

SQAR 001 - Supplier Quality Assurance Requirements

REVISION HISTORY

Issue	Date	Description
0	2016/10/31	First Issue
1	2017/02/21	<p>Revised § 7.2 (new website introduction), § 7.5.1 (updated requirements for FAI and REACH regulation), § 7.5.2 (introduced new requirements for special processes validation), § 7.5.5 (detailed requirements for shelf-life products), § 8.3.1 (specified responsibilities related to the Request for Disposition) and § 8.4 (updated supplier evaluation criteria).</p> <p>Introduced § 9 – Additional Requirements</p> <p>Added Appendix 2 – REACH Compliance Declaration</p>
2	2017/06/01	<p>Updated §3: added the definition of “Quality Notification”</p> <p>Updated §4.1: added new requirements for manufacturers and distributors of raw materials. Updated the procedure for the management of the “Under Evaluation” Suppliers.</p> <p>Updated § 7.5.1: Included new requirements for Conflict Materials</p> <p>Updated § 8.3: introduced new procedure for the management of nonconforming products coming from the Suppliers. Added the possibility to reject the nonconforming batches at the Suppliers’ premises if no feedback to QN/NCR are received in a reasonable time.</p> <p>Updated § 8.4.1: removed the Quantity Index as a criteria for the Supplier Evaluation.</p> <p>Removed § 8.4.1.3</p> <p>Updated § 9: added new additional requirement</p> <p>Updated § 10: new requirements for Social Responsibility</p>

3	2018/03/31	<p>§1.2 - Document applicability extended to all the companies included within ALA Corporation.</p> <p>§4.1 – Removed Letter of Intents Procedure; Updated the procedure to qualify the historical suppliers based on their relationship with ALA Corporation.</p> <p>§7.5.5 – Updated requirement regarding minimum remaining shelf-life</p> <p>§8.4.1 – updated criteria and frequency of the Supplier Evaluation.</p> <p>§8.4.1.4 – specified the methodologies implemented by ALA to address the low performing suppliers</p> <p>Appendix 1 – changed reference to “Airworthiness” quality clause.</p>
4	2019/07/30	<p>§7.5.3 – better clarified the “full traceability” requirement.</p> <p>§8.4.1 – updated grace period for OTD calculation</p> <p>Appendix 1 – updated Quality Clauses to better clarify the “full traceability” requirement.</p>
5	2020/01/28	<p>§4.1 – Updated the information to external providers in case of changes</p> <p>§4.2.4 – Updated Control of Records</p>
6	2020/02/03	<p>§7.4.3 – Inserted the reference to Gidep in verification of purchased products</p>
7	2021/01/05	Completely revised
8	2021/05/10	<p>Added §2.2 "Customer References"</p> <p>Annex 1 - Added Releases in the Quality Clauses</p>
9	2022/03/10	<p>§8.1.2: updated requirements for configuration management</p> <p>§8.5.2: added a note for the execution of FAI for aerospace equipment</p> <p>§12: Updated text</p> <p>Annex 1: updated wording for "BOMBAR", "BOEING" and "JSF" releases. Added new "UTC". Clarified the applicability and scope of the C-27J releases.</p>
10	2022/05/23	§8.1.2: updated wording.
11	2022/07/13	<p>§8.1.2: better clarified the ALA requirements for configuration management</p> <p>§8.5.1: updated REACH compliance requirements</p> <p>§10.1.1: introduced a new KPI (IER - Item Escape Rate) to evaluate the suppliers Quality Rating.</p>

		Annex 1: updated the content of the Quality Release "SPU"
		Annex 2: removed

1. SCOPE AND APPLICABILITY

1.1 Scope

This document, based on ALA Corporation (herein ALA) Quality Management System and Customer requirements, defines the applicable quality assurance requirements for the products and services supplied to ALA.

This document shall be considered as a part of the Purchase Order/Contract between Supplier and ALA.

Requirements of this document shall be considered additional to the ones stated in the international standards as AS9100 rev. D and AS9120 rev. B.

1.2 Applicability

This document applies to all the Divisions of ALA Corporation and all Suppliers when referenced by the Purchase Order/Contract and must be transferred – partially or in its entirety - to all sub-tiers.

1.3 Order of priority

The order of priority of the requirements for the products and/or services supplied is defined by:

1. Drawings and product specifications;
2. Specific requirements stated in the Purchase Order;
3. Contract
4. General Terms and Conditions (GTC) stated in the Purchase Order;
5. this document
6. Quality Assurance Plan agreed with the Supplier if any.

1.4 Right of access

The Supplier shall assure the right of full access to all applicable areas of facilities involved in this order, at any level of the supply chain for::

- ALA personnel
- ALA Customer representative
- Authority representative

The Supplier and its sub-tiers shall be available to be submitted to the scheduled and/or unscheduled ALA/Customer/Authority audit activities, and/or to provide all quality records and technical information relating to the orders in progress, necessary to exercise their surveillance actions within a reasonable time from the request.

1.5 Quality Management System Requirements

To provide products to ALA, the Supplier shall be qualified from ALA [Supplier Quality Management](#) Department and be included in the "Qualified Supplier List".

