

SUPPLIER QUALITY MANUAL

SQM-EN v1.0

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<https://www.lisi-aerospace.com/en/mentions-legales/>

Supplier Quality Manual

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1 INTRODUCTION

The implementation of the LISI AEROSPACE Quality Policy, aims at satisfying its customers, continuously improving the performance of its processes and concerns the entire supply chain of LISI AEROSPACE, and therefore commits our suppliers.

This manual completes the LISI AEROSPACE Terms and Conditions of Purchase and Supplier Charter, and has been implemented to establish the control of suppliers' processes and products, which have a potential impact on the conformity of products manufactured by LISI AEROSPACE. It also applies to customers' designated sources of LISI AEROSPACE.

The purpose of this manual is to:

- define LISI AEROSPACE requirements, complementary to industry standards and applicable regulations,
- flow down the requirements of LISI AEROSPACE's customers,
- introduce the process of supplier approval and product/process qualification,
- describe methods for monitoring performance throughout the product's life cycle (development and serial).

The suppliers of LISI AEROSPACE are responsible for their performance in terms of Quality, Cost, Delivery and commit to:

- implement the organization and the necessary means,
- guarantee the quality of their products and delivery times,
- measure and optimize their quality and logistics performance, both internally and externally,
- contribute to joint quality and logistics actions with LISI AEROSPACE.

This supplier involvement is reflected in the application of this manual and its updates.

Yannick MORVAN
Chief Quality and Performance Officer

Jean-Jacques BIGLIONE
Chief Procurement Officer

2 SCOPE

Unless otherwise stated, « Supplier » refers to supplier(s), subcontractor(s) or external provider(s).

This manual shall be applied to ensure the conformity of products and services delivered to LISI AEROSPACE and intended for airworthy products manufactured and provided by LISI AEROSPACE to its own customers.

Suppliers are classified into 4 Groups:

Group 1: Raw material suppliers and special process sub-contractors as listed below

- Raw Materials suppliers including distributors (metals and alloys)
- Heat treatment
- Surface Treatment: Coating (including: Plasma Spray, HVOF, Shot Peening), Plating and Painting,
- Non-Destructive Testing (where the Lot provided by LISI AEROSPACE is subject to 100% inspection with certificate of conformity),
- Welding
- The above services performed on at a LISI AEROSPACE plant by an external provider on airworthy products are also part of Group 1

Group 2: Others sub-contractors, components and assembly suppliers

- Machining including Non-Conventional (example: laser cutting, water jet cutting, drilling, honing)
- Transformation processes (example: casting, forging, ring rolling, stamping)
- Components (finished and semi-finished) and Assembly subcontracting (example: riveting, gluing, ring assembly)
- Kitting
- Painting for the color code system on Fasteners

Group 3: Other products & services which have an impact on the conformity of products

Calibration, Measuring and testing equipment, Samples, External laboratories, NDT expertise, Chemicals for manufacturing processes (including oils and lubricants), Manufacturing specific tooling, Tools and consumable for production (product catalog), Packaging, Maintenance (excluding building and spare parts), Intellectual service (including robotization or automation), IT services (excluding developers), Transportation, Stocking (including off-site storage), Workforce (temporary work)

Group 4: Standard products

- Metal raw materials for tools,
- Other non-metallic raw materials,
- Paint, adhesives, seals and glues
- Fasteners

3 REFERENCE DOCUMENTS AND ACRONYMS

ISO 9001, AS/EN 9100 and AS/EN 9120	AS/EN 9102
ISO/IEC 17025	AS/EN 9103
ISO/CEI 17050 (or French standard NF L 00-015)	AS 6174
NF EN 10204	AMS 2750

- ASL: List of suppliers approved by LISI AEROSPACE (Approved Supplier List)
- P.O.: Purchase order
- QPL: List of articles qualified by LISI AEROSPACE (Qualified Product List)
- LAI/FAI: Last Article Inspection/First Article Inspection
- FMEA: Failure Modes and Effects Analysis
- SPC: Statistical Process Control

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4 GENERAL QUALITY REQUIREMENTS

4.1 Quality management system

LISI AEROSPACE requirements in terms of Quality Certification are detailed below. When required by the final customer of LISI AEROSPACE, these certifications will be mandatory.

