This Supplier Partnership Handbook is to serve as a helpful reference guide for suppliers who do business with BAE Systems. Specific terms and conditions, quality requirements and contractual flow-downs are incorporated in every Purchase Order or Subcontract. The Purchase Order or Subcontract contains individual requirements and they shall take precedence over any language or helpful tips included in this handbook.
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1.0 General

1.1 About BAE Systems

BAE Systems is a global aerospace, defense and security company with a significant presence in Australia, India, the Kingdom of Saudi Arabia, the United Kingdom and the United States. We have a culture of Total Performance and a commitment to the highest standards in every aspect of the way we do business. This is guided through four embodying elements: Customer Focus, Financial Performance, Program Execution and Responsible Behavior. We’re building on our strength as a global provider of defense and security products to shape support services that meet the changing needs of our customers. From sophisticated cyber services and military support to mission critical electronic systems and protection equipment, we aim to be at the forefront of defense technology and science.

1.2 About Electronic Systems (ES)

Electronic Systems is a sector within BAE Systems, Inc. that is headquartered in Nashua, New Hampshire. The Electronic Systems sector is comprised of six business areas that provide products with avionics controls, propulsion systems, surveillance, and aircraft and warfighter protection. This Supplier Partnership Handbook is intended to furnish information related to supplier performance in support of BAE Systems Electronic Systems.

OUR VISION:

To be the "partner of choice" for our aerospace, defense and security customers. Providing affordable, innovative and dependable solutions for our missions that exceed our customer’s expectations. Creating sustainable double-digit growth, demonstrating our values in a safe and ethical environment and establishing a great workplace for all of our people.

OUR MISSION:

We protect Those Who Protect Us®.

We Innovate for Those Who Move the World.

To deliver sustainable growth in shareholder value through our commitment to total performance.

OUR VALUES:

1.3 BAE Systems Supplier Principles

The principles clarify what we expect of our global suppliers, providing guidance for responsible business. The “best practice” expectations are based on our own global Code of Conduct, the United Nations Declaration of Human Rights, International Labor Organization Conventions and national laws and regulations.
Supplier Principles

Creating a successful and sustainable business requires more than financial results. Responsible behaviour is fundamental to how we do business at BAE Systems. It is not just what we do, it is how we do it. We are committed to achieving these high ethical standards, which underpin our role as a trusted partner to our customers, by managing operations responsibly and conducting business in an ethical way. BAE Systems' relationships with its suppliers are a critical part of this commitment.

To clarify what we expect from our suppliers and their supply chains, we have developed these Supplier Principles – Guidance for Responsible Business (hereafter referred to as Principles). The Principles outline a set of 'best practice' expectations. They are not intended to conflict with or modify the terms of supplier contracts with BAE Systems. If a contract requirement (and/or an applicable law or regulation) addresses the same areas as covered in these Principles, suppliers must comply with the contract (and/or legal) requirement.

Responsible behaviour is vital to the reputation and success of BAE Systems. Our suppliers are an important part of that effort.

What We Expect From Our Suppliers

Code of Conduct and Compliance

BAE Systems' Code of Conduct is central to our responsible business environment. We encourage our suppliers to implement and adhere to their own similar written code of conduct. In addition, commensurate with the size and nature of their business, we expect our suppliers to have management systems in place to support compliance with applicable laws and regulations.

Anti-Corruption

We expect our suppliers to comply with all relevant laws and regulations regarding anti-corruption including, where applicable, the Foreign Corrupt Practices Act and the UK Bribery Act. BAE Systems has a zero tolerance for any corrupt activity. In particular BAE Systems will not tolerate corrupt activity involving government officials, our commercial business partners, or the receipt of bribes or kickbacks by BAE Systems personnel. We will not offer, give, or receive any payment, benefit or gift that may be construed as a bribe, for any business purpose whether directly or through a third party. BAE Systems expects its suppliers to be similarly intolerant of corrupt activity and to have appropriate and adequate procedures to prevent such activity from taking place.

BAE Systems does not pay ‘facilitation’ payments and will not pay for the expediting of routine government activity unless there is a formal lawful fee schedule for expedited service. and we similarly expect that our suppliers will not make such payments in connection with any BAE Systems business.

We expect our suppliers to ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, does not violate the rules and standards of the recipients organisation, and is consistent with all reasonable market terms and conditions.

International Trade Compliance

We expect our suppliers to conduct business in compliance with all applicable laws and regulations governing: - export, re-export, import of products, technical data, software and services; and - economic sanctions and embargoes.

Anti-Trust and Competition

We expect our suppliers to conduct business in accordance with all applicable competition and anti-trust laws and regulations. We expect that our suppliers will not enter into formal or informal anti-competitive arrangements that fix prices, rig bids, limit supply, control markets, or otherwise improperly restrict or impact competition.

Conflict Minerals

We expect our suppliers to conduct appropriate due diligence, where reasonably feasible, to identify, report and take remedial action, if their products contain conflict minerals (tin, tantalum, gold and tungsten, etc.) that are used to finance conflict in the Democratic Republic of Congo, adjoining countries, or other conflict-affected or high-risk areas. Where applicable local laws and regulations exist in the jurisdiction in which the supplier operates, we expect our suppliers to comply with such laws and regulations.