The suppliers that want to be included in the "Qualified Suppliers List" have to respect the requirements stated in the following Table 1

Supplier	Commodities	Objective evidence requested
Manufacturer	Aerospace Fasteners & Equipment	EN/AS 9100 cert registered in OASIS * or QPL or QSL **
Distributor	Aerospace Fasteners & Equipment	EN/AS 9120 cert registered in OASIS * or QSL ** or Distributor having a license or distribution agreement with a specific manufacturer
Manufacturer/Distributor	All the other commodities	No QMS certification requirement (Auxiliary)

Table 1 – Supplier QMS certification requirements

* The Supplier Certification shall be registered in the [IAQG OASIS DATABASE](#) and the Supplier shall grant ALA access to the private part of the OASIS database.

**only a QSL of a major OEM (such as Leonardo, BAE, Bombardier...) will be considered in the qualification process.

The approval of the Supplier QMS and its qualification does not absolve the Supplier of its responsibility to provide products compliant with the applicable quality requirements.

ALA [Supplier Quality Management](#) Department has the authority to change Supplier approval status, as a result of the Supplier Evaluation.

2. REFERENCE DOCUMENTS

2.1 International Standards

- ISO 9000:2015 – Quality Management System – Fundamentals and Vocabulary
- ISO 9001:2015 – Quality Management System – Requirements
- AS 9100 rev. D – Quality Management System – Requirements for Aviation, Space and Defense Organizations
- AS 9120 rev. B – Quality Management System – Requirements for Aviation, Space and Defense Distributors

2.2 Customer References

- 0070Q - Manuale delle Forniture di Materiali Diretti e Servizi a GE Avio
- Appendix QX - Supplier Quality Requirements
- ASQR-01 - Supplier Quality System Requirements
- DA-IAY-G-05 - Requisiti di Sistema di Gestione per la Qualità per i Fornitori della Divisione Aerostrutture di Leonardo
- DA-QFRA/02P.187 - Quality Requirements for Suppliers with Incoming Inspection Delegation
- DA-QFRA/10P/007 - Quality Requirements for Just In Time Service Providers

SQAR 001 - Supplier Quality Assurance Requirements

- DA-QFRA/09T.134 - Program: Airbus A220 (Ex Bombardier C-Series HS & VS) Quality Requirements For Leonardo Aerostructures Suppliers
- DA-QFRA/01P.281/A9 - Program: Airbus / Quality Requirements for Leonardo Aerostructures Suppliers
- DA-QFRA/02P.121 - Program: ATR / Quality Requirements for Leonardo Aerostructures Suppliers
- DA-QFRA/04P.179 - Program: Boeing / Quality Requirements for Leonardo Aerostructures Suppliers
- DGQT 0.4.7.0039 - Approvisionnement, magasinage et suivi des éléments standards
- DV-IAY-G-05 Requisiti di Sistema di Gestione per la Qualità per i Fornitori della Divisione Velivoli di Leonardo
- DV-QFRA/00T/322/A9 - C27-J Progr. Lm Aero Quality Req. Italian Air Force (Ami) Contract
- DV-QFRA/01T/164/A9 - C27-J Designed Parts & Assy and equipment
- DV-QFRA/03T/093/A9 - C27-J Quality Requirements For Lm Aero
- DV-QFRA/05P/023 Program C130J – Quality Requirements for Alenia
- DV-QFRA/08T/279 JSF Program- Quality requirements for Alenia Aermacchi Suppliers
- DV-QFRA/18T/006 ATR Special versions – Quality Requirement for Leonardo Aircraft Divisions Suppliers
- GRP0087 - Exigences Safran applicables aux prestataires externes
- LTS-PRO-MHA-0276 – Quality Assurance Requirements for Suppliers
- NGAS SQAR – Supplier Quality Assurance Requirements
- PQAR-1 – Quality Requirements for Tornado Suppliers
- QAP-J-O-E-1001 - EFA Quality Assurance Requirements for Suppliers
- QFRA/02T/370 - AM-X Quality Assurance Requirements for Suppliers
- QFRA/02T/199/A9 –AM-X Parti di ricambio
- QFRA14P.250.250 M346 Program – Quality Requirements
- QRS-01 - Quality Requirements for Suppliers
- QSLA/06/NT/T010/05.088 – AM-X Requisiti di Qualità per le forniture di materiali Non riparabili e consumabili
- S-1000 - GE Aviation Quality System Requirements for Suppliers
- SABRe – Supplier Management System Requirements
- X31764 – Quality Purchasing Data Requirements (BCA)

3. TERMS AND DEFINITIONS

Aerospace Product

A standard or catalog part, finished part, subassembly, raw material, and equipment that should be installed on a Customer aircraft or engine.

Batch Number

A Batch Number is a unique number allocated to a definite quantity of items produced to the same design at one time, under conditions that are considered uniform.

Certificate of Conformity (CoC)

Record certifying the compliance of products/services with the technical requirements of the drawings, specification, and the clauses by Purchase Orders and/or Contracts.

Counterfeit Part

Any unauthorized copy, imitation, substitute, or modified product, which is knowingly misrepresented as a specific genuine product of an original or authorized manufacturer.

Defective Parts Per Million (PPM)

An index used to evaluate Supplier Quality Rating and is calculated as a ratio between the number of defective products (times one (1) million) and the number of total delivered products.

Foreign Object Damage (FOD)

Is a substance, debris, or article alien to a product that could potentially cause damage.

Manufacturer Certificate of Conformity

CoC issued by the product manufacturer

Quality Notification (QN)

The report, issued from the QC Department, identifies a nonconforming product.

Original Equipment Manufacturer (OEM)

A company that makes a part or subsystem that is used in another company's end product.

