

Foreword

Competing in today's global market, requires that products and services must be of high quality and delivered on time, increasingly within short lead times and at a competitive cost.

In order for UAV Engines Ltd (UEL) to be successful and meet the needs of our customers, we must have a process in place that encourages, supports and ensures our suppliers meet quality expectations.

To ensure this, the role played by our suppliers is crucial to our future success and it is our intention to involve suppliers as partners in our plans.

The objective of this manual is to define the basic system requirements that we will use and expect our suppliers to use to ensure that our mutual responsibilities for product and service quality are understood and implemented.

We look forward to your support as our partners and believe that by working together we can develop our supply chain to the benefit of all.

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UAV Engines Ltd



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Introduction

In order for UAV Engines Limited to succeed in a competitive global market, it is imperative that we develop close and open relationships with our suppliers, where mutual efforts support a continual improvement environment. Increasingly stringent and demanding economic and quality requirements from the market place compel us to understand and continually improve our supplier base.

UEL's goal is to progress and expand our existing global base to become the world leader in our chosen market fields. To ensure we achieve this target UAV Engines Limited has developed specific strategies that include:

- ▲ Long-term relationships with fewer suppliers.
- ▲ Close interaction among manufacturing, engineering, purchasing and quality personnel of UEL and our suppliers.
- ▲ Deployment of Advanced Product Quality Planning.
- ▲ Assure compliance of market specific requirements such as BS EN ISO 9001:2015 and AS9100 rev D and other customer and regulatory standards.

To assist in the implementation of our objectives UEL will utilise a Supplier Quality Assurance (SQA) programme, which embodies all the measures specified and mutually applied, between UAV and the supplier to obtain and maintain the high quality standard required.

The development of Supplier Quality Assurance requires a close collaboration between UEL and the supplier and this necessarily involves an in depth knowledge of the organisation and methods employed by the supplier. It equally involves the supplier being familiar with the requirements when doing business with UAV Engines Limited.

This manual details the facilities and features of the supplier's quality system that will be assessed by UEL Quality Department representatives prior to the placing of new orders and the procedures to be followed by the supplier after orders have been placed.

Please remember that if there is any doubt regarding any of UEL requirements then contact must be made during your Contract Review phase.



Introduction (Continued)

It will also be used as a standard for the development of existing relationships between UAV Engines Limited and its current approved supplier base. It is applicable to all suppliers of manufacturing materials (e.g. raw materials, components, assemblies) or processing services (e.g. plating, heat treatment, NDT etc) to UAV Engines manufacturing facility at:

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UEL consists of dedicated production facilities operating from one site, manufacturing Wankel-type engines for the propulsion of small and medium sized Unmanned Air Vehicles (UAV's), which we supply to a number of recognised customers around the world.

Main UEL Contacts

Department

E-mail Address

Engineering	uavengineering@uavenginesltd.co.uk
Quality	uavquality@uavenginesltd.co.uk
Accounts	uavaccounts@uavenginesltd.co.uk
Purchasing	uavpurchasing@uavenginesltd.co.uk
Sales	uavsales@uavenginesltd.co.uk

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General Requirements

The following are mandatory General Requirements we expect our suppliers to fulfil.

Right of Access

Suppliers shall provide access to their premises and facilities for UAV Engines Limited, our customers and regulatory authorities for co-operation on product, process and business issues

Notification of Organisation Changes

Changes to the supplier's organisation that may affect quality and/or finance, shall be notified in advance to UAV Engines Limited. These changes may include; Company ownership, company name, manufacturing location, quality approvals, significant changes to process or inspection techniques.

Applicability

All suppliers are to fully comply with the stated requirements of this manual.

Individual waivers on certain elements may be granted at the discretion of UAV Engines Ltd.

Application for dispensation for any element of this manual is to be made in writing and presented to UAV Engines Ltd who will action the request internally with the relevant function

Purchase Order Requirements

The supplier shall adhere to all Purchase Order Terms & Conditions plus stated special instructions. The PO is the controlling document and will communicate any deviations to the requirements stated within this manual, the drawing, Engineering Specifications or other as authorised to the supplier. Any queries must be highlighted and reported to UEL, prior to the commencement of any work.

Suppliers will supply all purchase line items complete in a single delivery, no part delivery on individual lines will be accepted unless requested by UAV.

