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GENERAL SUPPLIER QUALITY REQUIREMENTS

1. General Quality Requirements

1.1 The Seller shall:

- a) Meet all the requirements of the latest revision of the General Supplier Quality Requirements (including Terms and Conditions) and all applicable requirements therein in effect as of the date of the purchase order.
- b) Ensure all applicable quality requirements are imposed (flowed down) upon sub-tier suppliers and manufacturing facilities in their purchasing documents.
- c) Changes to the design, materials and/or processes which affect form, fit, quality, reliability and/or safety shall not be accepted without prior written authorization from Pan Pacific Electronics.
- d) No reworked, refurbished and/or overhauled product will be accepted. Pan Pacific Electronics will hold suppliers liable for any deviations of product/manufacture tampering to part numbers listed on the purchase order. Any exceptions must be approved, in writing, by Pan Pacific Electronics' management team.
- e) If any parts supplied are ITAR regulated, Pan Pacific Electronics must be notified, in writing, before processing the order.
- f) At a minimum, have and maintain a quality system that is compliant with a currently published and maintained consensus industry standard quality system specification to Seller's activities.
- g) Notify Pan Pacific Electronics, in writing, at least 90 days in advance of any sale, relocation and/or transfer of Seller's manufacturing operations.
- h) Upon request by Pan Pacific Electronics, provide all Seller records, reports, specifications, drawings, inspection and test records and/or any other documentation in English.
- i) Acknowledgement of the purchase order is required by fax or email before the Pan Pacific Electronics' buyer will activate the purchase order.
- j) Ensure that all personnel are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.
- k) Use statistical techniques for product acceptance and related instructions for acceptance, if applicable.

2. Specifications, Revision Control and Part Substitution

- 2.1 All products ordered to the Government or manufacturer's specifications shall comply with current revisions as of the date of the order unless otherwise on the purchase order. Part substitution is not authorized without prior written consent, including the part number, description and drawing revision where applicable.

3. Certified Materials

- 3.1 Seller shall establish and maintain controls to prevent the use of non-certified materials when certified materials are required.

4. Certificate of Conformance (CoC)

- 4.1 Seller shall prepare a Certificate of Conformance (CoC) asserting that the items contained with the shipment are in total compliance with all applicable requirements of this purchase order. Seller shall include a copy of the CoC inside the Seller's shipping container.

5. Counterfeit Parts Prevention

- 5.1 Seller shall meet all the latest of the latest revision of the Counterfeit Parts Prevention Policy (FRM-926) and all applicable requirements therein in effect as of the date of the purchase order.


6. Critical Items Outsourcing

- 6.1 Seller shall notify Pan Pacific Electronics, 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, and/or Seller changes affecting fit, form and/or function are to be subcontracted.

7. Calibration

- 7.1 Seller shall maintain a documented calibration system for the control and maintenance of measuring and test equipment. The calibration system shall be documented, traceable and provide for initial and re-calibration during the life of the equipment to acceptable industry standards and requirements.

8. Electrostatic Discharge Damage (ESD) Protection

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8.1 Components that are susceptible to ESD shall be handled and packaged to prevent ESD. All components that contain ESD sensitive devices shall be wrapped in a static shielding barrier in direct contact with and fully surrounding the unit. Containers shall be marked as containing ESD sensitive devices.

9. Control and Identification of Limited Shelf Life Items

9.1 Items with limited shelf life shall be marked on the item, package or container with the manufactured date, storage temperature, special handling requirements and expiration date of the item. All identification markings shall be placed in accordance with the applicable specifications. Items that have less than a 75% shelf life remaining will not be delivered or accepted without prior written approval.

10. Control of Nonconforming Product and Corrective Action

10.1 Seller shall implement and maintain a documented quality system that provides for identification, documentation, disposition (including scrap disposal) and records of nonconforming product. Seller shall ensure that effective corrective and/or preventive action is taken to prevent, minimize or eliminate nonconformities. Seller's quality management system shall ensure that nonconforming product is not used for production purposes.

10.2 Seller shall evaluate nonconforming product(s) for its potential to exist in previously produced or delivered items, or items in transit to Pan Pacific Electronics. If a nonconformance exists, the Seller shall notify Pan Pacific Electronics, in writing, within 24 hours for issues (if applicable) impacting flight safety or for items in transit to Pan Pacific Electronics, and, in writing within 5 working days for all other issues.

10.3 Seller shall provide root cause analysis, effective corrective and/or preventive action as requested via Seller's internal document. All Pan Pacific Electronics' identified nonconformities shall be assessed whether or not the product was returned to Seller and appropriate actions taken to ensure causes of nonconformance are corrected.

10.4 Seller shall not ship nonconforming material with the intent of delivering nonconforming product without written authorization from Pan Pacific Electronics.

11. Quality Assurance

11.1 The Pan Pacific Electronics' Quality Assurance department will process all vendor rejected material documentation to the Operations Director and will notify the Seller of the nonconforming product.

11.2 The results of such nonconformance will be recorded and retained in the quality record system for a period of not less than five years.

12. Supplier Approval Rating

12.1 The Seller's quality performance will be reviewed on a quarterly and annual basis. Sellers that consistently have an unsatisfactory rating may not be included in bidding of new business. A Seller with a performance rating of less than 94% or lower on quality and 79% or lower with on-time delivery for three consecutive quarterly periods will be unapproved and removed from our approved supplier list.

13. Shipping and Delivery Instructions

13.1 Delivery shall be in strict accordance to the delivery schedule specified with the purchase order. When deliveries are past due, Pan Pacific Electronics must be notified immediately.