On Quality Delivery (OQD)

A part of Supplier evaluation and it is calculated through Defective Parts Per Million (PPM) index.

On-time Delivery (OTD)

Part of Supplier evaluation and it is calculated as a percentage of batches delivered on time vs total delivered batches.

Product

A standard or catalog part, finished part, subassembly, raw material, and equipment.

Qualified Product List (QPL)

Identifies materials and Suppliers approved for use for the applicable program/customer.

Qualified Supplier

A Supplier included in ALA "Qualified Suppliers List".

Quotation

Answer from a Supplier involved in a Request for Quotation from ALA Purchasing Department.

Subtier

A "second-level Supplier", used as a subcontractor from a Supplier.

Supplier

A company that receives a Purchase Order/Contract from ALA.

Supplier Certificate of Conformity

CoC issued by a stockist/distributor.

Note: Refer to ISO 9000 for other terms and definitions.

4. CONTEXT OF THE ORGANIZATION

No additional requirements from ALA vs. AS 9100 and AS 9120.

5. LEADERSHIP

No additional requirements from ALA vs. AS 9100 and AS 9120.

6. PLANNING

No additional requirements from ALA vs. AS 9100 and AS 9120.

7. SUPPORT

7.1 Resources

No additional requirements from ALA vs. AS 9100 and AS 9120.

7.2 Competence

No additional requirements from ALA vs. AS 9100 and AS 9120.

7.3 Awareness

No additional requirements from ALA vs. AS 9100 and AS 9120.

7.4 Communication

No additional requirements from ALA vs. AS 9100 and AS 9120.

7.5 Documented Information

Only in case of customer-designed parts (not applicable for standard parts) the Supplier the is not able to directly access to the updated documentation (drawings, technical specifications,...), shall request them to ALA [Procurement](#) Department.

ALA could request the Supplier to sign a Non-Disclosure Agreement in case of "restricted access" documentation.

The Suppliers must retain the Quality Records for the entire life of the product + 15 years from the date of shipment unless a longer period is specified. After this period the supplier can follow its internal document retention procedure.

The quality Certifications to be provided by the Supplier in the shipping documentation are **expressly stated** into the applicable Purchase Order/Contract, through a reference to the Quality Clauses of this document (see Annex 1).

These certifications may include, but not be limited to Manufacturer Certificate of Conformity, Test Reports, FAIR (First Article Inspection Report).

Changes or corrections to the records shall be made as follows: draw a single line through the old data, enter the correct data and apply the signature and date of the personnel making the correction. The old data must remain legible.

8. OPERATION

8.1 Operational Planning and Control

The Supplier shall notify ALA of any delay or problem related to the delivery of products that are requested on the Purchase Orders.

8.1.1 Operational Risk Management

No additional requirements from ALA vs. AS 9100 and AS 9120.

8.1.2 Configuration Management

ALA ensures the proper flow-down of the last applicable revision index through its Purchase Order.

The Supplier is always asked to review its capability to respect the revision index requested in ALA Purchase Order and ensure that the products are conforming to all the applicable quality and technical requirements.

However, unless the applicable drawing and/or technical specification clearly prohibits the use of stock at older revisions, the Supplier is always allowed to provide ALA products at previous revision index without asking any derogation.

The Supplier is requested to inform the ALA buyer in case the revision index of their product is successive to the one requested by ALA on the Purchase Order. In this specific case, ALA will be requested to perform an internal Change Board activity and to consequently amend the PO.

In any case, the ALA [Supplier Quality Management](#) Department has the authority to notify a QN and to request an RMA to Supplier, in case of obsolete products, according to paragraph 8.7 of this document.

8.1.3 Product Safety

No additional requirements from ALA vs. AS 9100 and AS 9120.

8.1.4 Prevention of Counterfeit Parts

Supplier shall implement a program against Counterfeit Parts and shall verify that all products to be delivered to ALA, have been purchased only from the original manufacturers.

Supplier shall participate in Government-Industry Data Exchange Program under the latest revision of GIDEP (www.gidep.org).

The requirements of SAE AS 5553 for electronic components and SAE AS 6174 for non-electronic products apply.

8.2 Requirements for Products and Services

The formal acceptance of ALA Purchase Order is considered as evidence of a Contract Review performed by the Supplier; any discrepancy vs ALA Purchase Order shall be communicated, in writing, and resolved prior to Purchase Order acceptance.

Supplier shall review this document, "SQAR 001", before PO acceptance, to ensure that the Contract Review has been performed considering the last revision index of this document.

The last applicable index of this document could be downloaded at the following link: www.alacorporation.com/SQAR.pdf

Evidence of a formal Contract Review could be requested from ALA Quality Department.

8.3 Design and Development

No additional requirements from ALA vs. AS 9100 and AS 9120.

8.4 Control of Externally Provided Processes, Products, and Services

8.4.1 General

The Supplier shall accept, respect, and implement all the requirements:

- stated into this document SQAR 001
- expressly stated into the Purchase Order/Contract (including quality and technical specifications, drawings, and Quality Clauses)
- stated within the General Terms and Condition (GTC)

The Supplier shall flow down these requirements, as applicable, to its sub-tiers.

The Supplier is responsible for the conformity of all products delivered to ALA, even if the products are completely purchased from sub-tiers, including the products purchased from sources defined by ALA or its End Customer.

Alternative products shall be delivered only after a formal acceptance by ALA. In any case, the supplier shall grant that the dual certification is included in the Manufacturer Certificate of Conformity.