The Purchase Order will detail your current performance via a KPI score, which is based on the scoring detailed later in this manual. Any query or concern regarding your scoring should be addressed to the Supply Chain Manager.

Protection of information

Any information the supplier receives from UAV Engines Limited must be kept confidential and never disclosed to any third party without the prior written agreement of UAV Engines Ltd. The proprietary information can include, but is not restricted to all versions of electronic data, drawings and documentation, Tooling and materials. Under no

Circumstance is the supplier to make a direct approach to UEL's customers in relation to



agreed business dealings. Any information received from UEL suppliers will be treated in the same manner. This protection of information is covered under the UEL Non-Disclosure Agreement. It is the supplier's responsibility to flow down all / any Non-Disclosure Agreements through the supply chain for all UAV contracts. All NDA's will be reviewed annually and re-signed every five years.

Code of Conduct

This code is applicable to all UEL's supplier base and outlines the essential need for suppliers, their employees and sub-contractors to operate to the highest standards of business integrity in their relationship with UAV Engines Limited.

UAV Engines Ltd wishes to work collaboratively with all suppliers to ensure proper understanding and compliance with this code of conduct. It is recognised that there are different legal and cultural environments in the countries that UEL's supply base operate in, however this code of conduct sets forth the minimum requirements that all suppliers should meet in doing business with UEL.

Suppliers must ensure that all their employees are aware of their contribution to product conformity, product safety and the importance of ethical behaviour. To assist with this UAV have produced QD93, a Product Safety Awareness guidance document.

Suppliers must comply with all national and other applicable laws and regulations relating to the respective country of operation. This includes ensuring that business transactions with UEL are fully reported / recorded, ensuring that their employees are aware and properly trained to meet the requirements.

UEL expects its suppliers to make proper provision for the health, safety and welfare of its people, visitors, contractors, customers and those in the community who may be affected by their activities.

Suppliers within the UEL supply base are expected to deal with UEL in a manner that avoids conflict between personal interests and those of the employer and UEL. This requirement applies equally to business relationships and personal activities.



Conflict Materials Policy

UAV Engines Ltd support putting an end to the violence and human rights violations in the mining of certain minerals from a location described as the "Conflict Region", which is situated in the eastern part of the Democratic Republic of the Congo (DRC) and surrounding countries. As a result, the U.S. Securities and Exchange Commission (SEC) adopted final rules to implement reporting and disclosure requirements related to Conflict Minerals, as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rules require manufacturers who file certain reports with the SEC to disclose whether the Products they manufacture or contract to manufacture contain Conflict Minerals that are "necessary" to the functionality or production of those products.

The definition of "Conflict Minerals" refers to gold, tin, tantalum, and tungsten, regardless of where they are sourced, processed or sold. We support these requirements to further the humanitarian goal of ending violent conflict in the Democratic Republic of the Congo (DRC) and in surrounding countries, which has been partially financed by the exploitation and trade of Conflict Minerals.

UAV Engines Ltd do not directly purchase any raw materials that are to be used in the manufacture of products or components for our Customers, however we have decided to support the objective by the following.

Our Commitment:

- Support the aims and objectives of the U.S. legislation on the supply of Conflict Minerals.
- Do not knowingly procure specified products and components that contain metals that originate from facilities in the "Conflict Region" that are not certified as conflictfree.
- Ensure compliance with these requirements and ask our suppliers to undertake audits by reasonable "inquiry or "due diligence with their supply chains to assure that specified metals are only being sourced from :
 - Mines and smelters outside the "Conflict Region" or
 - Mines and smelters that have been certified by an independent third party as "Conflict Free" if sourced within the "Conflict Region".

UAV Engines Ltd will use every means practicable to ensure that our suppliers that supply us with products and components that contain gold, tin, tantalum, and tungsten, have obtained evidence that the materials used originate from outside the "Conflict Region or from mines or smelters that have been certified as "Conflict Free" by a third party . The aim being to ensure that we only procure products and components that are "Conflict Free".