Counterfeit Components

We expect our suppliers to develop, implement and maintain methods and processes appropriate to their products to prevent counterfeit parts and materials being delivered. Effective processes should be in place to detect, report and quarantine counterfeit parts and materials and prevent such parts re-entering the supply chain. We expect our suppliers to only use parts from Original Equipment or Component Manufacturers or their authorised sources, and to comply with applicable laws, regulations, and industry ‘best practice’ protocols when conducting business with BAE Systems.

It's not just what we do - it's how we do it.
Conflicts of Interest
We expect our suppliers to avoid conflicts of interest or situations giving the appearance of a potential conflict of interest in their dealings with BAE Systems. We understand that such actual or potential conflicts do arise in the course of business from time to time, in which case we expect our suppliers to timely disclose them to BAE Systems and all other affected parties.

Accurate Record Keeping
We expect our suppliers to accurately and securely capture, store, and retain, as appropriate, business records.

Personal, Confidential and Proprietary Information
We expect our suppliers to protect all sensitive information, including confidential, proprietary and protected personal information. Information should not be used for any purpose other than the business purpose for which it was provided without prior authorisation. Where such information is held or transferred electronically, we expect our suppliers to implement appropriate IT security and to notify us of any suspected or actual data breaches. We expect our suppliers to comply with applicable intellectual property rights and data privacy laws.

Workplace/ Employees
We expect our suppliers to foster an inclusive work environment where individuals are treated with dignity and respect. To that end, we expect our suppliers to comply with applicable non-discrimination laws and regulations. We also expect our suppliers to ensure that employees may perform their duties in an environment that is free from harassment or other abusive conduct.

We expect our suppliers not to engage in the use of forced or bonded labour, slavery or trafficking of persons. Suppliers should allow employees to freely choose to work or to leave employment. We also expect our suppliers to ensure that child labour is not used in the performance of work. The term ‘child’ refers to any person under the minimum legal age for employment where the work is performed.

We expect our suppliers to comply with applicable laws and regulations on pay, benefits, working hours, health and safety, and the rights of individuals to join trade unions and participate in collective bargaining.

We expect our suppliers to provide employees and third parties with access to adequate reporting channels to seek advice or raise legal or ethical concerns without fear of retaliation, including opportunities for anonymous reporting. We expect our suppliers to take action to prevent, detect and correct retaliatory actions.

Environment
We expect our suppliers to comply with applicable laws and regulations regarding the environment and to conduct their business in a manner that actively manages environmental risks.

Timely Payment
We expect our suppliers to pay their suppliers on time in accordance with agreed contractual payment terms.

Ethics Helpline
If a supplier has a concern regarding these Principles, contact our Ethics Helpline at:

- www.expolink.co.uk/ethics-report
- ethics.helpline@baesystems.com
- or by telephone at the appropriate number below:

<table>
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<tr>
<th>Country</th>
<th>Contact Number</th>
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<tbody>
<tr>
<td>Australia</td>
<td>1 800 121889</td>
</tr>
<tr>
<td>Austria</td>
<td>0800 281790</td>
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<tr>
<td>Belgium</td>
<td>0600 71025</td>
</tr>
<tr>
<td>Brazil</td>
<td>0800 9918007</td>
</tr>
<tr>
<td>Canada</td>
<td>1800 2685816</td>
</tr>
<tr>
<td>Chile</td>
<td>123 002 004 12</td>
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<tr>
<td>Czech Republic</td>
<td>800 142 428</td>
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<tr>
<td>Germany</td>
<td>0800 182 3246</td>
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<tr>
<td>Greece</td>
<td>00800 441 45735</td>
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<tr>
<td>Hungary</td>
<td>06800 14863</td>
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<tr>
<td>India</td>
<td>008000 440 1286</td>
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<tr>
<td>Indonesia</td>
<td>001 803 0441 1201</td>
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<tr>
<td>Italy</td>
<td>800 783776</td>
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<tr>
<td>Japan</td>
<td>00531 78 0023</td>
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<tr>
<td>Kingdom of Saudi Arabia</td>
<td>800840172</td>
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<tr>
<td>Malaysia</td>
<td>1600 885530</td>
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<tr>
<td>Poland</td>
<td>00800 442 1245</td>
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<tr>
<td>Romania</td>
<td>06006 94440</td>
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<tr>
<td>Singapore</td>
<td>800 4411 140</td>
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<tr>
<td>Slovakia</td>
<td>0600 004461</td>
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<tr>
<td>South Africa</td>
<td>0600 9995520</td>
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<tr>
<td>Thailand</td>
<td>001 800 442 078</td>
</tr>
<tr>
<td>Turkey</td>
<td>00800 4463 2066</td>
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<tr>
<td>United Kingdom</td>
<td>0800 374199</td>
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<tr>
<td>United States</td>
<td>1077 533 5310</td>
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Suppliers to BAE Systems, Inc. businesses may contact the Ethics Helpline at:

- www.baesystems.ethicspoint.com
- ethics.helpline@baesystems.com
- or by telephone at the appropriate number below:

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<tbody>
<tr>
<td>Israel</td>
<td>1800 941 3655</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>1 800 10 888 306 7330</td>
</tr>
<tr>
<td>Sweden</td>
<td>020 79 1013</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0688 234 3706</td>
</tr>
<tr>
<td>United States</td>
<td>868 306 7330</td>
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1.4. Operational Expectations

BAE Systems customers, ranging from large multinational corporations to governments, have chosen BAE Systems as a supplier because of the value and quality of its people, the speed and flexibility of its service and the reliability of the products it supplies. This level of customer commitment on BAE Systems’ behalf means that BAE Systems can only afford to work with those suppliers that serve BAE Systems the way BAE Systems serves its customers.