	ISO 9001/AC7004	AS/EN 9120	AS/EN 9100	ISO/IEC 17025/A2LA	NADCAP
Group 1	X	Required level for RM distributors allowing for exceptions (*1)	Required level allowing for exceptions (*1)	X	(*2)
Group 2	Required level allowing for exceptions: LISI approved Quality Plan	X	Preferred level	X	Except if required by end-customer
Group 3	ISO 9001 preferred	X	X	Required for external laboratories (*3)	MTL preferred for external laboratories
Group 4	ISO 9001 preferred	Minimum required for distributors Except: customer designated source	Preferred level	X	X

(*1) Exception managed during the supplier evaluation and the initial audit. The validation will appear in the initial audit report.

(*2) Additional information about NADCAP certifications per processes:

- Raw Material Melters: **Nadcap MTL mandatory** for chemical analysis in Material testing laboratory
- Raw Material Converters: **Nadcap HT preferred** for heat treatment ; **Nadcap NDT preferred** for Nondestructive Tests ; **Nadcap MTL preferred** for Mechanical testing
- Heat Treatment on final raw material: **in conformance with requirements of AMS 2750 applicable revision**
- Heat Treatment sub-contractors: **Nadcap HT preferred**
- Surface Treatment sub-contractors: **Nadcap CP or Nadcap CT or Nadcap SE preferred**
- Welding sub-contractors: **Nadcap WLD preferred**
- Sub-contracted Non-destructive testing: **Nadcap NDT mandatory**
- Machining sub-contractors: **Nadcap CMSP or Nadcap NM preferred**
- The approval of new suppliers favors Nadcap certified suppliers

(*3) Sub-contracted testing to external laboratories shall be ISO17025 / A2LA approved. Except where the OEM manufacturer of equipment performs their own calibration and no independent laboratories perform this service. All calibration shall be traceable to national standards.

4.2 Control of documents

The supplier is responsible for checking the documents in their possession with respect to those flowed down on purchase orders and to obtain the necessary standards.

The supplier shall ensure control of documents and data to its own suppliers in controlled distribution. It is also the supplier's responsibility to verify the applicable version of each document flowed down on the purchase order and shall obtain any documentation, information or any element of definition that may be missing.

4.3 Configuration management

The supplier is required to have a configuration management system that provides the internal and external documents and revision levels applicable to a particular purchase order.

When LISI AEROSPACE modifies a document specified in the contract, the supplier shall inform LISI AEROSPACE of taking into account the modified document and the application of the modification on the product.

The supplier must provide for identification and registration of all changes in the configuration, manufacturing and control conditions, as well as the rank and / or date of application of these changes.

4.4 Industrial change management

The supplier shall inform LISI AEROSPACE of all changes listed below:

a) Organization change

Any change in the supplier's organization affecting les interactions between LISI AEROSPACE and the supplier.

b) Industrial major change

Any change shall be communicated to LISI AEROSPACE before application.

Any change reconsidering the initial product/process qualification at the supplier shall be communicated to LISI AEROSPACE and a decision for new qualification based on criticality of the modification will be pronounced by LISI AEROSPACE.

The supplier shall define and apply the necessary dispositions to maintain the quality of product (a risk analysis may be requested).

Any loss of quality certification or customer qualification related to the business with LISI AEROSPACE shall be communicated to the concerned site as soon as possible.

Any industrial change at the tier 2 supplier that may impact the product/process qualification is concerned.

Any transfer of activities to another site of the same supplier or to another supplier is concerned.

In this event, the supplier shall send a copy of its activity transfer procedure before initiating any transfer. The procedure shall include project management, milestone review, risk management and new LAI/FAI.

The supplier shall ensure identical control of the industrial change of its own subcontractors.

A new process audit may be required to confirm the approval of the supplier or the qualification of the concerned products will be assessed on a case-by-case basis by LISI AEROSPACE.

4.5 Business continuity plan

The supplier shall have a business continuity plan and demonstrate its control of risks for partial or total unavailability of its usual working environment.

The goal is to ensure continuity of operations in an environment disturbed by a major incident and to allow a return to normal operating conditions in a reduced time.

The mandatory steps for the implementation of the business continuity plan are:

- The identification of risks that could lead to the unavailability of the work environment,
- The business impact analysis from the interruption of an activity,
- The development of continuity options,
- The implementation and upholding of the continuity plan in operational conditions.

4.6 Prevention of counterfeit parts

The supplier shall take steps to ensure the security of its facilities, storage areas and logistic means in order to avoid any risk or misuse of products delivered to LISI AEROSPACE.