If we discover the use of these minerals are sourced from within the "Conflict Region" for products or components that are being supplied, we shall take appropriate action to resource to ensure our products are "Conflict Free"

Approved by David Cliff – CEO UAV Engines – May 2021



Contingency Plans

Where appropriate, suppliers / sub-contractors shall be requested to prepare and submit a contingency plan to ensure Quality and Delivery requirements are met in the event of the following situations occurring:

- ▲ Emergency situations (Fire, flood, environmental incident)
 - ▲ Utility supply interruptions
 - ▲ Labour shortages
 - ▲ Key equipment failure
 - ▲ I.T Failure
- Adverse trading situations
Appropriate Insurance cover for the key points listed above

Accounts

So as to ensure a smooth payment process, all suppliers are requested to supply a monthly statement for the invoices they are seeking payment for.

In addition, and when applicable, where UAV reject and return product to the supplier with a Return-to-Supplier note (RS. XXXXX). Then the supplier must issue a credit note and re-invoice when they re-deliver the parts to allow traceability of the goods and payment when due, based on the new delivery date.

Our payment terms are 30 days' month end, which loosely translated means all invoices issued in each month will be paid by the end of the following month.

Supplier Quality System Requirements

UAV Engines Limited requires all suppliers to acknowledge and retain total ownership for the quality of their products and to develop Quality Management Systems, which ensure that the requirements of the purchase order are fully met.

The development of these systems should provide for continuing improvement in product quality, leading to the attainment of zero defects, whilst also providing speedy and effective corrective action in the event of defective products being delivered to UEL.

This Supplier Development manual is based on the requirements of the ISO 9001:2015 Quality Management System and AS.9100 rev D standard with applicable paragraph sections identified. It is a requirement of UEL that suppliers are to be ISO 9001 / AS9100 approved. Suppliers are evaluated and selected on an individual merit basis for the product/service they supply. Non-ISO approved organisations will be expected to demonstrate adequate management and controls of their processes that satisfies UEL's minimum requirements

Quality Management System

The supplier shall establish and maintain a comprehensive documented quality system that provides a means of ensuring that products conform to specified requirements. This system shall control the issue of drawings, specifications, procedures etc. Provision shall



be made for the control of obsolete copies and their subsequent archiving and disposition. **The use of correction fluid is not permitted on any UEL related documentation. Any amendment shall be made by crossing out the error with a single line and initialling the change.**

All records pertaining to quality shall be stored and maintained in a legible form for a minimum of 10 years. No records will be destroyed until authorised by UAV Engines Ltd. Specific projects and/or regulatory bodies may require longer retention periods and this will be notified in advance to the supplier.

Management Responsibility (5.0)

The supplier shall make known a person to UAV Engines Limited, who will have the necessary authority and responsibility for product quality (Management Representative).

It is expected that the named person will provide evidence of the supplier's commitment to the development and implementation of the quality management system and continually improving its effectiveness.

Resource Management

The supplier shall determine and provide the resources needed to maintain the quality system and continually improve its effectiveness, and enhance customer satisfaction by meeting UEL requirements.

Personnel performing work affecting product quality shall be competent based on appropriate education, training, skills and experience. This competence will be defined and quantified with appropriate evidence. (7.2)

The supplier shall determine, provide and maintain the infrastructure needed to achieve conformity to product requirements. (7.1.3)

Operation

Orders or contracts shall be formally reviewed to ensure that the supplier has the technical, operational and logistical capabilities to meet the requirements. Any discrepancies or queries shall be resolved before the order or contract is accepted by the supplier.

Amendments to orders or contracts shall be formally reviewed. Records of contract review shall be maintained.

Design and Development

If Design activities are undertaken for UAV Engines Limited by the supplier, then design inputs and outputs shall be adequately specified (e.g. by relevant specifications). Formal documented reviews shall be held at appropriate stages of design. Designs shall be checked by verification (theoretical check) and validation (practical check). All design



changes shall be documented and approved by UEL authorised personnel before implementation.

Purchasing

Suppliers shall not sub-contract any work awarded by UEL, which is within their scope, without prior consent from UAV Engines Limited.