8.4.2 Type and Extent of Control

The incoming inspection performed by ALA Quality Control does not absolve the Supplier of its responsibility to provide products compliant with applicable quality requirements.

When a Test Report is requested by the applicable Quality Clauses stated in the Purchase Order, the Supplier shall completely review the Test Report against the applicable specification, before shipping to ALA.

8.4.3 Informations to External Providers

Where a product has been determined to have a source restriction (i.e. from the applicable catalogue/drawing/technical specification or from the applicable program), the manufacturer must be approved on the applicable document for the ordered product.

In case a certain manufacturer is requested in ALA Purchase Order, the Supplier has to ensure that the goods to be provided to ALA are manufactured in the location (identified through the Cage Code) that has been expressly stated on the Purchase Order.

Moreover, ALA clarifies that - when the ordered PN is subject to such restrictions - the received products shall be subject to the ALA Quality Control Department evaluation: if the received product is not manufactured or supplied from the approved source(s), it will be rejected according to § 8.7 of this document.

8.5 Production and Service Provision

8.5.1 Control of Production and Service Provision

The Supplier shall ensure that the Equipment/Supplies comply with the Registration, Evaluation, Authorization and restriction of Chemicals Regulation (EC) No. 1907/2006 (Referred to as REACH regulation) and Regulation (EC) No. 2011/65/EU RoHS (Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment), including any future amendments made.

The Supplier shall declare its compliance to the REACH regulation, specifying on its Delivery Note/Certificate of Conformity whether the products delivered to ALA contain any Substances of Very High Concern (SVHC) with a percentage weight/weight higher than 0,1%.

As REACH Regulation is expected to continuously evolve, Supplier has the responsibility to verify that it has the latest version of the RESTRICTED SUBSTANCES LIST at this LINK: <https://echa.europa.eu/it/substances-restricted-under-reach>

In the case the delivered products contain any SVHC, the supplier shall also declared the related CAS number on its Delivery Note/Certificate of Conformity.

The Supplier must comply with the provisions of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act involving product(s) originating from the Democratic Republic of Congo or surrounding countries. Additionally, ALA expects its Suppliers to establish a policy to reasonably assure that the materials contained in the products they provide do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses.

The Supplier should exercise, as may be directed by law, due diligence on the source and chain of custody of these minerals and therefore at a minimum require the same from their next tier suppliers.

8.5.1.1 Control of Equipment, Tools, and Software Programs

No additional requirements from ALA vs. AS9100.

8.5.1.2 Validation and Control of Special Processes

When a special process applies to a product, as per the drawing and/or the technical specification, the manufacturer shall use only the approved processors.

The Supplier shall furnish the appropriate evidence to ALA, upon request.

8.5.1.3 Production Process Verification

When applicable, the Supplier shall perform - during the first production or after a production interruption of more than 24 months or changes in the manufacturing process unsolicited - an FAI according to AS9102 standard.

For the aerospace equipment, a new FAIR may be requested after 12 months of production interruption: the Supplier is therefore requested to verify the applicability of this requirements before confirming the Purchase Order from ALA.

When the Purchase Order clearly includes the "FAIR" Quality Clause, please refer to Annex 1 of this document.

8.5.2 Identification and traceability

The Supplier shall ensure **full traceability to the source of manufacture**, for all the products delivered to ALA, and shall send to ALA all the documentation that proves the full traceability.

As stockiest/distributor, the Supplier shall ensure that the product has not been modified/reworked/repared and shall provide the evidence that the product has been manufactured according to the applicable quality requirements (a method to demonstrate this compliance could be the Manufacturer Certificate of Conformity and/or any Test Report as requested by applicable specifications).

In any case, the stockiest/distributor shall ensure that the complete Supply Chain is certified with full traceability and shall send to ALA all the documentation that proves the full traceability.

The Supplier shall ensure that each manufacturing batch is packaged separately from other manufacturing batches; mixtures in manufacturing batches will not be accepted by ALA and will be rejected to Supplier according to § 8.7 of this document.

As stockiest/distributor, the Supplier may use its own traceability number to identify the products, but must always guarantee the complete traceability to the manufacturing batch. In this case, a cross-reference between the traceability number and the manufacturing batch must be always included in the Supplier Certificate of Conformity.

8.5.3 Property Belonging to Customers or External Providers

No additional requirements from ALA vs. AS 9100 and AS 9120.

8.5.4 Preservation

The Supplier must ensure that all the items are adequately packaged to ensure that the products are delivered to ALA undamaged.

The Supplier will be responsible for repackaging, at its own cost, if required.

The products to be delivered to ALA shall also be protected against corrosion or any other element that could cause a visual rejection or a failure.

Moreover, the Supplier is asked to invest all its efforts to prevent and/or remove Foreign Objects that may represent a potential source of Damage (FOD), from all products to be shipped to ALA.

In case of a limited shelf life product, the Supplier shall grant, at the time of delivery to ALA, a remaining life not lower than 90% of the shelf life as defined within the applicable technical specification.

The Manufacturer shall declare, on its Certificate of Conformity, the following information: Production Date and Expire Date.

8.5.5 Post-Delivery Activities

No additional requirements from ALA vs. AS 9100 and AS 9120.

8.5.6 Control of Changes

The Supplier is responsible to notify, and obtain authorization from the ALA [Supplier Quality Management](#) Department of any changes in the certification/registration/accreditation or major audit findings within two (2) business days of receiving notification of change or finding.