13.2 The purchase order number must appear on all packing slips, invoices, correspondences, etc.

13.3 Certificate(s) of Conformance (CoC) must accompany each shipment certifying that the articles listed conform to the contract, drawing, specifications and other applicable documents. The Certificate must be validated by an authorized quality representative and include Purchase Order number, part number and revisions, quality and lot numbers as applicable. Articles may only be shipped without Certificate of Conformance if the Seller has prior consent from the Buyer.


13.4 All products will be properly packaged for the protection of individual items using material deemed appropriate.

13.5 Seller will utilize shipping account information as stated on the PO.

13.6 The term 'Delivery' as used on the purchase order refers to the date that the shipment is due on Pan Pacific Electronics' dock. Please ship one week prior to the Delivery date.

13.7 Any order that states 'ASAP' can ship immediately regardless of the stated Delivery date.

13.8 Purchase orders must include that all materials shipped are free from Foreign Object Debris (FOD).

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13.9 Before shipping any hazardous materials, a response from a Pan Pacific Electronics' representative is required stating that it is understood that an item on the purchase order is hazardous and it is acceptable to ship to the address provided.

13.10 Before shipping any products that include Substances of Very High Concern (SVHC) in excess of 0.1% (per REACH Regulation EC# 1907/2006) in any of the product's homogenous materials, a response from a Pan Pacific Electronics' representative is required stating that it is understood that an item on the purchase order contains a substance that is not in compliance with REACH.

13.11 Before shipping any products that include Conflict Mineral(s) originating from a conflict area (including the Democratic Republic of Congo and surrounding conflict countries), a response from a Pan Pacific Electronics' representative is required stating that it is understood that an item on the purchase order contains conflict mineral(s) originating from a conflict area.

13.12 Any and all shipping method changes from the original purchase order must be approved prior to shipping.

13.13 All shipments from outside the US, including Canada and Mexico, must be approved prior to shipping. The shipping of parts without prior authorization in regards to method or ship from location will have shipping charges declined unless paid by the supplier.

14. Right of Access

14.1 Seller shall allow Pan Pacific Electronics, our customers, and regulatory agencies right of access to any place necessary to determine and verify the contracted work conforms to specified requirements, including all applicable records and materials. This includes any internal and sub-contracted records held by the Seller.

15. Records

15.1 Seller shall maintain all applicable records involved in the purchase order for a minimum of ten years after completion of this purchase order. Records shall be available for review by Pan Pacific Electronics, our customers, and regulatory agencies per contract and/or regulatory requirements at no additional cost, price or fee to Pan Pacific Electronics.

16. Terms and Conditions

16.1 Seller shall comply with all applicable federal, state and local laws, ordinances, lawful orders, rules and regulations. Seller agrees to indemnify Pan Pacific Electronics against any loss, cost, damage or liability by reason of Seller's violation. Laws, regulations and other customer requirements (as applicable) may include but are not limited to:

- a) Customer special provisions
- b) Customer supplemental clauses
- c) Export Administration Regulations (EAR)
- d) Arms Export Control Act
- e) International Traffic in Arms Regulations (ITAR)
- f) Occupational Safety and Health Act of 1970 (includes MSDS)
- g) Toxic Substances Control Act (15 U.S.C. Sec. 2601)
- h) Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
- i) Environmental laws and regulations
- j) Federal Acquisition Regulation (FAR) clauses
- k) Defense Federal Acquisition Regulation Supplement (DFARS) clauses

16.2 Seller agrees to adhere to all Terms and Conditions set forth by The Boeing Company General Provisions (Latest Revision of GP1 – Fixed Price Goods Contract – Commercial) found at: <http://www.boeingsuppliers.com/TaC.htm>

16.3 Seller agrees to adhere to the latest revision of The Boeing Company's PO Notes (updated 1/1, 4/1, 7/1 10/1):

A17:

In performing the obligations of this agreement, both parties will comply with United States export control and sanctions laws, regulations, and orders, as they may be amended from time to time, applicable to the export and re-export of goods, software, technology, or technical data ('items') or services, including without limitation the Export Administration Regulations ('EAR'), International Traffic in Arms Regulations ('ITAR'), and regulations and orders administered by the Treasury Department's Office of Foreign Assets Control (collectively, 'Export Control Laws'). A) The party conducting the export shall be responsible for obtaining the required authorizations. B) The party conducting the re-export shall be responsible for obtaining the required authorizations. Each party shall reasonably cooperate and exercise reasonable efforts to support the other party in obtaining any necessary licenses or authorizations required to perform its obligations under this agreement. C) The party providing any items under this agreement shall, upon request, notify the other party of the items' Export Control Classification Numbers ('ECCNs') as well as the ECCN of any components or parts thereof if they are different from the ECCN of the item at issue. D) Each party represents that (i) the items, and the parts and components thereof, it is providing under this agreement are not 'defense articles' as that term is defined in 22 C.F.R. Sub-Section 120.6 of the ITAR, and (ii) the services it is providing under this agreement are not 'defense services' as that term is defined in 22 C.F.R. Sub-Section 120.9 of the ITAR. The



parties acknowledge that this representation means that an official capable of binding the party providing such items knows or has otherwise determined that such items, and the parts and components thereof, are not on the ITAR's Munitions List at 22 C.F.R. Sub-Section 121.1. Each party agrees to reasonably cooperate with the other in providing, upon request of the other party, documentation or other information that supports or confirms this representation. E) To the extent that such items, or any parts or components thereof, were specifically designed or modified for a military end use or end user, the party providing such items shall notify the other party of this fact and shall also provide the other party with written confirmation from the United States Department of State that such items, and all such parts or components thereof, are not subject to the jurisdiction of the ITAR. Boeing requires that the provisions/requirements set forth above be included in Seller's direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain. For purposes of this note, supply chain shall mean Seller's direct network of Sellers providing material, equipment, information, and services integrated into products and services.