The supplier should ensure that their subcontractors are evaluated and selected on their ability to meet specified requirements. A list of approved subcontractors shall be maintained. Purchasing documents shall clearly describe the relevant drawings including issue status and the quality requirements to be applied

SUPPLIER QUALITY ASSURANCE REQUIREMENTS

Applicable to all Purchase Orders

- All items delivered shall be manufactured in accordance with applicable industry standards for good workmanship and shall be fit for purpose, in all respects.
- Packaging shall be of a standard, to prevent damage and deterioration during shipment and storage.
- Individual boxes must not exceed 25kg in weight; anything above this weight must be palletised and secured accordingly.
- Electrostatic sensitive items must be packaged to prevent static damage and conspicuously marked as static sensitive, including the documentation.
- Limited life Materials or articles having a definite characteristic of quality degradation with age shall be marked in a manner to indicate when the useful life will be expended, including the documentation.
- Products will not be accepted with less than 75% shelf life remaining.
- All suppliers shall ensure all work is carried out in a manner preventing Foreign Object Debris from contaminating the deliverables.
- Items with open orifices must be capped, bunged or packaged in a way to prevent contamination during storage and shipping.

The revision status of any applicable specification and or standard shall be the revision in effect on the date of the Purchase Order. Applicable requirements shall be communicated to all sub-tier suppliers. The supplier shall use the quality codes and documentation submittal requirements for each shipment. In the event any requirement cannot be met, notify the UEL buyer immediately for clarification, direction and authorisation.

The supplier shall use the quality codes and documentation submittal requirements for each shipment. Applicable requirements must be flown down to sub-tier suppliers. In the event any requirement cannot be met, notify the UEL buyer immediately for clarification,



direction and authorisation.

Please ensure that each PO is reviewed to realise the quality requirements that UEL stipulate per part, per shipment as they may differ from part to part. The coding and their requirements can be found detailed below.....

Codes SQAR 1 to SQAR 14 only applies when indicated on the Purchase Order.

SQAR 1. Supplier Measurement Results

Under this code, Suppliers shall provide with the delivered goods, results obtained in the course of inspection/testing listed against the requirements of the UEL Inspection Report / drawing (typically class 1 & CSI Parts). Such results shall be certified by a senior member of your staff responsible for Quality Assurance and such certificate shall state the position or status of the signatory from within your Organisation. Certificates or Release Documents shall be provided with the relevant goods or materials and shall bear the complete purchase order number.

SQAR 2. Certificate of Conformity

Under this code, each delivery of product shall be supported by appropriate Certificate of Conformity signed by a senior member of your organisation responsible for Quality Assurance / Inspection. Electronic signatures are acceptable, providing the name of the responsible official is included.

Certificates of Conformity provided must include but not be limited to the following information:

UEL's Purchase Order number.

Supplier's delivery note number.

Drawing / Issue numbers and / or Specification / Issue numbers.

Batch / Serial numbers.

Reference to any relevant standards or CSI Control Plans, as applicable.

A statement stating that the goods have been inspected and tested to drawings / specifications quoted in the order.

The goods conform in all respects to the requirements of the Purchase Order and have been manufactured and released under the scope of your QMS approval.

SQAR 3. Source Inspection

All work under this code is subject to acceptance at the source at either 100% or random inspection. The supplier must notify the UEL buyer 72 hours before the shipment is ready for inspection.

SQAR 4. PPV – Production Process Verification

PPV's shall be performed on production-released OR development parts as defined on the UAV purchase order as issued to the supplier. To determine the status of a UEL drawing attention to the suffix on the drawing is required.



Drawings will always retain the prefix part number during the transition from development through to production. However, Development drawings are controlled with an alpha suffix (A, B, C etc.) whereas Production drawings are controlled numerically (1, 2, 3 etc.). A PPV is requested to be compiled in accordance with the UAV designated forms, which is available from the UEL Website. The suppliers own documents may be used but they must be completed in line with the UAV requirements.

All fields shall be addressed but may be marked as "not applicable" (N/A) if appropriate. Blank fields are not acceptable. Each engineering design characteristic shall be checked by direct measurement with currently calibrated measuring devices. Results from inspection of design characteristics shall be expressed in quantitative terms (variables data) when a design characteristic is expressed by numerical limits. The results recorded shall be in the units specified on the drawing or specification. CMM reports for models must indicate points inspected, tolerances and actual measurements recorded must be included in the PPV report.

Attribute data (e.g., go/no go, accept, pass, etc) may be used if no inspection technique resulting in variables data is feasible. Attribute data is permitted when the design characteristic does not specify numerical limits (e.g., break all sharp edges, markings, etc). Every design characteristic and drawing requirement, including drawing notes, shall have its own unique characteristic number. The numbers shall be recorded on the ballooned drawing(s) adjacent to the characteristic in addition to the form. This ballooned drawing(s) must be part of the UEL package.