Significant changes include but are not limited to:

- Change in location of the facility;
- Change in ownership;
- Changes to processes, products, or services, including changes of their external providers or location of manufacture;
- QMS certification lost or suspended.

8.6 Release of Products and Services

Note: applicable only for stockiest/distributors.

As stockiest/distributor, the Supplier shall declare on its Certificate of Conformity (herein identified as "Supplier Certificate of Conformity) that the products delivered to ALA have been managed according to applicable quality requirements.

If a Manufacturer Certificate of Conformity is requested – according to the applicable Quality Clauses – this shall be annexed to the Supplier Certificate of Conformity.

8.7 Control of Nonconforming Outputs

When a nonconforming product is detected during the incoming inspection activities, ALA [Supplier Quality Management](#) Department has the authority to raise a QN vs the Supplier.

The Supplier shall use the [Supplier Quality Management](#) Department as the only reference for this kind of communication.

The affected batches shall be segregated, and the related invoices will be automatically blocked by the ERP system: this means that it is the Supplier's interest to immediately solve the issue.

If a QN is raised by ALA Quality Department, and no resolute feedback is provided, within two weeks from the date of the notification, by the Supplier, ALA reserves the right to reject the products and ship them back to the Supplier at Supplier's charge.

When this event occurs, ALA [Supplier Quality Management](#) Department will advise the Supplier before the shipping.

Quality Alerts

If the Supplier detects a nonconformity on a product already delivered to ALA, it should notify the nonconformity to ALA Quality Department within 12 hours from the occurrence.

The communication should contain the following information:

- PN affected from the nonconformity and the related quantity;
- affected batch number;
- reference to a transportation document;
- full description of the defect

After receiving the communication from the Supplier, ALA Quality Department shall ask for further information from the Supplier.

ALA Quality Department has the authority to issue a Corrective Action Request.

Requestes for Disposition

ALA has not the authority to perform a disposition on a product without the design holder's approval.

For this reason, ALA shall forward the requests for disposition - issued by the Supplier - to the design holder according to ALA's internal procedures.

9. PERFORMANCE EVALUATION

No additional requirements from ALA vs. AS 9100 and AS9120.

10. IMPROVEMENT

10.1 Supplier Evaluation

The Supplier approval is followed by a continuous monitoring process, with the aim to ensure appropriate control of the supply chain, contribute to improving the Supplier performance, and therefore satisfy the customer expectations.

ALA monitors the following KPIs for each Supplier:

- Quality performances (OQD)
- Delivery Performances (OTD)

10.1.1 On Quality Delivery

ALA calculates the OQD, considering the Item Escape Rate (IER) index, as follows:

$$\text{IER} = \frac{\text{number of defective PO items}}{\text{total number of delivered PO items}}$$

ALA assigns a score to OQD as shown in the below Table:

OQD	Supplier Rating
IER ≤ 0,5%	A*
0,5% < IER ≤ 1,5%	A
1,5% < IER ≤ 2%	B
2% < IER ≤ 5%	C
IER > 5%	Z

Table 4 – Supplier OQD calculation

The defective PO items correspond to the PO lines affected by a major QN issued by ALA vs. the Supplier.

The target for the Supplier OQD is lower than 1,5%.

10.1.2 On-Time Delivery

ALA calculates the Supplier OTD as follows:

$$\text{OTD} = \frac{\text{number of PO items delivered on time}}{\text{total number of requested PO items}}$$

ALA assigns a score to OTD, as follows:

OTD	Supplier Rating
OTD \geq 95%	A*
85% \leq OTD < 95%	A
60% \leq OTD < 85%	B
40% \leq OTD < 60%	C
OTD < 40%	Z

Table 4 – Supplier OTD calculation

The target for the Supplier OTD is higher than 85%.

The delay is calculated as the difference between the supplier shipping date (the one indicated on the packing slip issued from the supplier) or the delivery date as per applicable Incoterms and the contractual date (the "Shipping Date" on ALA Purchase Orders).

A grace period of +7 days will be considered for the OTD calculation.

10.1.3 Supply Chain Performance

Once calculated the OQD and OTD performance, ALA measures the overall performance through the Supply Chain Performance indicator (SCP), with the aim to assign a final rating to each vendor.

The overall SCP is determined by the lower rating of the two KPIs used to monitor the quality and delivery performance (OQD and QTD).

SCP= min (OQDscore; OTDscore)

The example below shows the calculation of the SCP:

Supplier	OQDscore	OTDscore	SCP
Supplier A	C	A*	C
Supplier B	A*	A	A
Supplier C	A	B	B

Table 5 – Example of Supplier SCP calculation

10.2 Nonconformity and Corrective Action

The suppliers will also be assessed based on individual non-conformities (Quality Notification), that are raised by the Quality Control Department as a result of the Incoming Inspection activities performed at ALA.

The [Supplier Quality Management](#) will periodically review supplier Quality Notifications.

If the QN major with the same defect class is repeated three times for the same supplier or a non-conformity is deemed dangerous for the Aircraft safety, the [Supplier Quality Management](#) will start the escalation Level 1 and will issue a Corrective Action Request (CAR).

After the issue of the CAR, if the supplier does not collaborate to solve the non-conformities or the proposed actions are not satisfactory, the SQM can decide to start the escalation Level 2 as described in the following paragraphs.

10.2.1 Escalation process

ALA has the responsibility to ensure its approved Suppliers are adequately evaluated and controlled.

