

2.0. Supplier Quality Performance:

2.1. When requested by Boeing, Seller agrees to work with Boeing to develop and implement processes designed at improving Seller's quality performance. Process will include sufficient detail to allow Boeing to evaluate Seller's progress.

2.2. The Seller shall be responsible for achieving and maintaining a quality performance level of either:

a. Supplier Performance Measurement (SPM) report site quality acceptance rate, of 98%. This calculation may be based on a composite quality performance score from all contracts/purchase orders between the Seller and the Boeing contracting site, or specific by program to which this agreement applies or;

b. Equivalent alternate criteria quality performance rating as defined by the site when the standard SPM calculation does not accurately reflect the Seller's quality performance.

2.3 If Seller fails to achieve and maintain 98% site quality acceptance rate, which is a prerequisite for delegated inspection authority awarded at Boeing's discretion, the Seller shall be responsible for one or more of the following as directed by Boeing:

a. Obtaining source inspection from a Boeing-qualified contractor at Seller's own expense;

b. Reimbursing Boeing for reasonable Boeing costs incurred at the point of manufacture (i.e. Seller's site) to verify product conformance;

c. Reimburse Boeing for reasonable Boeing costs incurred at the point of receipt to verify product conformance.

3.0. Special Processes:

3.1 All manufacturing and inspection processes which are controlled by D1-4426, "Approved Process Sources" shall be performed only by sources specified in the document. D1-4426 can be accessed at the following URL:
<http://www.boeing.com/companyoffices/doingbiz/d14426/index.html>

3.2 Seller shall maintain actual processor certification for all D1-4426 special processes performed in accordance with the requirements of this purchase document. In addition to all certification requirements defined by the applicable processing specification(s), the certifications shall contain the following:

a. The complete part number of the article(s) represented by the certification;

b. The total quantity of the parts (for each part number) represented by the certification;

c. The company name and address of the performing processor. The address shall include street address, city and state;

d. The specification number(s) and revision letter of the D1-4426 process performed.

Seller shall provide such certification upon Boeing request.

3.3. Seller shall provide their sub-tier process sources with the prime site of the Boeing Company (that is the design authority) as well as the aircraft model number or hardware that the part numbers represent when applicable.

3.4. Seller's use of approved processors does not relieve Seller from verifying that the processor and the products conform to all applicable process specification requirements.

3.5. Where Boeing specifications and/or processes are listed within the detail design, specification control, or envelope drawing, incorporated by this purchase document, Seller shall adhere to the latest revision of the Boeing specification and/or process, unless otherwise specified in the purchase document.

4.0. Shipping Documentation:

4.1 The Seller's shipping documentation shall contain the following:

- a. A Packing Sheet;
- b. A Certification of Compliance Statement (may be included as part of the packing sheet);
- c. Evidence of Seller's Product Acceptance;
- d. A copy of any Nonconformance Report (NCR)/rejection tags for the articles shipped with the exception of articles to be direct shipped to a Boeing customer
- e. Evidence of Boeing's product acceptance, when Boeing Source Acceptance is required;
- f. A Serialized Parts List identifying parts with an assigned serial numbers. The list shall contain the part numbers, part nomenclature and part serial numbers. This list shall also include part change letters when applicable;
- g. The NCR/rejection tag number(s) with the exception of articles to be direct shipped to a Boeing customer;
- h. Control identity of the end item deliverable of raw material or purchased articles, as applicable. The control identification is traceable to the product processed in a single run (same manufacturing date, lot, batch, heat, job or shop traveler number). When multiple lots are included in one shipment, Seller shall clearly separate the control identity of the respective lots.

4.2. Sellers shall ensure that exterior shipping documentation is enclosed in a yellow envelope to facilitate processing upon receipt at Boeing.

a. Seller's shipping documentation shall include a complete copy of the Seller's First Article Inspection Report when the procurement involves "First Articles".

b. Certification listing all articles which must be procured from Boeing Qualified Manufacturer. Certifications must contain the following information:

- The article specification, drawing or standard and revision;
- Name and complete address of the Boeing Qualified Manufacturer;
- Name of the Manufacturer's Authorized Distributor for D590 standards when the purchase document is not placed with the manufacturer.

c. Evidence of as built engineering configuration and planning configuration.

d. The material certification(s).

e. When the procurement document invokes Source Acceptance or Inspection Delegation, D1-4426 Certifications are not required as part of the shipping documentation.

4.3. Seller must provide evidence of acceptance by its quality assurance department on all shipments. (A) Certified physical and metallurgical test report where required by controlling specification or, (B) A signed, dated statement on the packing sheet certifying its quality assurance department has inspected the parts and they adhere to all applicable drawings and/or specifications.

5.0. Nonconforming Product and Corrective Action:

5.1. The Seller shall immediately notify Boeing (within one business day) in writing when a nonconformance is determined to exist, or is suspected to exist, on product already delivered to Boeing under this agreement. Notification shall include the following information as a minimum:

a. Affected process or product number and name;

b. Applicable purchase order number(s), quantity, and dates delivered;

c. Description of the problem (i.e., what it is and what it should be);

d. Affected drawing number(s) and zone(s);

e. Suspect/affected serial number(s) or date codes, when applicable;

f. Proposed actions/requests (i.e., units to be checked, recording required, method of check, etc.).