Material certification, NDT, treatments and finishing certification must be submitted as part of the PPV documentation package, detailing reference to any UEL Engineering Specification.

Any discrepancies or non-conformances discovered during the PPV shall be documented and actioned by the appropriate UEL authority. All rejection documentation, UEL's dispositions and corrective action shall become part of the PPV report.

Any NC's accepted at PPV may be re-qualified as a Delta/Partial PPV when the next batch is manufactured to demonstrate the corrective actions have been successfully applied. This Delta/Partial PPV requirement will be determined by the UAV purchase order

All relevant material certification and special process certification must be included as part of the PPV documentation package.

SQAR 5. Raw Material Certification of Conformity

Base metal material certification should be in accordance to BS EN 10204 type 3.1. All materials must be supported with traceable link through all stages of the supply chain back to the original source.

SQAR 6. Special Process Certification

Shall be submitted with each shipment to specify that all special processes or inspection methods, such as plating, anodizing, chemical conversion, heat treatment, non-destructive



testing, destructive testing, sub contract laboratory analysis, demonstrate compliance with the drawing, specifications, or purchase order and are accomplished by approved source utilising approved equipment and personnel. The certificate must contain a reference to the UAV ES specification, where applicable. The certificate must contain a statement of conformity relating to the process completed and must be signed and dated by the responsible official on behalf of the processing organisation.

SQAR 7. Material Safety Data Sheet

All potentially hazardous materials shall be accompanied with the relevant MSDS.

SQAR 8. Acceptance Test Report

Test data to provide evidence of compliance with all acceptance test requirements as outlined in the applicable specifications. Test data shall be complete and shall cover all test and/or inspections performed and shall be traceable to the specific batch under test.

SQAR 9. Calibration

Gauges, fixtures or equipment may be procured with the following certification required.

SQAR 9A – Calibration traceable to National Standards

SQAR 9B – UKAS calibration certification

SQAR 10. Critical Safety Items

Parts manufactured and supplied under this code are identified as “CRITICAL” and have bespoke UEL control plans, which must be adhered to in accordance with document QA-SP65.

Key elements of this programme include:-

- a) Suppliers shall not make any changes to the manufacture of CSI parts or control plans, without prior written approval from UEL
- b) All CSI parts for UEL will be level 4.
- c) Identification of measurements methods and minimum measurement accuracies for critical characteristics.

QD57 CSI Bare Board Approved Suppliers List must be used when sourcing bare boards or populated PCB's categorised within a CSI assembly.

Suppliers shall endorse the control plan reference and issue level to which they have been manufactured on their outgoing Certificate of Conformity.

SQAR 11. AQAP 2110 NATO Quality Requirements for Design, Development and Production.

Under this code, the products are to be manufactured, inspected/tested and released under your ISO9001 / AS9100 approval and in accordance with AQAP.21-10 requirements. All requirements of this contract may be subject to GQA (Government Quality Assurance) surveillance. You will be notified of any GQA activity to be performed.

A Copy of AQAP 21-10 can be downloaded from

<http://www.nato.int/docu/stanag/aqap2110/aqap2110e.pdf>

SQAR 12. Commercial Automotive Parts



Certificate of Conformity to be produced if available.

SQAR 13. Electrical workmanship, test requirements and counterfeit control

All parts manufactured and supplied under this code shall conform to the following requirements:-

- a) Soldering shall be performed (iaw) IPC/EIA J-STD-001 Class 3. Prior to production the supplier must supply UEL with objective evidence of demonstrated proficiency for personnel (operators / inspectors) performing this work.
- b) Acceptance of electronic assemblies shall meet the requirements of IPC-A-610 class 3. Records to be retained and conformance confirmed via Certificate of Conformity.
- c) Cables / harness shall be assembled in accordance with IPC/WHMA-A-620 class 3. Records to be retained and conformance confirmed via Certificate of Conformity.
- d) Printed circuit board assembly shall be in accordance with IPC-6011 / 6012 class 3, MIL-PRF-55110 or MIL-PRF-31031. De-panelling of circuit boards shall be via a routed method unless otherwise authorised by UEL. Records to be retained and conformance confirmed via Certificate of Conformity.
- e) Printed circuit assemblies shall be assembled, soldered and accepted in accordance with J-STD-001 class 3 and IPC-A-610 class 3. X-Ray (IC-10) inspection shall be performed on specific, designated components. Records to be retained and conformance confirmed via Certificate of Conformity.
- f) The use of lead-free solder is **prohibited** for all parts and assemblies, unless specified on the drawing.
- g) Electrostatic sensitive items must be packaged to prevent static damage and conspicuously marked as static sensitive, including the documentation. Where appropriate, suppliers shall provide adequate protection measures against ESD damage to goods and UAV materials. This should be in accordance with MIL-STD-1686. Electrical components shall be handled, packaged and supplied in accordance with BS EN 61340-5-1. These requirements shall be cascaded down through all levels of the supply chain as applicable.
- h) All electrical products covered under the SQAR 13 authority shall be supplied to the requirements of AS 5553 Counterfeit Electrical, Electronic, and Electromechanical (EEE) Parts; Avoidance, Detection, Mitigation, and Disposition.