The supplier shall take steps to avoid, detect and mitigate any misuse of parts and materials. Suppliers are advised to follow the AS 6174 standard for the prevention of counterfeit.

The supplier shall also ensure control of preventions of counterfeit parts to its own subcontractors.

4.7 Product Safety

The supplier shall put in place the necessary controls to ensure product safety. The supplier shall also ensure that its people are aware of their contribution to product safety and product conformity, as well as the importance of ethical behavior.

The supplier shall flow down these requirements to its own subcontractors.

4.8 Program for prevention of damage caused by Foreign Object Debris (FOD)

The supplier shall take steps for the prevention, detection and elimination of foreign objects during manufacturing, assembly, inspection, storage, maintenance, packaging and shipping operations.

4.9 Capacity management

The supplier is responsible for production scheduling and shall provide LISI AEROSPACE with periodic follow ups on its capacity planning.

The supplier should utilize capacity planning tools such as S&OP, PIC, etc, taking preventive measures to inform LISI AEROSPACE in case of capacity alerts.

Capacity audits may be required periodically to verify the supplier capabilities according to the results of the initial supplier evaluation and risk analysis.

4.10 Flow-Down of requirements for tier 2 suppliers

The supplier is responsible to control the quality of its purchases (supplies and subcontracting) according to its internal rules.

The supplier shall include in its own purchase orders the applicable LISI AEROSPACE requirements.

The supplier shall periodically evaluate the quality control of its own suppliers and their industrial risks. The follow-up shall include a recovery plan if necessary and a continuous improvement policy. LISI AEROSPACE may be required to audit the control of this monitoring.

4.11 Control of Manufacturing

The supplier shall use process and control routes approved by LISI AEROSPACE or by its customers, through the product/process qualification dossier.

The supplier is required to monitor and control the key characteristics defined in LISI AEROSPACE purchase orders and its manufacturing records. The supplier shall comply with AS/EN 9103 standard.

In the event of subcontracting for manufacturing operations on critical parts, LISI AEROSPACE may require the supplier to carry out the industrialization in liaison with its Quality or Engineering department.

It is requested that certain operations be classified as "significant or frozen operation" thus prohibiting any modification without the agreement of LISI AEROSPACE.

4.12 Identification, traceability, packaging

The identification and traceability of product shall be controlled in compliance with LISI AEROSPACE requirements. The serialization of products supplied by LISI AEROSPACE shall be maintained by transfer of marking, according to the instructions of LISI AEROSPACE.

The rules of packaging shall be defined between the supplier and the LISI AEROSPACE concerned plant in order to protect product against corrosion, scratches and handling damage from manufacturing until reception by LISI AEROSPACE.

4.13 Special Processes

When Special Processes are carried out on LISI AEROSPACE products, the supplier shall provide evidence of the qualification of its processes and personnel.

The supplier has the obligation to inform LISI AEROSPACE of any change to its special process qualifications.

4.14 Retention of Records

The supplier is required to respect the archival life defined by LISI AEROSPACE (30 years) or longer if required by the Prime Customer within a program.

Paper records shall be stored in weatherproof premises, protected from theft and shall be fire resistant. Access shall be regulated.

Records shall be easily accessible and available for review by LISI AEROSPACE and its customers. LISI AEROSPACE reserves the right, to make at any time a request for transmission of the records and records shall be available within 48 hours from the time of the request..

4.15 Shipping documents

The minimum accompanying contractual documentation shall include the certificate of conformity according to the requirements of ISO/IEC 17050 standard (or French standard NF L 00-015). The certificate of conformity associated with the raw material shall be attached and will guarantee the traceability of the original melt.

In the event of delivery of metal products (raw material or semi-finished product), a report of inspection and test, or, measurement report shall accompany the certificate of conformity according to the requirements of NF EN 10204 Type 3.1 standard.

When other documents are required, this will be specified in the purchase order.

In case of conflict between the documentary requirements of the purchase order and those of this manual, the purchase order takes precedence and serves as a reference.

Access to accompanying documentation shall be made possible without damaging the packaging of the product.

The quality documents provided by the supplier shall be written in English unless a local agreement is given by LISI AEROSPACE within the same country or economic area.