For this reason, as a result of the periodical performance review, ALA shall implement the necessary recovery actions to address the suppliers that do not meet the targets.

ALA has defined actions to be implemented towards those suppliers whose performance has negative repercussions both on the company production flow and on the degree of satisfaction of ALA and its customers.

The Escalation system provides four levels, according to the criticality of the problems that have emerged.

10.2.1.1 Escalation Level 1

The Escalation Level 1 is activated when at least one of the following occurs:

1. 3 major QN with the same defect class are repeated three times for the same Supplier.
2. A non-conformity is considered dangerous for Aircraft Safety.
3. A Quality Escape from ALA to its Customers that has been generated by a Supplier failure.
4. A Supplier that has been identified with an SCP score "C" and has not provided the availability to take part in the periodical "Supplier Performance Meeting".

In these cases, the SQM will issue a Corrective Action Request against the supplier, which is required to carry out an RCCA process to correct the occurred issue.

10.2.1.2 Escalation Level 2

The Escalation Level 2 is activated when at least one of the following occurs:

1. The supplier does not reply to a CAR.
2. The Corrective Actions Plan proposed in the CAR is ineffective and the Supplier does not show cooperation in solving the issue.
3. After the periodical meeting with ALA, the Supplier does not improve the Quality and OTD Performances.

In these cases, ALA will prepare a Commercial Letter, signed by the Global Procurement Manager and the Global Quality & Compliance Manager, and send it to the Supplier.

10.2.1.3 Escalation Level 3

The Escalation Level 3 is activated when at least one of the following occurs:

1. The same non-conformity occurs within 6 months from the closure of a CAR.
2. The Supplier does not improve the OQD and OTD Performances after 6 months from the Escalation Level 2.

In these cases, the Quality and Procurement Departments can carry out a Special Audit at the Supplier if motivated by consistent business reasons.

10.2.1.4 Escalation Level 4

Level 4 represents the maximum level of escalation and applies when at least one of the following occurs:

1. Despite the three previous escalation levels, the Suppliers does not resolve the non-conformity or does not improve the OQD and OTD Performances.
2. Very negative product audit (CAR >5) combined with an unsatisfactory OQD score ("Z") for at least 3 months.
3. The Supplier has delivered Counterfeit parts to ALA.
4. The supplier has not informed ALA about a Quality Alert within 24 hours from the detection of the occurrence (if the non-conformity has an impact on the Aircraft Safety).
5. The reputation of ALA is repeatedly and seriously jeopardized towards Customers.

Note In the event of the occurrence of multiple scenarios above, ALA can evaluate the possibility of immediate disqualification of the Supplier bypassing the escalation process described above.

In these cases, ALA will put the Supplier on Probation that can, at the end of the process, lead to the final removal of the Supplier from the ALA Qualified Suppliers List.

11. SOCIAL RESPONSIBILITY

ALA expects its Suppliers to exceed the local regulatory requirements, included but not limited to:

- attention to the Environment, by reducing the environmental impacts of their products/services and reducing wastes;
- ensuring gender equal opportunities;
- safeguarding of Human Rights.

12. EXPORT CONTROL

For compliance with national, European, and US Export Control laws and regulations, the Supplier shall indicate the applicable export classifications for the ordered products.

For all items subject to export controls, the Supplier shall indicate whether controlled under Military, Dual-Use or National Controls along with the corresponding Export Classification Numbers (ECN), with the order confirmation.

US export control - please indicate the following information:

- for items subject to Export Administration Regulations (EAR) the corresponding Export Control Classification Number (ECCN) of the Commerce Control List (CCL) (this includes US origin parts, software & technology incorporated)
- for items subject to the US International Traffic in Arms Regulations (ITAR), the Classification Number, corresponding Category of the United States Munitions List (USML) as well as the licensed end-user and end-use.

The Supplier is also requested to include the Customs Tariff commodity codes (HS/HTS) codes for each item.

ANNEX 1 – QUALITY CLAUSES AND RELEASES

The following table shall be used as a reference for the specific requirements stated on each line of the Purchase Order.

CLAUSE	DESCRIPTION
--------	-------------

<p>Manufacturer CoC with full traceability</p>	<p>The Supplier shall provide a Manufacturer Certificate of Conformity (MCC) for each batch delivered to ALA.</p> <p>This document must be signed by a Quality Representative or another delegated officer.</p> <p>If the shipment contains different manufacturing batches, each batch shall be separated and identified in order to maintain traceability.</p> <p>The CoC must include, at least, the following information:</p> <ul style="list-style-type: none"> - Purchase Order number - Part Number and related revision level (the PN must match the one ordered into ALA Purchase Order) - Manufacturing batch - Quantity (per each manufacturing batch) - Manufacturer's name - A statement confirming that the products conform to all the requirements of the ALA Purchase Order and all the applicable drawings and specification requirements. <p>Note 1: The full traceability to the original source of manufacturing shall always be ensured.</p> <p>Note 2: if the supplier is a distributor, a Distributor CoC is also requested (in addition to the manufacturer CoC with full traceability).</p>
<p>Test Report</p>	<p>The Supplier shall provide the Test Report, for each manufacturing batch delivered to ALA, as required by the applicable Procurement Specification.</p> <p>The content of the Test Report shall comply with all requirements stated in the applicable drawings and specifications.</p> <p>The Supplier shall provide full traceability between the Test Reports and the related Manufacturer Certificate of Conformity.</p>

	Note: in the case of the distributor, please note that full traceability shall always be ensured.
FAI Report	<p>The notes indicate that the related PN is subject to the First Article Inspection.</p> <p>In case of the first shipment to ALA, the Supplier shall provide a First Article Inspection Report (FAIR), based on AS9102 standard.</p> <p>In case a partial FAI applies (as per AS9102 requirements), the Supplier shall provide the revised FAIR to ALA.</p>
Individual Packaging	The item shall be individually packaged.