Competitive pressures on BAE Systems require us to show continuous and measurable improvements in our performance and competitiveness. As such, BAE Systems expects the same from its suppliers. Keys to our success include, but are not limited to:

1.4.1. Zero Defects

BAE Systems has initiated a “Zero Defects” program. We intend to eliminate defects that we buy, defects that we make and defects that we ship. Industry standards and customer expectations demand zero defects. Suppliers are strongly encouraged to use a variety of tools to achieve zero defects. BAE Systems expects that its suppliers shall understand and employ the following, as applicable, and we encourage that you ask for our help in achieving this understanding.

- APQP Advanced Product Quality Planning
- DFM Design for Manufacturability
- DFT Design for Test
- FAI First Article Inspection
- FMEA Failure Mode Effects Analysis
- NPI New Product Introduction
- PPAP Product Part Approval Process
- PFMEA Process Failure Mode Effects Analysis

The Supplier shall target to achieve:

100 percent on-time delivery to confirmed delivery dates
100 percent product quality – “Zero Defects”
1.5. BAE Systems Quality Policy

BAE Systems Electronic Systems and its employees are committed to understanding the needs and requirements of our customers and end users, determining their product and service requirements, and developing innovative solutions that meet or exceed their requirements. This is achieved through employee involvement and teamwork and adherence to the highest ethical and quality standards.

Customer satisfaction is a key indicator of quality performance; therefore, we value input and active involvement from stakeholders, including current and prospective customers and suppliers, in improving our processes, products and services. Our goal is always to strive to assure total customer satisfaction by meeting our contractual commitments, establishing and meeting the quality objectives of the organization and by continually improving the effectiveness of our quality management system through the use of metrics and data driven decisions. Quality is the responsibility of everyone in our sector.

1.6. Electronic Systems Culture

Every employee at ES is expected to demonstrate the following principles everyday:

- Treat people from a feeling of respect and good will
- Stay calm independent of circumstances
- Have the humility to admit when you don’t know and be willing to go back to the drawing board through reflection
- Feel the confidence and faith to do the right thing in the face of discomfort
- Listen with the intent to be influenced

2.0 Procurement Approach

2.1 Matching Technological Capability to Customer Requirements

BAE Systems seeks to match the supplier’s innovative capabilities with our customers’ requirements. BAE Systems welcomes companies from any background or industry where there is a clear opportunity for them to add value. In order to remain an industry leader, we must conduct business with suppliers and service providers that are the best in their respective industries. BAE Systems expects the suppliers with whom it does business to provide the highest quality products and services. Flexibility and responsiveness are components of a successful relationship. The dynamics of this industry require BAE Systems to periodically execute projects with short lead times. Therefore, it is critical that our suppliers be able to respond accordingly, maintain the technology to meet our needs, be cost-competitive, meet delivery/capacity and quality requirements and to maintain their technical, physical and financial resources to support future demands.

Suppliers are evaluated and selected based on many critical factors, including their ability to supply product in accordance with specified requirements, the status of their
quality system and their ability to successfully complete a supplier assessment performed by Supplier Development and Supplier Quality.

2.2 Purchasing Information

As part of the Purchasing process, BAE Systems may use several interface tools, such as IHDS, Exostar and ASN. These tools are important to ensure the integrity of the exchange of data between our companies. The cybersecurity threat is real. Information related to the use of these tools can be found at the following site: [www.baesystems.com/suppliercenter](http://www.baesystems.com/suppliercenter)

When suppliers use these interface tools, the instructions for use include the ability to pull over the PO attachment in Exostar so that a supplier is able to read the QA flowdowns.

Purchasing information describes the product to be purchased, including where appropriate:

- Requirements for approval of product, procedures, processes and equipment
- Requirements for qualification of personnel
- QMS (Quality Management System) requirements
- The identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data
- Requirements for design, test, inspection, verification (including production process verification), use of statistical techniques for product acceptance and related instructions for acceptance by BAE Systems
- Critical items including key characteristics, as applicable
- Requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection/verification, investigation or auditing
- Requirements regarding the need for the supplier to:
  - Notify BAE Systems of nonconforming product
  - Obtain BAE Systems approval for nonconforming product disposition
  - Notify BAE Systems of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain BAE Systems approval
  - Flow down to the supply chain the applicable requirements, including customer requirements
- Record retention requirements
- Use of Nadcap or BAE Systems-approved special process suppliers.
- Terms and conditions and associated FAR and DFARS clauses.
- Right of access by BAE Systems personnel, our customers and other authorities to the required areas of all facilities involved in the order (at any level in the supply chain) and to all applicable records.
- Only a BAE Systems Procurement Representative has the authority to award, to make changes in, to amend, or to modify any purchase order/subcontract on behalf of BAE Systems. The supplier shall not implement any changes or modifications to a purchase order/subcontract, including contract specifications and quality control provisions without first having received written authorization to do so from a BAE Systems’ Procurement Representative.
2.2.1. DPAS (Defense Priorities and Allocations Rating System) – Applies to U.S. Government Contracts

The purpose of DPAS is to ensure the timely availability of industrial resources to meet national defense and emergency preparedness requirements.