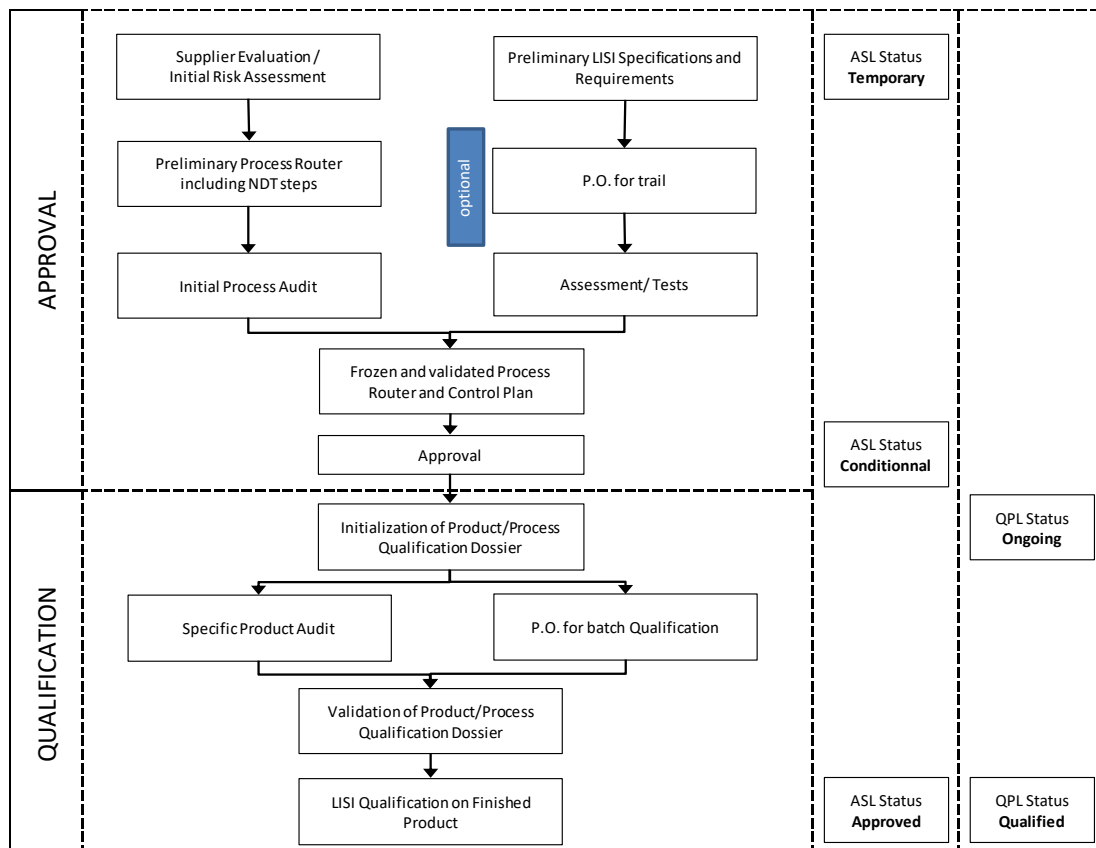
5 SUPPLIER APPROVAL AND PRODUCT/PROCESS QUALIFICATION

5.1 General

The supplier quality management process is divided into 4 different sub-processes which are detailed in the following chapters:

- Approval of Supplier Sites (ASL)
- Qualification of Product/Service (QPL)
- Control of delivered products
- Non-Conformity Management

Approval and Qualification are also detailed in the following workflow:



Qualification is managed per purchased part number.

In the event that the LISI AEROSPACE plant obtains its supplies from a sales office or a distribution platform delivering products processed by an entity belonging to the same group, these converting plants must be integrated into the Raw Materials ASL.

Customer approved sources shall be used when contractually required. The use of customer approved sources shall not neglect the responsibility of LISI AEROSPACE to evaluate these suppliers.

For purchased components subject to special processes, the concerned LISI AEROSPACE plant must define the operating mode selected:

- a) **The supplier implements these processes internally.** Approval by the LISI AEROSPACE site concerned must cover these processes, which will appear in the scope of the related Gr. 2 ASL,
- b) **The supplier subcontracts these processes and manages the approval of its providers.** Its ability to manage this activity will require validation by the LISI AEROSPACE plant during audits at the supplier,
- c) **The supplier subcontracts these processes to providers approved by LISI AEROSPACE** (in status approved on ASL group 1 applicable to the LISI AEROSPACE plant). The LISI AEROSPACE plant will ensure the qualification of processes through the QPL.