SQAR 14. Limited Life Materials

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Limited life Materials or articles having a definite characteristic of quality degradation with age shall be packaged as follows:

(Please note that the list is not exhaustive)

When applicable the supplier should clearly identify the date of expiry/shelf life and cure date of perishable / consumable items.

Best practice methods and OEM guidance to be utilised during handling and packaging that ensures that part integrity is not compromised.

Products will not be accepted with less than 75% shelf life remaining.

Part Description	Packaging requirement
Drive belts Oil Seals Flexible Couplings Heat Shrink Tubing (Spool) Fluran Tubing (Spool) Silicone hoses (Ram pipes, water pipes)	To be packed within UV resistant bags and placed within individual boxes clearly identified with the UEL part number, revision level and marked in a manner to indicate when the useful life will be expended (cure date & shelf life).
Gasket s O rings AV Mounts Diaphragms Plus other life limited parts	That are manufactured from the same batch can be packaged in quantities of 10 per UV bag. Each UV bag to be placed within boxes clearly identified with the UEL part number, revision level and marked in a manner to indicate when the useful life will be expended (cure date & shelf life)..

Production and service provision

Any product supplied by UAV Engines Limited for incorporation into assemblies by the supplier, shall be suitably verified and controlled. If any customer (UEL) property is lost, damaged or otherwise found to be unsuitable for use, this shall be reported to UEL and records maintained.

The status of material and product shall be clearly identified by suitable means throughout product realisation.

The Supplier's quality control documents shall contain as a minimum the following information:

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- To be able to demonstrate conformity of the product and that all process operations have been completed.
- Accountability for all products (part quantities, split batches, non-conformances etc.)
- Detail any differences between the actual product configuration and the agreed configuration.
- Cross references to relative documents i.e. drawings, purchase order, specifications.
- Maintain issue control status between the drawing and all manufacturing control documentation i.e. job cards, route cards, operator instructions.
- If applicable contain correct part serial numbers - avoiding duplication. Strict control over the traceability of product via serial number shall be maintained at all times. When a product is scrapped, the serial number shall under no circumstances be transferred to a substitute part.

The supplier shall preserve the conformity of product during internal processing and delivery. This preservation shall include identification, handling, traceability, packaging, storage and protection. (8.5.4)

F.O.D (Foreign Object Damage/Debris)

Suppliers shall ensure work is accomplished in a manner preventing foreign objects or material in deliverable items. Further items with any open orifice shall be capped or plugged to prevent ingress of FOD during storage and shipping.

Manufacturing processes shall be defined by documented procedures. Acceptance criteria for quality shall be defined in a clear and practical manner. Where processes cannot be verified by subsequent inspection or testing, such processes shall be performed by qualified operators or have suitable process control parameters established. All process controls shall be submitted to UEL when requested, and **any** changes to the process shall be advised to UEL prior to making any such change.

Where parts are classified as Key / Critical / Traceable / CSI *"any air vehicle part assembly, or installation containing a critical characteristic part whose failure, malfunction or absence may cause a catastrophic failure resulting in the loss or serious damage to the air vehicle"* suppliers shall apply additional controls when manufacturing such parts, the manufacturing processes shall be 'frozen' upon approval of the initial PPV and shall not be modified or changed without prior permission from UAV Engines Ltd.

CSI (Critical Safety Item) parts are subject to Control Plans agreed between UEL and UEL's customer.