A18:

Seller agrees not to make any change in materials, processes or design details of the part after Boeing qualification or approval without written approval from Boeing. This shall include changes in materials, processes or design details by subcontractors. In addition to these changes, changes which would affect the part or any component part thereof with regard to (a) part number identification, (b) physical or functional interchangeability, and (c) repair and overhaul procedures and processes and material changes which affect these procedures without prior written approval of Boeing is prohibited. If such approval is granted, all part numbers and the originals of all drawings or data shall be revised and provided to Boeing accordingly. Seller will ensure subcontracts include the above requirements for Seller part numbered items, whether such equipment is supplied to Seller as an end item or as a component part of an end item.

Q09:

Seller shall maintain, and have available on a timely basis, quality records traceable to the conformance of product/part numbers delivered to Boeing. Seller shall make records available to regulatory authorities and Boeing's authorized representatives. Seller shall retain such records for calendar year + 10 years from the date of shipment under each applicable order for all product/part numbers unless otherwise specified on the order.

At the expiration of such period set forth above and prior to any disposal of records, Seller will notify Boeing of records to be disposed of and Boeing reserves the right to request delivery of such records. In the event Boeing chooses to exercise this right, Seller shall promptly deliver such records to Boeing at no additional cost on media agreed to by both parties.

Boeing requires that the provisions/requirements set forth above be included in Sellers direct supply contracts related to the Products/Part Numbers. Supply Chain shall mean network of material, equipment, information, and services integrated into products and services for the ultimate customer.

Q13:

Seller must provide a statement on the packing sheet certifying its quality assurance department has inspected the parts and they adhere to all requirements, applicable drawings/specifications.

OR

When the seller is located outside of the United States and they submit an EASA/JAA/FCAA FORM-1, the following conditions must exist on the form:

1. Block 11 status is identified as 'NEW'
AND
2. Block 12 titled 'REMARKS' contains a statement certifying the seller's quality assurance department has inspected the parts.
AND
3. Block 12 titled 'REMARKS' does not contain certification statements of PMA, Prototype, Not to be installed on certified aircraft, or any statement that does not support PC700 certification.
AND
4. Block 13a 'Certifies that the items identified above were manufactured in conformity to: Approved design data and are in condition for safe operation.'

Boeing requires that the provisions/requirements set forth above be included in Sellers direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain.

Q29:

A. Boeing Form X31764

1. Seller shall comply with the requirements of Form X31764 "Boeing Quality Purchasing Data Requirements". To ensure Seller is performing to the latest Boeing Form X31764, Seller shall access this form by selecting "Supplier Quality" from the menu bar and "Other Quality Requirements" of "Doing Business with Boeing" home page located at the following URL address: <http://www.boeingsuppliers.com/>. When entering the URL, use lower case letters only. Seller shall be responsible for regularly monitoring (minimum quarterly) the URL to ensure that Seller is in compliance with the latest revision of Form X31764.

2. Form X31764 identifies the sections, sub-sections, and applicable items the Seller shall evaluate for flow-down to its Supply Chain. If the Seller determines the item is not applicable, due to the complexity of the item being procured, they shall retain documented information to justify this decision.

3. For purposes of this PO Note, "Supply Chain" means Seller's complete network of material, equipment, information, and services integrated into deliverable products and services provided to Seller by Seller's direct first tier supply contracts and Seller's sub-tier or lower tier supply contracts as applicable based on the product requirements being procured. B. AS/EN/JISQ 9100 Flow-Down Requirements In accordance with AS/EN/JISQ 9100, Seller shall flow-down to its Supply Chain the applicable provisions/requirements of AS/EN/JISQ 9100. C. PO Note Management Requirements 1. Seller shall comply with all PO Notes when required by applicable contractual agreement. Boeing PO Notes are supplemental terms and conditions that consist of both quality and non-quality assurance terms and conditions. Each PO Note is designated by code number, e.g., Q29, S68, A21, etc. PO Notes may apply to the Seller via Boeing Purchase Contract or Purchase Order, and may be referenced by Boeing solicitations and letter agreements. A PO Note may be referred to as "PO Note" or "Note". 2. Boeing may revise the PO Notes from time to time. To ensure Seller is performing to the latest Boeing PO Note, Seller shall access the latest PO Note revisions via the Boeing Partners Network (BPN) Supplier Portal View. PO Notes are listed under "My Products". When Seller reviews a PO Note revision, the PO Notes page will reflect the revision as



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'Acknowledged' by Seller. Seller shall access on a quarterly basis the latest PO Note revisions via the BPN Supplier Portal by the following dates of the year: 1/15, 4/15, 7/15 and 10/15. 3. The latest PO Note revision identified by the BPN Supplier Portal is effective, and therefore applicable to the Boeing Order as of the revision date of the PO Note, unless otherwise agreed to in writing by the parties for the applicable Order.

4. If Seller does not have BPN Supplier Portal access, Seller shall contact the Boeing Procurement Representative and request the latest PO Note text by specifying the applicable PO Note code number. Seller shall make such requests quarterly by the dates specified in above paragraph "2". Upon receipt of such request, Boeing will provide the applicable PO Note full text to Seller.