The choice of the operating mode between configurations a), b) or c) will be defined by the LISI AEROSPACE plant according to the maturity of the supplier and the complexity of the process or component concerned.

5.2 Supplier evaluation

Initial evaluation must be performed according to the Corporate Evaluation Standards: form F 59 in French and form F 69 in English.

The simplified version of questionnaires can be applied if the supplier turnover is <1000K (€ or \$).

Suppliers are ranked in one of the four categories:

A	80% to 100%	Satisfactory	Supplier may be included in the ASL
B	60% to 79%	Acceptable	Supplier may be included in the ASL with improvement plan
C	40% to 59%	Insufficient	Supplier may be included in the ASL after corrective action plan closure
D	0% to 39%	Unacceptable	Supplier should not approved

5.3 Initial process audit

The purpose of the initial process audit is to identify the capacity of the supplier to comply with LISI AEROSPACE requirements and identify the risks in terms of process control.

The Process Route including all NDT representative steps and scope of approval shall be defined.

Initial Process Audit covers the representative steps and variants within the scope of approval and leads to a frozen process route with a generic control plan between the supplier and LISI AEROSPACE

The initial audit may result in reports such as major non-conformance, minor non-conformance, improvement action or observation.

A response from the supplier will be expected in due time:

- major non-conformance = 10 days for containment action plan; Closure = 28 days
- minor non-conformance and improvement action = 28 days
- observation = response is optional at the discretion of the supplier.

5.4 Initial technical validation of the product

As part of the approval of a new supplier or an extension of the scope of approval of a supplier from the ASL, a product validation batch can be ordered.

This validation batch will confirm the supplier's technical ability to meet product requirements and define an initial manufacturing route. This step will take place before or in parallel with the initial process audit.

5.5 Product/Process qualification dossier

Evidence requested to the supplier to pronounce the qualification is specified on the Product/Process Qualification Dossier (Form F504 or equivalent from LISI AEROSPACE site or form required by the end-customer/prime).

The Product/Process Qualification Dossier shall contain at least the FAIR template of the AS/EN9102 standard and may also contain:

- drawing and/or part specification document(s) at the last known version,
- manufacturing dossier describing the process route (router, operations, methods, name and revision level of computer-controlled programs,...), outsourced operations,
- process FMEA,
- control plan indicating key characteristics of the product and/or process, methods and devices used for measurements, controlled characteristics and sampling plan including the implementation of SPC if applicable,
- marking and packing instructions.

At the time of compilation of the Product /Process Qualification dossier, the supplier shall inform LISI AEROSPACE of any rework operations (product release) that apply.

Product/Process Qualification is validated according to the supplier's elements and after the qualification of the end-customer, if required. LISI AEROSPACE will determine if a process audit of a specific product related to a purchased part number is required.

Example: Even if a Surface Treatment supplier is qualified for a specific coating, processes such as part handling, dipping, inspection and packaging can present some specific risk to be assessed.

5.6 Approval status

Supplier status is granted to a supplier site for a defined approval scope.

Process audits results, quality issues or industrial change may lead to a limitation on the suppliers' scope of approval.

Supplier approval status:

Approved:

All requirements are satisfactory:

- risk assessment performed: initial evaluation score is ranked A or B,
- process audit result: all NCR's are closed,
- a first Product/Process qualification is pronounced,
- performance is satisfactory.

Conditional:

Deliveries are authorized but an action / improvement plan is required:

- initial evaluation is ranked C,
- pending LISI AEROSPACE plant Product/Process Qualification result,
- Process Audit result: all major NCRs shall be closed and an action plan for Minor NCRs has been implemented,
- performances KPI's are insufficient on a recurrent manner.

Non-approved:

Deliveries are not allowed. There is no plan to develop the supplier or to maintain their status on the ASL.

Temporary:

Supplier being used for R&D and for plant's trial within a defined period (max 6 months).

Suspended:

Some requirements for maintaining approval are not fulfilled, which requires temporary suspension of product(s) or services from the supplier. The purchasing strategy of LISI AEROSPACE is to make the supplier improve its performances and then re-enter the ASL.

Inactive:

No delivery for more than two years. No identified reason to disapprove this supplier, but the Re-start of this supplier shall be controlled through specific checks (audit, or reinforced control).