- Suppliers will handle military-related orders according to DPAS rating per regulation 15 C.F.R Part 700, the Defense Production Act, the Selective Service Act and related statutes. There are two levels of priority ratings:
  
  - **DX** Highest national defense urgency
    - All DX rated orders have equal priority and take preference over DO and unrated orders (based on ship schedule)
  
  - **DO** Critical to national defense
    - All DO rated orders have equal priority and take preference over unrated orders (based on ship schedule)

- As military rated orders regulations apply to both military and commercial product, it is imperative for all suppliers to fully understand and comply with the requirement of the DPAS regulation.

- Willful violation of the provisions of 15 CFR 700, or an official action, is a crime and upon conviction, a person may be punished by fine or imprisonment, or both. The maximum is a $10,000 fine or one year in prison, or both. The maximum penalty provided by the Selective Service Act and related statutes is a $50,000 fine or three years in prison, or both.

2.3 Verification of Purchased Product

BAE Systems establishes and implements inspection and/or other activities (including positive recall processes) necessary for ensuring that purchased product meets specified purchase requirements.

Note: Purchasing documents specify verification arrangements and the release method to be used when the product is verified at the subcontractor’s premises. Verification activities can include:

- Obtaining objective evidence of the quality of the product from suppliers (e.g., accompanying documentation, certificate of conformity, special process certification, test records, reports, statistical records, process control records)
- Source inspection and/or audit at supplier’s facilities
- Inspection of products upon receipt to include the review of the required documentation
- Delegation of verification to the supplier or supplier certification
- First Article Inspection (FAI) acceptance and timeliness
- Use of special process suppliers

2.4 Access to Supplier Facility

In accordance with BAE Systems terms and conditions of purchase, it is expected that the supplier shall grant to BAE Systems, its customers or any governmental regulatory agency access to supplier's premises or manufacturing facilities. This access shall include the freedom to witness and audit all phases of fabrication, testing, storage of goods sold to BAE Systems, pertinent documents and records related to the contract. BAE Systems will provide advance notice to the supplier of requests for visits.
2.5 Supplier Evaluation

Supplier compliance and capability evaluations will be performed by BAE Systems Supplier Development, Supplier Quality Assurance and Procurement. As part of this evaluation, BAE Systems ensures that suppliers meet the business, quality and delivery requirements of BAE Systems and its customers.

2.5.1 SMART Assessment

A SMART (Supplier Management Assessment Risk Tool) Core assessment is performed to identify supplier risk and ability to support BAE Systems. Review areas include some or all of the following:

- Administration
- Security
- Audits
- Inspection
- Counterfeit Part Prevention
- Scheduling and Capacity
- Business Continuity Planning
- Quality
- Drawing and Change Control
- In-Process Control
- Transition to Production
- Non-Conforming Material Control
- Equipment Control
- Training
- Corrective Action
- Sub-Tier Controls
- Lean/6-Sigma

2.5.2 Continuous Improvement Support

One of BAE Systems’ core values is Continuous Improvement (CI). Upon request, BAE Systems may provide on-site Supplier Continuous Improvement Training (Lean/Six-Sigma, Root Cause Corrective Action) as well as facilitate Supplier teams in Kaizen Events and/or systemic problem solving tools to reduce waste and to improve supplier lead time, quality, cost and delivery performance. CI is a journey, and BAE Systems will support suppliers with the CI journey.

2.6 Supplier Management

BAE Systems recognizes that our suppliers are keys to delivering world-class products and services to our customers and the marketplace. Key tenets of our supply chain management process include:

- Maintaining a register of its suppliers that includes the approval status and the scope of the approval
- Reviewing supplier performance on a monthly basis; the results of these reviews are used as a basis for establishing the level of controls to be implemented
- Conducting regular engagements to foster enhanced communications, e.g., Executive Engagements, Quality Management Reviews (QMR), Quality and Delivery Councils (QDC), etc.
• Ensuring that all suppliers use BAE Systems approved special process sources, i.e., Nadcap/BAE Systems-approved.
• Issuing supplier corrective action requests as necessary to determine and address root causes for any non-conformances.
• Transmitting performance scorecard to ensure alignment with expectations and performance levels. Manage Partner 2 Win (P2W) program as a means to recognize supplier excellence.

Visit the BAE Systems Electronic Systems Supplier website at www.baesystems.com/suppliercenter

3.0 Administrative

3.1 Supplier Confidentiality
Subcontract Administrator/Buyer establishes a mutual Proprietary Information Agreement (PIA)/Non-Disclosure Agreement (NDA) prior to detailed discussions that include proprietary information. This document must be signed prior to the exchange of any proprietary information and information shall be handled in accordance with the terms of the PIA/NDA.