The following table includes the list of Releases that may be included in the ALA Purchase Order which are related to specific quality requirements flow-down by the final Customers and End Users.

RELEASE	DESCRIPTION
AIRBUS	The Manufacturer of products shall be listed in the Airbus Qualified Parts List (QPL) with "P2" or "P3" status. The QPL is available on the Airbus website (www.airbus.com).
ASD-CERT	This item requires a product qualification, managed by ASD-Cert. The list of the qualified items and the related approved sources is available at the following link: https://asd-cert.org/pq-certificates/
BAE	The supplier shall provide products in accordance with the appropriate approval scope detailed in the BAE SC10 Register of Evaluated Suppliers. Where a company approval details a specific BAE approval number, this number must be annotated on all release documentation.

<p>BOEING</p>	<p>The Supplier shall provide products only from Boeing qualified manufactures (Q.P.L. Source). For Aircraft Bearings and Designated Fasteners purchasing, refer to D1-4426 for the authorized Manufacturers and their authorized Distributors for such products. The Supplier shall flow down all the requirements of this Purchase order to its sub-tiers.</p> <p>Unless explicit direction is given to the contrary, no articles (or constituent parts thereof) ordered by ALA for Boeing Programs shall contain any Federal Aviation Administration-Parts Manufacturer Approval (FAA-PMA) markings and the accompanying paperwork (e.g., packages, shippers, etc.) shall not contain any FAA-PMA markings</p>
<p>BOMBAR</p>	<p>The Supplier shall provide products only from Airbus A220 qualified manufacturers. For all B0* part numbers refer to the drawing Q.P.L., for all the standard part numbers refer to the A220 program Approved Supplier List.</p>
<p>C27JRP (C-27J Repair Program with delivery to External Party)</p>	<p>PURCHASE ORDER TERMS AND CONDITIONS REPAIR ORDER</p> <p>*** C-27J Program ***</p> <p>Any change beyond the value authorized must be notified to ALA North America and authorized by an amendment to the subject Purchase Order.</p> <p>Supplier must provide a quotation and estimate for the subject repair, and is not authorized to invoice until the repaired units are DELIVERED TO ALA North America C/O Bruzzone Inc.</p> <p>The Supplier is required to call ALA North America's designated freight forwarder, Bruzzone Shipping Inc., at tel. 516-239-7120 in order to request goods pick-up.</p> <p>Supplier is requested:</p> <ul style="list-style-type: none"> - To notify delivery date, which shall comply with the agreed repair T.A.T., for any and all rejected items, either under or out of warranty; - To evaluate reparability of each shipped article and quote relevant cost, with an indication of material and labor, for any and all items out of warranty or in the case of rejection of any warranty claim. <p>In addition, in case of warranty claim rejection, please provide the reasons for warranty claim rejection. together with the repair quote the supplier MUST provide Purchaser with the following information:</p> <ul style="list-style-type: none"> - Log Card and Tear Down report if applicable. <p>The supplier is not authorized to proceed with any further action until specific instructions to repair, scrap, ship-back, or any other action is given by ALA North America through a change order. Furthermore, in case of rejection of the warranty claim of any</p>

	<p>item, the supplier shall justify the motive for rejection with reference to part number, serial number and purchase order number.</p>
<p>C27JRP2 (C-27J Repair Program with delivery to ALA NA warehouse)</p>	<p>PURCHASE ORDER TERMS AND CONDITIONS REPAIR ORDER</p> <p>*** C-27J Program ***</p> <p>Any change beyond the value authorized must be notified to ALA North America and authorized by an amendment to the subject Purchase Order.</p> <p>Supplier must provide a quotation and estimate for the subject repair, and is not authorized to invoice until the repaired units are DELIVERED TO ALA North America.</p> <p>Supplier is requested:</p> <ul style="list-style-type: none"> - To notify delivery date, which shall comply with the agreed repair T.A.T., for any and all rejected items, either under or out of warranty; - To evaluate reparability of each shipped article and quote relevant cost, with indication of material and labor, for any and all items out of warranty or in the case of rejection of any warranty claim. <p>In addition, in case of warranty claim rejection, please provide the reasons for warranty claim rejection. together with the repair quote the supplier MUST provide Purchaser with the following information:</p> <ul style="list-style-type: none"> - Log Card and Tear Down report if applicable. <p>The supplier is not authorized to proceed with any further action until specific instructions to repair, scrap, ship-back, or any other action is given by ALA North America through a change order. Furthermore, in case of rejection of the warranty claim of any item, the supplier shall justify the motive for rejection with reference to part number, serial number and purchase order number.</p>
<p>C27JST (C-7J Production Program)</p>	<p>PURCHASE ORDER TERMS AND CONDITIONS</p> <p>The Supplier is requested to provide: Certificate of Conformity for each ordered item, as follows:</p> <ul style="list-style-type: none"> ·One (1) copy inside the package ·Two (2) copies with the packing sheet ·One (1) copy Log Card if required <p>The above documents are mandatory for material acceptance and for the consequent settlement of the invoice.</p> <p>The Supplier is required to call ALA North America's designated freight forwarder, Bruzzone Shipping Inc., at tel. 516-239-7120 in order to request goods pick-up.</p>