Q31:

This procurement is under Boeing's Federal Aviation Administration (FAA) issued Production Certificate 700 quality system supplier control program. Unless explicit contractual direction is given to the contrary, no articles (or constituent parts thereof) ordered by Boeing Commercial Airplanes 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.

THE SELLER WILL PLACE THE FOLLOWING STATEMENT ON THE SHIPPING DOCUMENTATION OF ALL SHIPMENTS TO BOEING:

'Seller hereby acknowledges that the parts and/or materials being shipped under this order are intended for use under Boeing's Federal Aviation Administration (FAA) issued Production Certificate 700 and no articles (or constituent parts thereof) or the accompanying paperwork (e.g., packages, shippers, etc.) contain any Federal Aviation Administration- Parts Manufacturer Approval (FAA-PMA) markings.'

THE PREFERRED LOCATION FOR THE STATEMENT IS ON THE SHIPPING DOCUMENT, NEXT TO, OR FOLLOWING, THE CERTIFICATE OF CONFORMANCE (C of C). THE STATEMENT MAY BE PRINTED, STAMPED OR ATTACHED AS A LABEL OR STICKER TO THE SHIPPING DOCUMENTATION. IT IS ALLOWABLE TO REPLACE 'Seller' WITH THE COMPANY NAME OR 'WE'. Boeing requires that the provisions/requirements set forth above, as determined by the Seller to be applicable, be included in Seller's direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain. For purposes of this note, Supply Chain shall mean Seller's complete network of material, equipment, information, and services integrated into products and services. It focuses on direct and all lower-tier suppliers.

Q48:

Seller shall perform First Article Inspections (FAIs) in accordance with AS/EN/SJAC 9102 and unless otherwise specifically authorized in writing by Boeing, seller shall document within the Boeing licensed Net-Inspect software.

Boeing requires that the FAI provisions and requirements set forth related to the compliance with AS/EN/SJAC 9102 be included in Sellers direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain. For purposes of this note, Supply Chain shall mean Seller's direct network of suppliers providing material, equipment, information, and services integrated into products and services. Furthermore where Seller is required to document FAIs in the Net-Inspect software, FAIs of the Seller's supply chain shall also be documented in Net-Inspect.

S68:

Representatives of Boeing and/or the Federal Aviation Administration (if Non Domestic, Boeing and/or the Federal Aviation Administration and/or equivalent Foreign Civil Aviation Authorities) may inspect and evaluate Seller's facilities' systems, data, equipment, personnel and all completed articles manufactured for installation on Boeing commercial production airplanes. Right of entry/access includes meeting the requirements of the FAA and/or applicable equivalent Foreign Aviation Authorities to perform oversight of the facility. Boeing requires that the provisions/requirements set forth above be included in Sellers direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain.

T88:

Definition. "Ozone-depleting substance," as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR Part 82 as-- (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to hydrochlorofluorocarbons. Seller shall label shipping or storage containers of ozone - depleting substance and products that contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E, as applicable: Warning Contains *_____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere. Warning Manufactured with *_____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere. * Seller shall insert the name of the relevant substance(s). Boeing requires that the provisions/requirements set forth above be included in Seller's direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain. For the purpose of this note Supply Chain shall mean Seller's direct and indirect suppliers performing value-added activity on the products and services. It focuses on direct and lower-tier suppliers.

U40:


BOEING ESCAPEMENT NOTIFICATION FOR NONCONFORMANCE (Section 1) AND NONCOMPLIANCE (Section 2).

SECTION 1 NONCONFORMANCE: NOTIFICATION OF ESCAPEMENT (NOE) PROCESS Note: **Do not use the NOE process to notify Boeing engineering of escapements related to design errors (i.e., certification, product design, and/or business agreement noncompliance). Notify Boeing of escapements related to design errors using the Design Escapement Notification (DEN) process as applicable in Section 2 of this note. A notification to Boeing of a known or suspect nonconformance is not appropriate for a component if the nonconformance is not associated to a product characteristic.**

Note: The steps shown herein are to be used for new or completed investigations when additional data is discovered. Please see the additional scope guidelines located at the bottom of section one.

For Product(s) which have been delivered to or on behalf of Boeing and Seller knows or suspects that such Product(s) are or may be nonconforming, Seller shall, within 3 business days after the day of discovery of a potential escape, the notification from sub-tier supplier, and/or the entry of the issue into the quality process, notify Boeing in writing as set forth herein to allow Boeing to conduct a preliminary safety risk assessment. The minimum information required at this stage of the notice of investigation are:

a. Affected process(es) or Product(s) part number(s) and name(s);

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b. Description of the nonconforming condition and the affected engineering requirement (i.e., what it is, what it should be and per what requirement). If the condition is a possible safety of flight issue, submit all available information immediately. This applies to new or initial instances of an escape or potential escape, escapes or potential escapes that were previously identified and isolated by Boeing but Seller identifies additional units or a nonconformance cannot be inspected for the same nonconformance condition. This notification requirement is applicable to all Sellers, including Sellers with D-13709-4 Appendix C Escaped Product Disposition authority.

Seller shall conduct an investigation to confirm and identify if a nonconformance exist or is suspected to exist.

Seller shall notify Boeing through the Boeing supplier information system or the Preliminary Investigation Notification (Form X39312) may be used with Boeing approval or in case of system outage or unavailability. Such notification shall include the information set forth below along with any information that may be identified on the Boeing supplier information system or in Form X39312 referenced above.