3.2 Business Changes
Any significant changes in business climate, such as acquisitions, divestitures, relocation, tax ID changes, manufacturing process, quality system, pending litigations that affect performance, fabrication of product or any activity that may change the financial viability of the suppliers’ organization or affect deliveries to BAE Systems, must be communicated to BAE Systems immediately.

3.3 Gifts, Gratuities and Business Courtesies
It is the policy of BAE Systems that all businesses shall comply with applicable laws and regulations governing the giving and receiving of gifts and hospitality. It is also the company’s policy that no gift or hospitality should be given or received that could be reasonably interpreted as being for the purpose of seeking or gaining an inappropriate advantage or benefit.

3.4 Communications – Public Releases
In accordance with our Terms and Conditions, Supplier Press Releases relating to BAE Systems cannot be made without the prior written approval of the BAE Systems’ Procurement Representative (and typically only after BAE Systems VP Communications & Customer has approved the release).

4.0 Security and Trade Compliance

4.1 U.S. Export Controls
Suppliers shall comply with all applicable United States export control laws and regulations, including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2799aa-2, the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq., the Export Administration Act, 50 U.S.C. app. 2401-2420, the Export Administration Regulations, 15 C.F.R. 730-774, and the regulations of the Office of Foreign Assets Control (31 C.F.R. Parts 500-595). When applicable, suppliers shall obtain all required export licenses and agreements necessary to perform work.

Commercial, Dual-Use, and “600/500 Series” articles and data controlled under the Department of Commerce (DOC) jurisdictionally need to comply with the Export Administration Regulations (EAR): http://www.access.gpo.gov/bis/ear/ear_data.html
Military/U.S. Munitions List articles and data controlled under the Department of State (DOS) jurisdictionally need to comply with the International Traffic in Arms Regulations (ITAR): [http://www.pmddtc.state.gov](http://www.pmddtc.state.gov)

4.2 Citizenship

Supplier employees must be a U.S. Person to work with U.S.-export-controlled data. A U.S. Person is anybody who is a U.S. Citizen or in possession of a “Lawful Permanent Residency card” (Green Card). This requirement must be flowed down to your sub tier suppliers.

4.3 Global Trade Compliance

BAE Systems expects all of its partners, wherever they are located, to comply with any applicable regulations listed above. Additionally, as a global company, BAE Systems expects all of its partners to adhere to all local and regional trade management regulations.

4.4 Classified Visits

Classified visits require early coordination with BAE Systems Security to allow time to assure all approvals and necessary clearances are obtained and in place. Special attention must be placed on foreign visits/visitors.

5.0 Business Continuity Planning

BAE Systems’ supply chain has become increasingly complex, global, diversified and subject to a variety of risks that could jeopardize continued operations. In this environment, our customers have challenged us to establish Business Continuity Plans within our businesses, operations and supply chain.

Similarly, BAE Systems is challenging its suppliers to establish Business Continuity Plans. While it is clear that contingency plans cannot be developed for all potential scenarios, BAE Systems is asking suppliers to establish recovery plans and steps that will facilitate quick response, reaction and resumption of parts and services in the event of disruptions.

BAE Systems suppliers are expected to establish a comprehensive crisis management approach to deal with potential disruptions (proactive) and disasters (reactive). The approach should include a plan of action, checklist of activities, communication plans, escalation procedures and organization with teams, roles and responsibilities.

Additionally, BAE Systems can provide on-site Supplier Business Continuity Training/Guidance.

5.1 Leadership
Suppliers shall maintain a formal and proactive succession plan to include the identification of critical roles, positions, skills and competencies. Plans should address the elimination of potential disruptions.

5.2 Systems

All systems should be periodically backed up electronically into a separate safe/offsite storage location. This includes but is not limited to design data/drawings, work instructions/plans, IT Disaster Recovery and IT Security for “Supplier” telecommunications, data, systems and infrastructure.

5.3 Part Supply

All BAE Systems suppliers are required to maintain provisions to prevent contract delinquency in the event of a natural disaster, total building loss or other disruption to work (i.e. fire, earthquake, hurricane, power outage, etc.).

- Internal manufacturing operations
  - Ability to rapidly restore operations
  - Ability to manufacture at an alternate location

- External manufacturing at suppliers
  - Maintain provision to assure suppliers, supply chain continuity in the event of interruption at a suppliers sub-tier and assure their sub-tiers’ recovery and delivery.

6.0 Training

All suppliers are expected to maintain a formal training/certification program. A skills training matrix that identifies critical skills by job function should be maintained by the supplier. Resources should be sufficiently allocated to address needs (through hiring and training as appropriate).

Special processing requires that suppliers establish and maintain documented training and certification programs. The certification programs shall include provisions for periodic recertification of personnel, including demonstration of proficiencies where appropriate.

7.0 Drawing/Change/Equipment Control

7.1 Drawing/Change Control

All suppliers must maintain a configuration management and/or rev control system that ensures that the latest revisions of applicable engineering drawings, change notices, specifications, work instructions and travelers/routers are in use by production and flowed down to suppliers. The system should prevent the use of obsolete or illegible drawings, specifications, process sheets, work travelers, test and manufacturing software.