	<p>All invoices shall be sent to: accounting@alywes.com</p> <p>A copy of the invoices shall be emailed to ALA North America Inc. to the attention of the buyer at the time of each shipment.</p> <p>All shipping documents, including invoices, shall accurately list the purchase order, line item numbers, Part numbers, Serial Numbers and Quantities for each shipped item.</p> <p>The above is mandatory in order to allow the correct acceptance of the shipped item and the consequent settlement of the relevant invoice.</p>
DASSAULT	<p>All the manufacturers shall be approved by Dassault-Aviation, according to the documents DGQT 0.5.1.0007 and DGQT 0.7.2.0046.</p> <p>For all the parts that are subject to a Dassault-Aviation specification (drawing parts), all the processors shall be qualified by Dassault-Aviation, according to the documents DGQT 0.7.0.0002 and DGQT 0.5.0.0035.</p>
EASFAA	<p>The Supplier shall provide the Airworthiness certificate (EASA FORM 1, FAA 8130 or equivalent).</p>
EFA	<p>The Manufacturer shall be listed in the Eurofighter Qualified Product List (document J06.002)</p>
JSF	<p>The Supplier shall provide products only from Lockheed Martin Aeronautics (LMA) Company qualified sources for the JSF Program (document 2GNA00001).</p> <p>As specified by LMaero, Rev. 4 of the PSFD excludes from the JSF program products and services provided by Turkey.</p> <p>The supplier shall be compliant with the LMA requirements:</p> <ol style="list-style-type: none"> 1) Corp Docs 3a Domestic and International; Document Ref.: ExecutedCD 3A 2021 dated 2021-11-05 ; 2) Corp Doc 3 International; Document Ref.: GTA-AA-CD3INT-2020 dated 2021-03-20 ; 3) Prime Supplemental Flowdown Doc (PSFD); Document Ref.: N00019-20-C-0009 (formally N00019-19-C-0062) Rev.4 dated 2021-05-26 <p>https://www.lockheedmartin.com/content/dam/lockheed-martin/aero/documents/scm/tandc/T-C-s--F-35-/N00019-20-C-0009_Rev%204.pdf ;</p> <ol style="list-style-type: none"> 4) LM Aero Supplemental Clauses; Document Ref.: supplemental_clauses_rev11, 30 May,2017 Lot 12-14 ; 5) Standard Solicitation Instructions ; 6) DPAS-DO-A1 ; 7) Appendix QX Revision 9 and Appendix QJ Revision 8 available

	<p>at: https://www.lockheedmartin.com/en-us/suppliers/business-areaprocurement/aeronautics/quality-</p>
LIEBHERR	<p>Order subject to LIEBHERR LTS-PRO-MHA-0276 iss 8 requirements. Acknowledgment receipt required. The acknowledgment validates the fact that you have the drawings with the last issues. Statement of manufacturer certificate as per NFL00-015C with FAI/DVI if applicable + last manufacturing date required. Indicate the advised shelf life if applicable. Individual packaging and marking required for seals and bearings. Observe the NFL17-*** applicable for seals. Applicable for Customer's drawing: Special Process Approved Subcontractors List MPH0001 iss 17 / Raw material specification: MFT0330 iss J - MFT0331 iss I - Management of ingredients MFT0239 ind 27</p>
NGAS	<p>Suppliers and/or subtier are responsible for comply with all the requirements flown down in the SQAR or Standard Note Q001. Documents is reachable at www.northropgrumman.com/suppliers under Contracting Data > Quality Documents > AS</p>
PROS	<p>Take into account the additional requirements linked in https://www.alacorporation.com/wp-content/uploads/2021/04/SQAR_PROS.pdf</p>
RR	<p>Rolls-Royce Group PLC is the final customer. All SABRe requirements shall be fully satisfied.</p>
SOURCE	<p>This is a source-controlled item. The supplier must check the approved source on the applicable drawing and/or specification. In the case of Vendor PN, only the Vendor that has developed the drawing can manufacture the products, unless there is an agreed license with the design owner. Only the approved sources will be accepted at the incoming inspection in ALA.</p>
SPU	<p>This order is subject to SAFRAN POWER UNITS and therefore the following requirements apply:</p> <ul style="list-style-type: none"> - General Quality Requirement according to GRP-0087 edition 10 and 005716 issue 3. - Special Process Approved Subcontractors List S620-12-159 issue 18 - Marking according to CT1057 ind. C and IAQ 21E2 <p>This part is subject to DVI/PPAP. The Supplier shall perform DVI/PPAP in case of 1)Change of DWG or source 2)PN not produced for +24 months 3)Change in the production process</p>
UTC	<p>The Supplier is responsible for comply with all the requirements stated in the UTC document "ASQR-01 Rev. 11 - AEROSPACE SUPPLIER QUALITY REQUIREMENTS".</p>

	<p>The Supplier shall purchase products only from UTC Qualified Distributor. The QDL is the list of Distributors that are qualified by UTC to provide metals, electronics, and hardware (fasteners). The QDL is available on the UTC website (https://www.rtx.com/suppliers/united-technologies-suppliers/united-technologies-asqrd)</p>
--	--