The Seller shall notify the Boeing Procurement Representative who manages the purchase contract, the Boeing Procurement Quality Assurance Field Representative, and the Boeing Procurement Quality organization where product was delivered. The Seller shall also notify BCA Global Partners Special Investigations Group via the supplier portal (BCA default profile), or via-e-mail at (smpsi@boeing.com) or by fax at (425-294-7768).

Note: Confidential or proprietary information must be conveyed through either the supplier portal (File Transfer Service, FTS) or fax. If the nonconforming condition has been previously identified by Boeing, using a nonconformance record or other equivalent means and requesting a corrective action response, the Seller shall notify the Boeing investigator, identified on the corrective action request, that additional product is affected.

5.2. Boeing reserves the right to reject any root cause and/or corrective action determination provided by the Seller, and may request subsequent investigation and/or corrective action to either Boeing or Seller-initiated corrective action requests. If the Seller is late in responding to Boeing corrective action requests, or if Boeing requires subsequent corrective action, Boeing reserves the right to withhold acceptance of shipments either at source or destination until Seller corrective action is submitted to Boeing's satisfaction.

5.3. When Boeing notifies the Seller of a detected nonconformance, the Seller shall immediately take action to eliminate the nonconformance on all products in Seller's control. Seller shall also maintain, on file, verification that root cause corrective action has occurred and has resolved the subject condition. At the specific request of Boeing, this verification shall occur for the next five (5) shipments after implementation of the corrective action to ensure detected nonconformance has been eliminated. Boeing reserves the right to review the verification data at the Seller's facility or have the data submitted to Boeing

5.4. Where Seller is requested to submit a corrective action report, Seller will submit its response within ten (10) days of receipt of such request unless an extension is otherwise provided by Boeing. Any corrective action report submitted to Boeing shall be in the format specified by Boeing. If after submittal to Boeing, Seller determines need for revision, Seller shall immediately notify Boeing of such revision. In the event Seller is unable to respond within the allotted ten day time frame. Seller shall submit a request for extension which shall include the reason for the extension request and the time needed to complete the corrective action report.

5.5. Product nonconformance documentation forms shall, at a minimum, provide:

- a. a clear identification of the part;
- b. a space for disposition and authorized signature;
- c. a complete description of the condition including "is" and "should be";
- d. a statement of the cause;
- e. the corrective action taken.

The Seller shall make all Material Review Board (MRB) tags for product undergoing FAA certification testing or FAA Conformity available to Boeing.

5.6. Repetitive Nonconformances: Seller shall implement corrective action on repetitive nonconformances dispositioned as "use-as-is" to preclude changes to type design being made through MRB action rather than through the Seller's change system.

5.7. Inspection of Previously Identified Defects: When nonconformances in Seller's product are discovered at Boeing, the Seller shall inspect the next five (5) deliveries (as a minimum) of similar product to Boeing and may be requested to include as part of the shipping documentation objective evidence of inspection of the next five (5) deliveries (as a minimum) of similar product to Boeing. Boeing shall have the right to reject such product without objective data (i.e., test data, certifications, etc.) identifying that appropriate inspections have been accomplished to verify the nonexistence of the nonconforming condition, which was brought to the Seller's attention by Boeing.

5.8. When Boeing identifies nonconforming product and determines the cause to be the Seller's fault, Boeing will provide the Seller with notification in the form of a Nonconformance Notification (NN) or Supplier Corrective Action Notice (SCAN). Upon receipt of such notification, the Seller shall develop and implement acceptable corrective action. When a SCAN is used for notification, the Seller shall comply with the requirements of SCAN Attachment 1.

5.9. When the Seller disagrees with the determination of fault, Seller shall submit a written request for a Change of Charge (COC) to the initiator within thirty (30) calendar days from the date of notification. The request must include the reason and documentation/objective evidence supporting the request. Failure to notify Boeing of disagreement with the determination of fault will be deemed to be a confirmation of the Seller's acceptance of nonconformance responsibility.

6.0. Direct Shipments:

6.1. When shipping product directly to airline customers, the Seller will place the following statement on all shipping documents:

It is hereby certified that (A) The parts and/or materials reflected herein were produced under Federal Aviation Administration approved manufacturing and quality control systems/methods as set forth in the FAA production certificate No. 700 issued to the Boeing company and (B) such parts and/or materials are new and in an airworthy condition.

(Signed)

Supplier Quality Assurance (Title)

If Seller has been delegated inspection authority, place the following statement on the packing sheet:

"DELEGATED BOEING INSPECTION AUTHORITY HAS BEEN GRANTED FOR THIS SUPPLIER"

7.0. When furnishing a supplier part number, Seller shall ensure that the supplier part number(s) meet or exceed the flight approval requirements for the applicable Boeing Specification Control Drawing part number(s).