5.7 Approbation status maintenance

Approved status of a supplier may be revised following a surveillance process audit or linked to following major events:

- ✓ Quality performance insufficient on a recurrent manner,
- ✓ Findings noted during the process audit without associated corrective actions,
- ✓ Delivery performance insufficient on a recurrent manner,
- ✓ Recurrent failure of the supplier to respond correctly to complaints,
- ✓ Third party certification not achieved or not maintained,
- ✓ Information from Customers or Regulatory authorities about quality related risks.

In these cases, a letter should be sent to the supplier by the Purchasing Department of LISI AEROSPACE indicating the reason(s) for change in approval status.

LISI AEROSPACE performs surveillance process audits at the frequencies adapted to the risk level of each supplier. This frequency can range from 12 to 36 months.

5.8 Qualified product list

LISI AEROSPACE manages a list of qualified part numbers or products (QPL) per supplier site.

Product/Process Qualification status:

Qualification ongoing:

Status open when the Qualification dossier is requested during the first purchase order.

Qualified:

Delivery of the first representative batch corresponding to the validated Product/Process Qualification dossier (validated dossier). Conformity of the purchased service validated until the conformity of the finished product. If a specific process audit is deemed necessary by the Quality Department, the result of this audit will be a deliverable to validate the Qualified status.

Unqualified:

Repeated product nonconformities challenges with compliance, process capability or the adequacy of the control plan. Deviations were found between key characteristics of the applied process and those specified in the Product / Process Qualification Dossier. Deliveries can only be made under containment actions.

Inactive:

At the end of the year, this status will be attributed to items without reception for more than two years. The resumption of deliveries will be subject to reinforced control at incoming.

The Qualified status allows placing purchase orders.

Based on the quality performance of the supplier for the related product, the qualification status may be reassessed.

6 CONTROLS

6.1 Product control

Verification of the purchased product shall be carried out during acceptance inspection at the LISI AEROSPACE plant concerned, in accordance with their local procedure

LISI AEROSPACE may require a reinforcement of the supplier control to ensure conformity of the delivered product for the following:

- change of supplier manufacturing process, currently validated by LISI AEROSPACE,
- quality issues,
- process audit revealing potential quality risks,

The lifting of any reinforced control may be authorized by LISI AEROSPACE on the basis that the supplier has demonstrated effective implementation of corrective actions.

If reinforced control at the supplier is not effective, LISI AEROSPACE may:

- mandate an external company or LISI AEROSPACE resources to carry out this control at the supplier,
- put in place reinforced control at LISI AEROSPACE receiving inspection.

6.2 Nonconformities management

Each supplier's non conformities to LISI AEROSPACE quality requirements are managed on the LINKS portal: <https://links.lisi-aerospace.com>

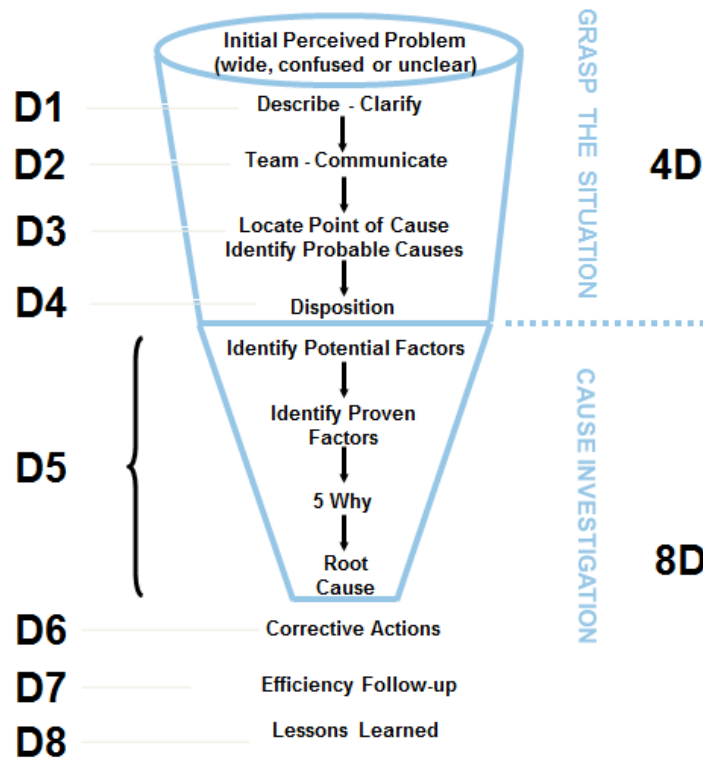
The LISI AEROSPACE site grants access rights for their suppliers so that they themselves document the progress of the non-conformity management through the 8D methodology.