Once a nonconformance has been verified as escaped from the supplier quality management system, all information listed in a and b above (including revisions and updates) as well as c and d listed below shall be submitted to Boeing through the Boeing supplier information system within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis. c. Quantities, shipping dates, purchase orders and destinations of delivered shipments; d. Suspect/affected serial number(s) or date codes, lot numbers, or other part identifiers and airplane line units when applicable.

For Sellers with D-13709-4 Appendix C Escaped Product Disposition authority, instead of submittal to Boeing, Seller must provide notification to the Seller's delegated material review engineers for technical review within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis.

Additional Scope: This process is to be used by the seller for investigation which have been previously disposition and new information has been introduced that identifies additional scope of the original investigation. Seller shall start at the beginning of this process and submit the information as new investigation noting the earlier documentation in a manner that correlates the prior processing but clearly articulates the updated data.

If the nonconformance condition has been previously identified by Boeing using a nonconformance record and a Boeing corrective action notification included Immediate Correction (IC) or Immediate Action (IA) and Root Cause Corrective Action (RCCA) has been received, Seller shall notify the Boeing investigator identified on the notification that additional parts are affected (same part number(s)/same condition).

Flow down

The requirements set forth above shall be flowed down by Seller to Seller's supply chain, with the modification that all supply chain notification shall pass through Seller (and not made directly from the supply chain to Boeing). Seller shall notify Boeing of all sub-tier parts which have left the Seller's production system with escaped nonconformances in accordance with the respective communication process set forth herein. For purpose of this note, supply chain shall mean Seller's complete network of material, equipment, information and services integrated into the Products and Services.

References

Seller shall reference the following documents for additional NOE instructions and requirements:

- The D6-84111 Document
- The D0122026-01 Document (787 only);
- The T89 Purchase Order Note (if applicable, all programs);
- The D0122028-01 Document (if applicable, 787 only)

SECTION 2 NONCOMPLIANCE: DESIGN ESCAPEMENT NOTIFICATION (DEN)

Note: **Do not use the DEN process to notify Boeing of Product nonconformance escapements. Notify Boeing of nonconformance escapements using the NOE process in Section 1 of this note.**

For the purposes of this writing noncompliance applies as follows:

A DEN can only be used for a noncompliance or suspect noncompliance to a design (i.e., certification, product design, and/or business agreement noncompliance) or customer requirement as defined in documented information which includes but not limited to, digital product definition data, drawings, parts lists, materials, process specifications, and verification documents.

Note: The steps shown herein are to be used for new or completed investigations when additional data is discovered. Please see the additional scope guidelines located at the bottom of section two.

For Product(s) delivered which have been suspected or determined to contain engineering errors, (Product does not comply with certification, Product design, and/or business agreement related airplane design requirements), Seller shall provide written notification to Boeing within 3 business days.


The Boeing notification shall include:

- Affected process(es) or Product(s) part number(s) and name(s);
- Description of the nonconforming condition and the affected engineering requirement (i.e., what it is and what it should be)

Once a noncompliance or suspect noncompliance to a design or customer requirement has been verified as escaped from the supplier quality management system, all information listed in a and b above (including revisions and updates) as well as c and d listed below shall be submitted to Boeing through the Boeing supplier information system within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis. c. Quantities, shipping dates, purchase orders and destinations of delivered shipments; d. Suspect/affected serial number(s) or date codes, lot numbers, or other part identifiers and airplane line units when applicable.

Notification shall be made in the Boeing Customer and Supplier Data Transmittal (CSDT) system by submitting a Design Escapement Notification (DEN):

- The Boeing procurement representative will be notified by the submittal in CSDT;
- The Seller shall notify the Boeing SQR that has oversight of the Seller's facility

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Additional Scope: This process is to be used by the seller for investigation which have been previously disposition and new information has been introduced that identifies additional scope of the original investigation. Seller shall start at the beginning of this process and submit the information as new investigation noting the earlier documentation in a manner that correlates the prior processing but clearly articulates the updated data.

Flow down

The requirements set forth above shall be flowed down by Seller to Seller's supply chain, with the modification that all supply chain notification shall pass through Seller (and not made directly from the supply chain to Boeing). Seller shall notify Boeing of all sub-tier parts which have left the Seller's production system with design errors in accordance with the respective communication process set forth herein. For purpose of this note, supply chain shall mean Seller's complete network of material, equipment, information and services integrated into the Products and Services.

Seller shall complete the DEN submittal in accordance with these requirements:

- a. D950-11041-1 Supplier CSDT User Guide
- b. Contact the Boeing Procurement Agent for access to the CSDT system
- c. D6-82240 Supplier change notification process requirements
- d. X Form X39672 (non-CSDT suppliers)

16.4 Seller agrees to adhere to the latest revision of Boeing Form X31764:

Sub-section B: Application of Acceptance Authority Media (AAM):

- a) Seller shall comply with the AS/EN/ISO 9100 requirements and 14CFR Part 21.2 regarding the application of the Acceptance Authority Media (AAM) requirements.
- b) Seller shall, within its organization and its supply chain, ensure that the use of AAM is clearly defined within its Quality Management System (QMS).
- c) Seller shall, upon Boeing request, be able to demonstrate evidence of communication to its employees and to its supply chain; use of AAM must be considered as a personal warranty of compliance and conformity.
- d) Seller shall maintain compliance to the AAM requirements by assessing its process and supply chain as part of its internal audit activities. The areas of focus of this assessment shall include but not limited to:
 - Authority Media Application Errors (i.e. Omission, Typos, Legibility, etc.)
 - Authority Media Application Untimely Use (i.e. Documentation is not completed as planned, "Stamp/Sign as you go", etc.)
 - Authority Media Application Misrepresentation (i.e., uncertified personnel, Falsification of documentation, Work not performed as planned, etc.)
 - Authority Media Application Training Deficiencies (i.e. Ethics, Culture awareness, Proper Use of authority media, etc.)

