alamo Aircraft will not be accepted. TO Derco will not accept parts from Lawrence Engineering Hardware (LE), Advanced Metal Products (AMP), Airfasco or Alamo Aircraft. (PS)
- 6.10. (2/17/11) Amended Q118 from "UN (United Nations) number required with hazardous materials as per IATA instructions" to "Any Hazardous material purchased by Derco Aerospace Inc. **must** be packaged and labeled, including appropriate UN number per the current **IATA regulations**". (PS)
- 6.11. (5/17/11) Removed "Airfasco" from Q105. (PS)
- 6.12. (9/12/11) Updated section 5.4.10 to change from seven to ten years for record retention added section 5.15 Significant Changes. (PS)
- 6.13. 11/17/11 Added footer, per revised template, changed revision date to today, added Revision information to Quality codes (Q102 & Q114), rewrote verbiage in Q104 changing 'All applicable hardware MUST conform to MIL-S-7742 and/or SAE AS8879, and/or AN, MS, NAS prints and specifications' to 'All hardware MUST conform to the current and applicable revision of the AN, MS or NAS prints unless otherwise stated in the Derco purchase order.' (BA)
- 6.14. 3/13/12 Revised opening paragraph and revised paragraph 5.15 that included reference to reporting any supplier changes. (SRG)
- 6.15. 11/28/12 Changed Monitor to Manager-Quality Standards. Changed ISO9001:2000 to ISO9001:2008 and added AS9110 to the References section. In paragraph 4.11 changed NCG to NGC. In paragraph 4.19 corrected spelling of Definition. Moved Significant Changes from paragraph 5.15 to paragraph 5.4 and changed reference from Quality Manager to Derco Quality Assurance Department. In paragraph 5.5.10, revised record retention sentence to read, "Records shall be retained for ten years or per customer requirements." Corrected spelling in paragraph 5.10.3 from "scraping" to "scrapping". Added paragraph 5.12 on incident related parts. SRG
- 6.16. 1/10/14 Updated Q102 to include verbiage, unless otherwise stated on purchase order. Updated header/footer to new template. (P.Schuettpeiz)
- 6.17. 2/18/14 Revised Para. 5.4 to include change of certification status. TS-T
- 6.18. 7/21/14 Revised letterhead and Q102 in Para. 5.13. TS-T
- 6.19. 11/02/15 Entire Re-write. Reviewed for export touch points – none. TS-T
- 6.20. 12/14/15 Revised Para. 5.9.2, last bullet point to exclude packing slips needing to have a signature. TS-T
- 6.21. 1/13/16 Removed "Acceptance of the purchase order is considered acceptance of Derco's terms and conditions" as it communicated via the PO T&C's. TS-T
- 6.22. 11/22/17 Revised company logo. Added Para. 5.9.3 regarding CoC verbiage. TS-T

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- 6.23. 3/29/18 Revised purpose statement to include supplier sub-tier flowdown and control. Clarified requirements applicable to all suppliers and all manufacturers. Added Para. 5.1.7. & 5.7.3. Revised survey titles and form numbers in Para. 5.2.1. TST
- 6.24. 7/12/18 Added Para. 5.4 and Para. 5.4.1 Right of Entry. Revised record retention in Para 5.5.1 from 10 years to 3 years. Added Para 5.10.3 regarding CoC requirements. TST
- 6.25. 5/8/19 Added reporting timeline to Para. 5.8.3. Added instruction for correction to documents in Para. 5.10.2. TST
- 6.26. 10/16/19 Scope: Removed reference to Derco Repair. Added list of manual sections. Added References for QCS-001, LM Directory of Controlled Processes and Approved Processors, TMS-MC-015, Supplier Tooling Manual, and NAS-412: Foreign Object Damage/Foreign Object Debris (FOD) Prevention. Removed definitions for FMEA: Failure Modes and Effects Analysis, NGC: Northrop-Grumman Corporation, and NIST: National Institute of Standards and Technology. Added Para. 5.1 Ethics Statement and Para. 5.2 Commitment to Sustainability. Para 5.3 Changed "General" to "Quality". Para. 5.5 Rewrite. Para. 5.9.1 Changed "comply with" to "have and maintain". Added Para. 5.9.2. Para. 5.12.3 Added "Derco" in front of PN and added revision level, as applicable. Para. 5.12.4 Added "with exception of ground support equipment". Para. 5.12.5 Added "In limited cases, Derco may make an exception for New Surplus parts". Added Para. 5.12.6 regarding traceability and recall. Removed Para. 5.10.10, 5.10.11, 5.12.2, 5.13 all, 5.14 all under Manufacturer section. Added all of Part 3 requirements for Build-to-Print suppliers. Appendix A: Removed Q200 & Q300, added Q130, and added all Part 3 Build to Print Supplier Q-Codes. TST
- 6.27. 12/19/19 Updated 5.12.5 to include: "for all parts, with the exception of ground support equipment". PS

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