LISI AEROSPACE validates each step of the 8D documented by the supplier when they meet the expectations of the tool.

Major logistics issues related to suppliers are also recorded in LINKS and are managed in the same way.

Depending on the severity or recurrence of the non-conformity, LISI AEROSPACE request the supplier to open an 8D.

The 8D methodology is described below:



The target timeframes for nonconformities management are as follows:

- Step 1 to 4 : 7 days
- Step 4 to 6 : 15 days
- Step 6 to 8 : 30 days

Depending on the nonconformity severity, LISI AEROSPACE may require a management of the 8D steps in a reduced time. All dispositions (containment actions) linked to a technical nonconformity shall be set up within 48 hours (two working days).

Nonconforming products shall be identified and isolated, to prohibit their use or shipment, pending decision by LISI AEROSPACE (acceptance or under concession, repair, rework, scrap).

Concession / Deviation:

Any concession request on the product conformity, drawing, specifications and requirements noticed on the purchase order shall require a written approval from the concerned LISI AEROSPACE plant quality department.

Billing in case of supplier non conformity:

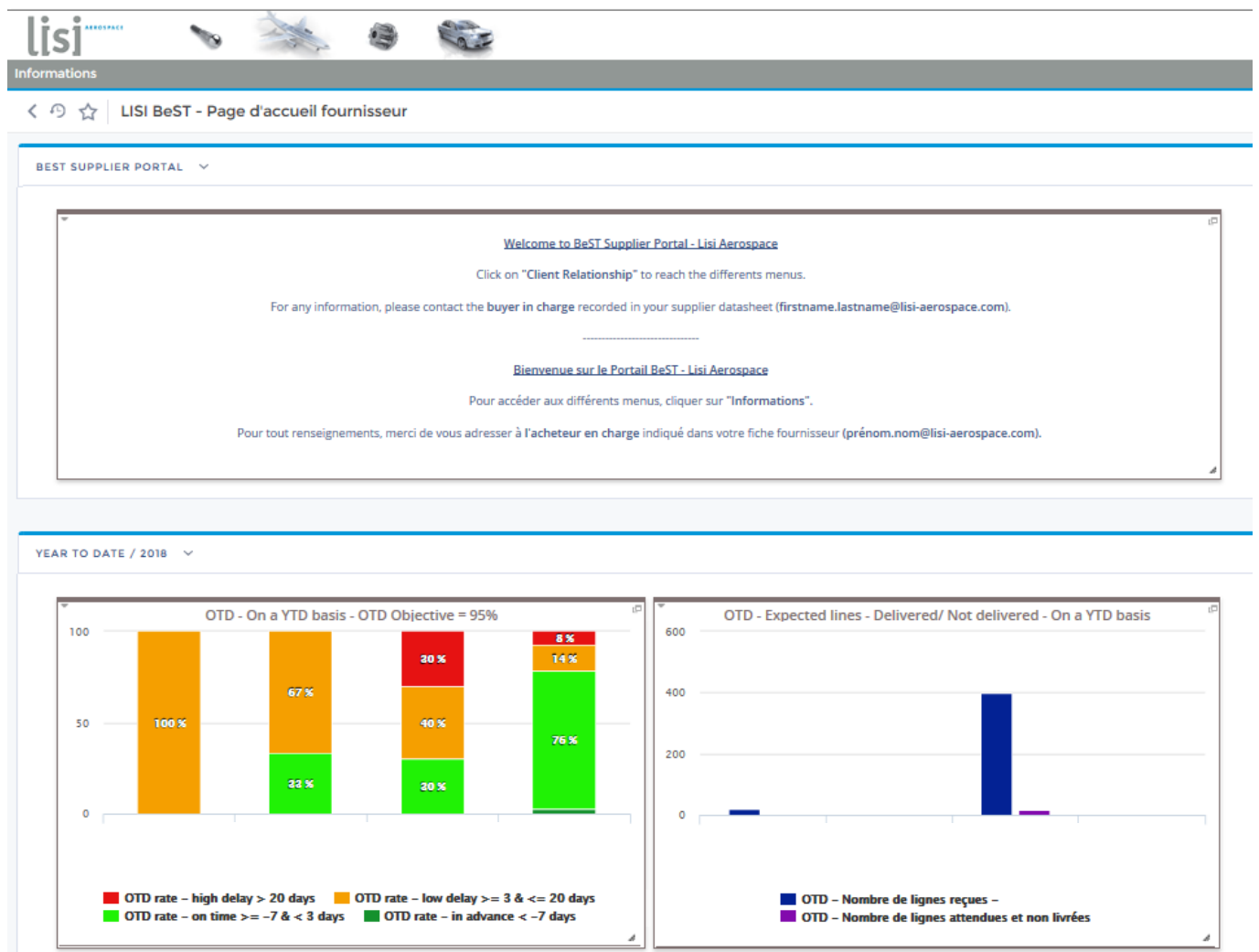
Penalties calculated according to the Terms and Conditions of Purchase or the specific clauses of the supplier contracts will be applied.