7.2 Equipment Control/Calibration

Suppliers must maintain a formal and effective calibration system that includes all inspection, measuring and test equipment, tooling and devices that affect product quality. It should meet one or more of the following:

- ISO-10012:2003
- ANSI/NCSL-Z540.3-2007
- MIL-STD-45662A
- ANS/ISO/IEC 17025
Calibration of inspection, measuring or test equipment shall be conducted by a qualified in-house or commercial independent laboratory. Commercial/independent calibration facilities shall be accredited and have evidence they meet the intent of one of the above noted standards.

Additionally, suppliers shall have a robust scheduled preventive maintenance system/process in place to assure all equipment/machinery is in good working order, allowing for both quality and reliable operation and schedule adherence.

7.2.1 Control of BAE Systems-furnished Property

For any property furnished to the supplier by BAE Systems (materials, tooling, product, etc.) the supplier shall perform the following actions:

- Maintain a system to ensure the adequate identification, control and protection of all furnished property
- Plainly mark or otherwise adequately identify furnished property as the property of BAE Systems
- Safely store all furnished property separately and apart from the supplier’s property
- Keep all furnished property in the supplier's possession and/or control in good and serviceable condition (including the performance of calibration and preventive maintenance) and free of liens and encumbrances
- Supplier shall only modify GFE/GFM with the prior written approval from BAE Systems
- Property should be returned in the same condition as originally received by the supplier, reasonable wear and tear excepted, or in accordance with BAE Systems approval/agreement
- All GFM/GFE and BAE Systems Property furnished must be recoverable and returned to BAE Systems when directed
- Any property furnished by BAE Systems shall only be used in the execution of BAE Systems contracts for which it was supplied.

BAE Systems reserves the right to audit the supplier's customer-furnished Property Management System as necessary to ensure compliance to this requirement.

8.0 Quality

Suppliers shall maintain an updated Quality Policy and Quality Manual. This should be available to all employees, suppliers and customers. Documented procedures are to be maintained that define controls needed for identification, storage, protection, retrieval, retention and disposition of records that align with BAE Systems flow down requirements.

The quality system shall be compliant with ISO9001-2008 (or latest revision), AS9100, TS16949 or a quality system approved by BAE Systems.

8.1 Supplier Quality Assurance (SQA)

Supplier shall maintain an authorized supplier list/approved supplier list. Supplier shall maintain a supply chain monitor and control system that ensures adequate requirements flow-down continuity.

8.2 Non-Conforming Material Control

Supplier shall maintain a documented system for the identification, control and disposition of non-conforming material. System shall include:

- Disposition is made by the appropriate personnel. Their responsibilities are formally documented
• Suppliers maintain a policy that requires recall of non-conforming product previously delivered to the customer
• There must be a robust RMA (return material authorization) process in place to authorize shipment, receipt of returned material and initiate documentation for repair or replacement
• Returned product MUST be effectively controlled through the investigation and repair process

8.3 Corrective Actions
All suppliers shall maintain a documented corrective action system that provides for the identification and tracking of all internal, external and supplier corrective actions. Supplier should also maintain an active system to validate the effectiveness of corrective actions and monitor for repetitive issues. The system must include a structured process for root cause identification and elimination. BAE Systems is available for root-cause identification tool training.

8.4 Inspection and Test
All suppliers shall maintain documented procedures for all inspection and test requirements. Inspection and test procedures must be clearly defined with accept/reject criteria and are to be performed based on print/specification requirements. All are to be performed by qualified personnel using documented procedures. In addition, all suppliers must also have a procedure that requires a verification or control process to ensure that all inspections and testing have been completed prior to final shipment.

8.4.1 Source Inspection
When source inspection is required by the purchase order, it is the responsibility of the supplier to request source inspection prior to the release or shipment of the material. Inspection at the supplier’s facility by a BAE Systems Quality Representative is required prior to shipment. The supplier shall furnish acceptable facilities and equipment, supply data and perform tests as required by applicable drawings, specifications and inspection instructions. Evidence of the source inspection shall accompany each shipment when specified in the purchase order.

8.4.2 FAI (First Article Inspection)
Each Purchase Order or Subcontract will identify any specific FAI requirements. In general, FAI may be required prior to initial submission or delivery of production items, changes to production items or if production has been interrupted for two years. A sample from the first production run of each configuration will be fully inspected for dimensions, characteristics and notes listed on the drawing or specification as required by AS9102 to verify the production processes, documentation and tooling are capable of consistently producing parts and/or assemblies that meet requirements. All forms shall be compliant with the AS9102 format. FAI documentation shall be furnished in accordance with the quality clauses incorporated within each PO/Subcontract.

The supplier’s receiving and inspection process or procedure must include provisions for First Article Inspections, as required and should be in accordance with AS9102.