Section 2: Production Certificate and Business Requirements – General

a) **English Language (Flow-down to Supply Chain):** When specifically requested by Boeing, Seller shall make specified quality data and/or approved design data available in the English language.


d) **Seller's Statistical Product Acceptance (Flow-down to Supply Chain):** Seller shall comply with requirements of document AS9138 "Aerospace Series – Quality Management Systems Statistical Product Acceptance Requirements", as may be amended from time to time, whenever applying statistical sampling methods as a means to ensure product, article, or service conformance. Seller's statistical sampling procedure/plan must include the following to be compliant:

- Minimum protection levels as defined within AS9138 Table A1
- C=0 criteria as defined within AS9138 Section 3.11
- Sampling restrictions as contained within AS9138, Section 4.3 Safety/Critical Characteristics, and
- Sampling requirements and/or prohibitions contained within the approved part/product Design

Buyer reserves the right to disallow a supplier's statistical methods for product acceptance for specific sites/programs, parts or characteristics, and to conduct surveillance at Seller's facility to assess compliance to the requirements of AS9138 and/or part/product Design Data sampling requirements.

Aerospace standards such as AS9138 can be obtained from SAE International at: <http://standards.sae.org>

e) **Regulatory Approvals (Flow-down to Supply Chain):** For aircraft regulated by Civil Aviation Authorities, regulatory approval may be required for Seller to make direct sales (does not include "direct ship" sale through Boeing) of modification or replacement parts to owners/operators of type- certificated aircraft. Regulatory approval, such as FAA Parts Manufacturer Approval (PMA), is granted by Civil Aviation Authorities. Seller agrees not to engage in any such direct sales of Products or Services under this Agreement without appropriate regulatory approval. For Seller proprietary parts, Seller agrees to notify Boeing of application for regulatory approval and the subsequent approval or denial of same. Upon receipt of proof of applicable regulatory approval, Boeing may list Seller in the illustrated parts catalog as seller of that part. Unless explicit contractual direction is given to the contrary, no articles (or constituent parts thereof) ordered by Boeing Commercial Airplane Co. purchased under this agreement 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.

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j) Work Transfer (Flow-down to Supply Chain): Work-Transfer is defined as movement or re-location of work to be performed, either by Seller or Seller's Supply Chain, from one facility to another (including from one location at a facility to another location at the same facility), from Seller to a supplier in Seller's Supply Chain, from a supplier in Seller's Supply Chain to Seller, or from one supplier in Seller's Supply Chain to another supplier in Seller's Supply Chain (including to any affiliate of Seller).

Seller will not and will ensure supply chain will not, Initiate a Work Transfer without Boeing's prior written approval. Seller will complete and submit Boeing form X35781 "Supplier Initiated Work Transfer Notification" (including required implementation plans).

Seller acknowledges the Work-Transfer approval process. May take 120 M-days, depending on: (i) complexity of the Work-Transfer; (ii) Seller's, including Seller's Supply Chain, as applicable, cooperation and timeliness in the process; (iii) completeness of plan(s) and/or submittals; and (iv) regulatory notifications and approvals, if any. Seller agrees the Work-Transfer process may not occur according to Seller's schedule.

Boeing reserves the right to deny a Work-Transfer.

k) Manufacturing Planning (Flow-down to Supply Chain): "Controlled" or "Approved" planning requirements are derived from the part specific Engineering requirements. Planning changes to "controlled" or "approved" planning requires compliance with the associated process prior to implementing proposed changes within seller's production system and commencing manufacture. Seller shall submit manufacturing planning changes to Boeing in accordance with the requirements described within the associated process for approval/re-approval.

Boeing engineering qualification/approvals include material & process approvals and quality engineering approvals (but not limited to):

- Manufacturing plans (e.g. **D6-1276**, **D6-17781**, **BSS7085**, **DPS 4.804**, **DPS 4.712**, **DPS 4.813**, **DPS 4.814**)
- Part Qualifications (e.g. **BSS7029**, **BSS7082**, **BSS7119**)
- Process Control (e.g. **D6-36232**)
- Boeing Level 3 Approvals (e.g. **BAC5980**)
- Statistical Sampling Plans (e.g. **BSS7286**)

l) First Article Inspection/Boeing First Article Requirement (Flow-down to Supply Chain): Seller shall perform First Article Inspections (FAI) in accordance with AS/EN/SJAC 9102, Aerospace First Article Inspection Requirement. Boeing may allow alternate methods of meeting the FAI requirement provided Seller's plan is approved by Boeing's Supplier Quality Representative (SQR) prior to initiation of the activity (e.g. for installation level drawings or wiring). Boeing reserves the right to conduct surveillance of the Seller's FAI, referred to as Boeing First Article Inspection (BFAI). BFAI may include in-process inspections to be accomplished during performance of Seller's FAI. When a BFAI is required, Seller will be notified via the Supplier Quality supplier data system. Seller shall coordinate and schedule BFAI activity with Boeing's SQR prior to start of related procurement, manufacturing, and/or processing. In the event a BFAI of Seller's FAI is scheduled, supplier shall make available to the Boeing's SQR the following:

- 1) Applicable Purchase Document, material/process certifications, manufacturing and inspection records; including inspection plans developed to identify progressive inspection checkpoints for the FAI as a result of coordination and planning with Boeing's SQR.
- 2) Applicable Design Data
- 3) Applicable material review actions
- 4) Applicable acceptance and qualification test results
- 5) Applicable record(s) of Buyer approval for non-Buyer drawing and test procedures.



m) FOD Prevention Program (Flow-down to Supply Chain): Seller is required to establish and maintain a FOD prevention program in compliance with AS/EN/SJAC 9146 Foreign Object Damage (FOD) Prevention Program -- Requirements for Aviation, Space, and Defense Organizations. Aerospace standards such as AS9146 can be obtained from SAE International at <http://standards.sae.org>

n) Excess Inventory (Flow-down to Supply Chain): Seller shall control all inventory of Boeing proprietary product that is in excess of contract quantity in order to prevent product from being sold or provided to any third party without prior written authorization from Boeing. Additionally, Seller shall not provide Product from excess inventory that was previously rejected or returned by Boeing without prior written authorization from Boeing. When Seller fulfills an order in support of this SBP with Product from excess inventory, for which Seller was the original manufacturer, Seller shall be able to demonstrate traceability to the original Boeing purchase document that authorized manufacture of the Product when requested by Boeing.

o) Tooling: Seller shall comply with the requirements of Boeing document D33200, Boeing Suppliers' Tooling Document. It is the Seller's responsibility to comply with the latest revision of these documents.

p) Boeing Document D1-4426, "Approved Process Sources" (Flow-down to Supply Chain): Seller shall comply with Boeing document D1-4426 "Approved Process Sources" (<http://active.boeing.com/doingbiz/d14426/index.cfm>). This document, subject to revision from time to time, defines the approved sources for special processing, composite raw materials, composite products, aircraft bearings, designated fasteners, and metallic raw materials. The Seller's purchasing information shall conform to the purchasing data requirements of Boeing document D1- 4426 Appendix D. These purchasing data requirements can be found at: <http://active.boeing.com/doingbiz/d14426/Appendix-D.pdf>

Section 3: Production Certificate and Business Requirements Specific to Seller's Statement of Work

a) Boeing Document D6-51991 (Flow-down to Supply Chain): "Quality Assurance Standard for Digital Product Definition (DPD) at Boeing Suppliers." When Type Design Digital Product Definition (DPD) data is utilized in manufacturing, inspection and sub-tier flow down of product definition, Seller shall have a quality system to control Type Design DPD data to the extent necessary to fulfill program requirements. Seller must obtain Boeing DPD capability approval.

c) FAA Form 8130-9 "Statement of Conformity" (Flow-down to Supply Chain): When Seller is approved to complete FAA Form 8130-9 "Statement of Conformity" on Boeing's behalf, Seller shall do so in accordance with Boeing document D6-83570 "8130-9 Conformity Inspection Requirements" and assigned FAA Form 8120- 10 "Request for Conformity" instructions.

d) AS9117 Delegated Product Release Verification (Flow-down to Supply Chain): When Seller delegates product verification, Seller shall conform to the requirements of AS9117, "Delegated Product Release Verification," as may be amended from time to time. Buyer reserves the right to conduct surveillance at Seller's facility to determine that Seller's quality system conforms to the requirements of AS9117.

AS9117 establishes minimum requirements for Seller's delegation of product verification. When delegating product verification, Seller is not relieved of its obligations under this contract.

Aerospace standards such as AS9117 can be obtained from SAE International at: <http://standards.sae.org>

e) Clad Aluminum Exterior Aircraft Skins, Boeing document D6-9002 (Flow-down to Supply Chain): Effective January 1, 2017, all suppliers providing clad aluminum exterior aircraft skins per Boeing document D6-9002, "Appearance Control of Clad Aluminum Exterior Skins" shall inspect the skins per D6-85354, "Skin Quality Inspection of Clad Aluminum Exterior Skins".

f) Operator Self-Verification Program (Flow-down to Supply Chain): If Seller uses an Operator Self-Verification (OSV) program, Seller shall comply with the requirements set forth in SAE industry standard AS9162, "Aerospace Operator Self Verification Programs", as may be amended from time to time. Buyer reserves the right to conduct surveillance at Seller's facility to determine that Seller is compliant to the requirements of AS9162.

j) Supplier Notice of Escapement (NoE): (Flow-down to Supply Chain): When Seller has found nonconforming condition on parts that have already shipped to Boeing, Seller must submit a Notice of Escapement to Boeing.


BOEING ESCAPEMENT NOTIFICATION FOR NONCONFORMANCE (Section 1) AND NONCOMPLIANCE (Section 2).

Note: **Do not use the NOE process to notify Boeing engineering of escapements related to design errors (i.e., certification, product design, and/or business agreement noncompliance). Notify Boeing of escapements related to design errors using the Design Escapement Notification (DEN) process as applicable in Section 2 of this note. A notification to Boeing of a known or suspect nonconformance is not appropriate for a component if the nonconformance is not associated to a product characteristic.**

Note: The steps shown herein are to be used for new or completed investigations when additional data is discovered. Please see the additional scope guidelines located at the bottom of section one.