7 SUPPLIER PERFORMANCE

7.1 Key performance indicators

Supplier performance in terms of quality and delivery are measured indicators extracted directly from the BeST tool: <https://lisi.ivalua.com>

All suppliers who have made the request to their purchasing contact can have access to their performance on the LISI AEROSPACE BeST portal.



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Rejection Rate (%):

Number of technical non-conformities affecting product conformity to specifications, divided by the total number of order lines.

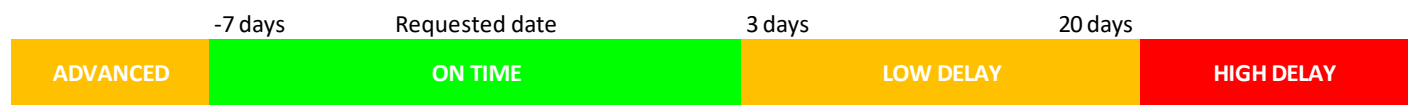
On Time Delivery:

The OTD rate expressed the percentage of orders delivered on time. This is the number of order lines respected, in term of quantities and deadline, divided by the total number of order lines delivered.

OTD rate is defined as follow:

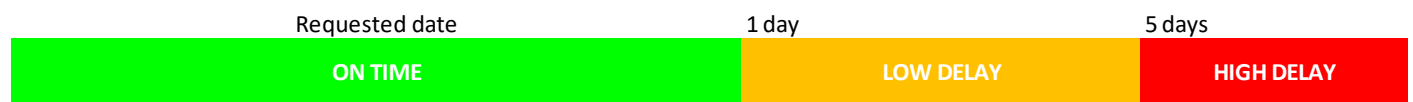
OTD \geq -7 days & \leq +2 days

(Excluding subcontracting at the phase: surface treatment, heat treatment, machining, polishing, etc...)



Specific case of subcontracting:

OTD \geq -9999 days & \leq +0 day



The supplier shall acknowledge receipt of the LISI AEROSPACE order within 72 hours. After this period, the date requested in the LISI AEROSPACE order becomes the date accepted by the supplier.

In case of discrepancy between the delivery date requested in the order and the date indicated in the acknowledgment of receipt of the order, the date of reference for the calculation of the OTD rate remains the date indicated in the order except in case of agreement between LISI AEROSPACE and the supplier on a new delivery date. In this case, LISI AEROSPACE will have to modify the date of reception in its systems.

Targets of quality performance & OTD rate are defined before the start of each fiscal year. These annual targets are shown on each supplier's scorecard via the LISI AEROSPACE BeST portal.

The supplier may revoke the quality performance and OTD rate of the month M-1 announced by LISI AEROSPACE on the BeST portal (from the 16th of the month M-0) via the supply and quality department of the LISI AEROSPACE sites within a period of one month maximum M + 1.

LISI AEROSPACE also measures the **Depth of Delay** according to the following calculation:

Total deviations in days of delivered complete order lines divided by the total number of order lines delivered complete over a given period.

7.2 Performance review

Supplier performance reviews will be organized at the level of the concerned site or escalated at LISI AEROSPACE according to the level of impact on the supplier.

An action plan will be defined to converge as soon as possible towards the performance objectives set by LISI AEROSPACE.

Billing in case of late delivery:

Penalties calculated according to the Terms and Conditions of Purchase or the specific clauses of the supplier contracts will be applied

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