8.4.3 Purchased Items
The supplier shall inspect and/or test purchased items to verify conformance to applicable requirements. The extent of inspection shall be consistent with the nature and intended application of each item, and with the quality history established through previous inspections and tests of like items. When it is not feasible to determine the quality acceptability of purchased items at the supplier’s facility, the supplier shall accomplish
inspection/test at his sub-tier facility, or shall obtain verifiable objective evidence of conformance to the purchase order requirements. Suppliers shall maintain records of all inspections and tests performed in connection with the procurement function. Supplier shall ensure a physical separation of purchased items during receiving operations:

- Articles pending inspection or test results
- Articles conforming to purchase order requirements
- Articles rejected or withheld because of nonconformance

The supplier shall maintain the integrity of purchased items pending inspection and test results.

8.5 Shipment and Delivery

The supplier shall provide for inspection during packaging and shipping operations to assure the following:

- The items are as ordered by BAE Systems are complete and properly identified
- Packaging and markings are as required by the purchase order
- Materials are packaged and shipped in a manner to prevent damage
- ALL documentation required by the purchase order and quality clauses is correct, complete, legible and included in the shipment
- Evidence of Source Inspections shall be provided, when applicable
- Packages are shipped in accordance with purchase order FOB terms and meet security requirements if identified.

8.6 Sub-Tier Supplier Control

Suppliers must maintain sub-tier suppliers/contractors qualification records along with on-going quality and performance test data as applicable on products purchased through their sub-tier suppliers. Supplier shall flow down requirements to their sub-tier suppliers that enables supplier to meet BAE Systems product print, specification, quality expectations and any contractual agreement.

BAE Systems reserves the right to specify or approve sub-tier suppliers contracted by its suppliers for work performed on BAE Systems material. All special process suppliers (Non-Destructive Testing, Heat Treating, Welding, Chemical Processing, Plating and Coatings) must be BAE Systems and/or NADCAP approved as called for in the Purchase Order.

8.7 Lot Traceability

Suppliers shall establish a lot traceability system that tracks components throughout the value stream, from raw material through shipment to BAE Systems. This includes all process steps including inspection and test procedures, rework and sub-tier supplier operations. Where a shelf life restriction applies, suppliers shall ensure that materials are tracked and controlled to prevent expired materials from being used in production.

9.0 Supplier Performance

9.1 Supplier Scorecard

BAE Systems uses a Supplier Scorecard to monitor supplier performance against stated objectives. The supplier scorecard, issued monthly via email subscription, provides timely feedback on quality and delivery results. Suppliers performing below stated expectations may be required to participate in on-site formal performance reviews or submit root cause and corrective actions to address performance.

BAE Systems uses periodic supplier performance reviews to evaluate the successful performance of our suppliers. These reviews are focused on affordability, and quality and delivery performance.
9.2 Internal Audits
Suppliers should maintain a documented system to conduct internal audits, evaluating the effectiveness of their quality system. Audits should be maintained on published schedules with measures in place to monitor and report that audits are performed as scheduled. Corrective actions that result from these audits are to be written and tracked for completion and effectiveness.

9.3 External Audits
BAE Systems will perform scheduled audits to assess the suppliers’ quality system, procurement system (including Counterfeit Part Prevention, as required), process controls, compliance to PO terms and conditions as well as perform periodic overall supplier assessments. Additionally, should a supplier have a NADCAP certification for a Special Process, they are required to maintain the certification and are subject to re-certification audits. Similarly, suppliers are expected to schedule and perform process and quality audit with their sub tier suppliers.

10.0 Controls

10.1 FOD (Foreign Object Debris/Foreign Object Damage)
The supplier shall maintain a documented system enabling FOD Training, prevention and detection according to the industry standard and applicable to the scope of products supplied. Parts and material must be protected from handling damage in all areas; material handling awareness training must be provided to all employees and handling standards must be documented. Delivered products shall be free of foreign material (i.e., loose fasteners, wire clippings, metal shavings, loose solder, etc.).

10.2 Special Processes
When a BAE Systems purchase order requires special processing, the supplier shall perform such processing only after being certified by BAE Systems or shall have such processing accomplished only by processors that are fully qualified under NADCAP or BAE Systems requirements.

BAE Systems approved special process suppliers are listed in the supplier center at www.baesystems.com/suppliercenter

10.3 Record Retention
Records of inspection, test data, procurements, processing, traceability, etc., shall be maintained. All records must be retained in accordance with their purchase agreement. At the end of the retention period, BAE Systems shall be requested to provide disposition instructions which may include instructions to destroy or ship to a BAE Systems facility. The supplier shall maintain all certifications at a secure facility and have implemented a record retention system whereby records requested by BAE Systems can be obtained with minimal delay.

10.4 Storage, Handling, Packaging and Shipping
The supplier must ensure that the component/products are protected against any cause of damage during storage, assembly, testing, movement, packaging and shipment.

The supplier must use appropriate handling equipment and packaging material (pay particular attention to the cleanliness of the packaging) and be compliant to the packaging codes identified in the purchase order. See packaging code descriptions at www.baesystems.com/suppliercenter. The suppliers of products that are ESD sensitive shall be individually, electrostatically protected using appropriate
industrial practices. All ESD devices shall be processed, handled, marked and packaged in accordance with MIL-STD-1686 and/or ANSI/ESD S20.20. Elements or components that have been identified as Class 0 Sensitive shall be clearly marked as Class 0 on the external surface of the packaging. They shall be shipped in static dissipative/conductive wrap for maximum protection. Use of any static generating material is strictly prohibited. Items that are gold-plated or have a 16 finish or lower shall contain the following note marked on the exterior of container:

"Warning -- Critical Parts. Do not handle with bare hands; use clean, lint free cotton gloves when handling."