For Product(s) which have been delivered to or on behalf of Boeing and Seller knows or suspects that such Product(s) are or may be nonconforming, Seller shall, within 3 business days after the day of discovery of a potential escape, the notification from sub-tier supplier, and/or the entry of the issue into the quality process, notify Boeing in writing as set forth herein to allow Boeing to conduct a preliminary safety risk assessment. The minimum information required at this stage of the notice of investigation are:

- Affected process(es) or Product(s) part number(s) and name(s);
- Description of the nonconforming condition and the affected engineering requirement (i.e., what it is, what it should be and per what requirement).

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QUALITY PURCHASING DATA REQUIREMENTS (BCA/BGS)

If the condition is a possible safety of flight issue, submit all available information immediately. This applies to new or initial instances of an escape or potential escape, escapes or potential escapes that were previously identified and isolated by Boeing but Seller identifies additional units or a nonconformance cannot be inspected for the same nonconformance condition. This notification requirement is applicable to all Sellers, including Sellers with D-13709-4 Appendix C Escaped Product Disposition authority.

Seller shall conduct an investigation to confirm and identify if a nonconformance exist or is suspected to exist.

Seller shall notify Boeing through the Boeing supplier information system or the Preliminary Investigation Notification (Form X39312) may be used with Boeing approval or in case of system outage or unavailability. Such notification shall include the information set forth below along with any information that may be identified on the Boeing supplier information system or in Form X39312 referenced above.

Once a nonconformance has been verified as escaped from the supplier quality management system, all information listed in a and b above (including revisions and updates) as well as c and d listed below shall be submitted to Boeing through the Boeing supplier information system within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis.

c. Quantities, shipping dates, purchase orders and destinations of delivered shipments;

d. Suspect/affected serial number(s) or date codes, lot numbers, or other part identifiers and airplane line units when applicable.

For Sellers with D-13709-4 Appendix C Escaped Product Disposition authority, instead of submittal to Boeing, Seller must provide notification to the Seller's delegated material review engineers for technical review within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis.

Additional Scope: This process is to be used by the seller for investigation which have been previously disposition and new information has been introduced that identifies additional scope of the original investigation. Seller shall start at the beginning of this process and submit the information as new investigation noting the earlier documentation in a manner that correlates the prior processing but clearly articulates the updated data.

If the nonconformance condition has been previously identified by Boeing using a nonconformance record and a Boeing corrective action notification included Immediate Correction (IC) or Immediate Action (IA) and Root Cause Corrective Action (RCCA) has been received, Seller shall notify the Boeing investigator identified on the notification that additional parts are affected (same part number(s)/same condition).

Flow down

The requirements set forth above shall be flowed down by Seller to Seller's supply chain, with the modification that all supply chain notification shall pass through Seller (and not made directly from the supply chain to Boeing). Seller shall notify Boeing of all sub-tier parts which have left the Seller's production system with escaped nonconformances in accordance with the respective communication process set forth herein. For purpose of this note, supply chain shall mean Seller's complete network of material, equipment, information and services integrated into the Products and Services.

References

Seller shall reference the following documents for additional NOE instructions and requirements:

- The D6-84111 Document
- The D0122026-01 Document (787 only);
- The T89 Purchase Order Note (if applicable, all programs);
- The D0122028-01 Document (if applicable, 787 only)

SECTION 2 NONCOMPLIANCE: DESIGN ESCAPEMENT NOTIFICATION (DEN)

Note: The steps shown herein are to be used for new or completed investigations when additional data is discovered. Please see the additional scope guidelines located at the bottom of section two.

For Product(s) delivered which have been suspected or determined to contain engineering errors, (Product does not comply with certification, Product design, and/or business agreement related airplane design requirements), Seller shall provide written notification to Boeing within 3 business days.

The Boeing notification shall include:

- Affected process(es) or Product(s) part number(s) and name(s);
- Description of the nonconforming condition and the affected engineering requirement (i.e., what it is and what it should be)


Once a noncompliance or suspect noncompliance to a design or customer requirement has been verified as escaped from the supplier quality management system, all information listed in a and b above (including revisions and updates) as well as c and d listed below shall be submitted to Boeing through the Boeing supplier information system within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis.

c. Quantities, shipping dates, purchase orders and destinations of delivered shipments;

d. Suspect/affected serial number(s) or date codes, lot numbers, or other part identifiers and airplane line units when applicable.

Notification shall be made in the Boeing Customer and Supplier Data Transmittal (CSDT) system by submitting a Design Escapement Notification (DEN):

- The Boeing procurement representative will be notified by the submittal in CSDT;
- The Seller shall notify the Boeing SQR that has oversight of the Seller's facility

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Additional Scope: This process is to be used by the seller for investigation which have been previously disposition and new information has been introduced that identifies additional scope of the original investigation. Seller shall start at the beginning of this process and submit the information as new investigation noting the earlier documentation in a manner that correlates the prior processing but clearly articulates the updated data.

Flow down

The requirements set forth above shall be flowed down by Seller to Seller's supply chain, with the modification that all supply chain notification shall pass through Seller (and not made directly from the supply chain to Boeing). Seller shall notify Boeing of all sub-tier parts which have left the Seller's production system with design errors in accordance with the respective communication process set forth herein. For purpose of this note, supply chain shall mean Seller's complete network of material, equipment, information and services integrated into the Products and Services.

Seller shall complete the DEN submittal in accordance with these requirements:

- a. D950-11041-1 Supplier CSDT User Guide
- b. Contact the Boeing Procurement Agent for access to the CSDT system
- c. D6-82240 Supplier change notification process requirements
- d. X Form X39672 (non-CSDT suppliers)

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