10.4.1 Hazardous Material Control

In order to assure the proper storage, handling, use and disposal of hazardous or potentially hazardous materials, every container shall be clearly marked with the following, as a minimum:

- Product Name
- Manufacturer’s Name
- Manufacturer’s Part Number
- Manufacturer’s Batch Number or Lot Number
- Date of Manufacture
- Expiration Date, per manufacturer’s specification
- Federal Hazardous Chemical Label (OSHA 1910, 1200 Compliant)
- BAE Systems Purchasing Agreement Number
- BAE Systems Item Number
- Applicable DOT/UN (Department of Transportation/United Nations) Placard/Labels
- MSDS (Material Safety Data Sheets)

In addition, all products containing Volatile Organic Compounds (VOCs), such as paint, must be labeled by the manufacturer in accordance with applicable state and/or federal codes. A copy of the Material Safety Data Sheet (MSDS) shall accompany each shipment.

10.4.2 Age Sensitive Material

For elastomeric products (such as natural and synthetic rubbers), potting compounds, shrinkable tubing, epoxies, adhesives, sealants, paints and other like product that have a manufacturer-specified shelf life, the following requirements apply:

- Permanently mark the product (or packaging if marking the product would damage it), in a manner that is not detrimental to its form, fit or function, with the date of expiration or “best if used by” date and lot traceability information (i.e. lot number, date of manufacture, batch number, etc.). The method of marking is optional unless otherwise specified.

The product must be received by BAE Systems with a minimum of 80 percent of its shelf life remaining as defined in Quality Material Codes 112 and 212.

For kits containing age-sensitive materials, the outside of the kit’s container shall be marked with “Earliest Expiration Date” and the earliest expiration date of the materials contained in the kit (ex. Earliest Expiration Date 04/2016).

Assemblies containing age sensitive materials, where those materials are fully consumed, shall not be subject to age control marking unless otherwise specified.
10.4.3 Information and Shipping Instructions

Information and shipping instructions can be found on the BAE Systems Supplier Center website at www.baesystems.com/suppliercenter.

Information includes:
- Supplier packaging codes
- Guidelines for 2D bar code programs
- Domestic Routing
- 2D bar code generator
- International Routing

10.5 Capacity Planning

All suppliers should maintain an effective method for forecasting and scheduling that can calculate the current utilized and total shop capacity allowing them to manage their current and future schedule. They should identify current and future bottlenecks in individual processes and overall schedule and utilize this information to drive improvements, balance the purchase of resources, the maintenance of production facilities, the hiring of labor, and the final output so that customers have a steady supply of the products they desire. At the same time, capacity planning also seeks to increase profits by eliminating unnecessary waste.

11.0 Cancelled and Superseded Specifications

When QA Code 190 is on the purchase order, Document A86397 is authorized for use by suppliers on BAE Systems procurements when dealing with cancelled, superseded and obsolete Government and Industry specifications. As a supplier to BAE Systems, you are authorized to utilize TABLE 2 of this document for the correct replacement specifications to be used on procurements and when to generate a Supplier Variation Request (SVR) for a drawing change. If the specification in question is not in TABLE 2 or TABLE 2 provides direction to request an SVR, you need to formally request an SVR through your procurement representative or complete the form available in the Supplier Center website. www.baesystems.com/suppliercenter

The SVR form and the procedure for canceled, superseded, and obsolete specifications can be found at the “Supplier Quality Assurance” link at this site.

For suppliers who have traditionally used other means (Pre-releases, NMR’s [non-conforming material releases], etc.) to document required deviations from specified requirements, these processes should continue to be used with guidance from your BAE Systems procurement contact.

12.0 Accounts Payable

To assure invoices are accepted and paid, it is important to include the BAE Systems Purchase Order number and applicable Purchase Order Line Item number on each invoice. Additionally, the invoice must be sent directly to BAE Systems Shared Services, Accounts Payable. Invoices submitted electronically will receive a positive acknowledgement noting the invoice was successfully received or a Negative acknowledgement noting email and attachments were not successfully received (error in submission) and therefore rejected.

Submit invoices to ap.es@baesystems.com in .pdf format.
13.0 Product Discontinuance
Suppliers are required to provide notice of product discontinuance to BAE Systems allowing a minimum six months from notice to place final orders, and 12 months or lead time, whichever is greater, from the notice for final shipments.

14.0 Conclusion
The intent of this document is to enhance the ability of BAE Systems and its supply chain partners to meet/exceed all customer expectations. BAE Systems strives to be the "partner of choice" for our aerospace, defense and security customers. Providing affordable, innovative and dependable solutions for our missions that exceed our customer’s expectations. To accomplish this mission, BAE Systems needs you as a supplier to achieve:

- “Zero Defects” and 100 percent product quality
- 100 percent on-time delivery to confirmed delivery dates

BAE Systems hopes that you find this document to be helpful in doing business with BAE Systems and in your pursuit of excellence. Comments and/or questions should be directed to your Procurement point of contact at BAE Systems.