Suppliers of CSI / Class 1 products shall provide a completed GII (Inspection Report) which will be sent out with each Purchase Order from UAV Engines. This document details all



features that we require specific inspection. The GII also requires the supplier to reference all relevant Certificates for all deliveries. Failure to provide a completed GII will result in the parts not being booked in and payment being delayed.

For base material the certificate should be as per BS EN 10204 type 3.1

Certificates of Conformity provided would include but not be limited to the following information:-

- UAV's full order number
- Supplier's delivery note number.
- Drawing/Issue numbers and/or Specification/Issue numbers.
- Batch/Serial numbers.
- A statement confirming the following:

"The goods have been inspected and tested to drawings/specifications quoted in the purchase order. The goods conform in all respects to the requirements of the purchase order" (8.6)

Control of monitoring and measuring devices

All measuring and test equipment used to demonstrate conformance of product shall be calibrated with reference to international or national standards. Such equipment shall be clearly marked with identification of its calibration status, including expiry date. Records of calibrated equipment shall be maintained. When equipment is found to be out of calibration, actions shall be taken to identify and rectify any affected product including product already despatched.

Measurement, Analysis and Improvement

Monitoring and Measurement of product

The supplier shall monitor and measure the characteristics of the product to verify that the product requirements have been met. This shall be carried out at appropriate stages of the product realisation process in accordance with the planned arrangements.

Prevention of Counterfeit Parts

The supplier shall plan, implement and control processes, as appropriate to their organisation and the product, for the prevention of counterfeit or suspect counterfeit parts use and their inclusion in products delivered to UAV. This must also include as necessary, a parts obsolescence monitoring programme; the supplier will advise UAV in advance of a final buy etc. A counterfeit parts awareness presentation (QD75) is available as a training aid in implementing this process.

Definitions

- Original Component Manufacturer (OCM) / Original Equipment Manufacturer (OEM) –

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The supply chain entity who designs and controls the manufacture of an item. The OCM/OEM warrants performance of the item to its published specifications.

- Franchised/Authorized Distributor – A Seller that has a contractual relationship with the OCM/OEM to buy, stock, re-package and sell its product lines. A

Franchised/Authorized Distributor offers the OCM/OEM's full flow through warranty including failure analysis and corrective action support.

- Independent distributor/broker – Any Seller that does not have a contractual relationship with the OCM/OEM to stock and sell its products.

The Supplier shall develop and implement a comprehensive counterfeit parts and assembly avoidance control plan to prevent the introduction of counterfeit parts and assemblies into items delivered to UAV Engines Ltd. The plan shall comply with the requirements of AS5553 Counterfeit Electronic Parts; Avoidance, Detection, Mitigation and Disposition.

Incorporation of components or assemblies purchased from other than the OCM/OEM or a franchised/authorized distributor shall be submitted to UAV Engines for approval and shall include:

- Furnish unbroken documentation (Certificate of Conformance (CoC)) of part traceability to the part/assembly OCM/OEM if available.
- Provide inspection, x-ray, Destructive Physical Analysis (DPA) and testing by a third party PRIOR to acceptance by the Buyer if traceability to the OCM/OEM is not available.

All of the above counterfeit parts avoidance requirements shall be flowed down to sub-tier Suppliers

If suspect/counterfeit parts are furnished under the Order and are found in any of the goods delivered hereunder, such items will be impounded by UAV Engines.

Component Obsolescence Management

The Supplier shall develop, document and implement an electronic component management process that addresses all aspects of the product life cycle from design through service, including component selection, application, and standardization and obsolescence management. Supplier's program shall address the following issues:

- In the event that a component becomes obsolete or otherwise unprocurable, the Supplier's obsolescence management process shall include provisions for alternate parts, end-of-life buys, and/or upgraded parts.
- When alternate parts are being considered, parts shall be selected from alternate sources, which are form, fit, and function replacements and meet the same quality, reliability, and selection criteria as the original parts.

Note that form-fit-function alternate parts that require modification to the printed wiring board layout also require UAV Engines approval.

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When end-of-life buys are being considered, the Supplier shall formally notify UAV Engines of its intent and the lifetime buy requirement shall be negotiated and approved by UAV Engines.

When alternate parts cannot meet form-fit-function requirements or when upgraded parts are being considered, the Supplier shall formally notify UAV Engines of its intent and shall provide a detailed engineering analysis of the re-screening or testing requirements, which will provide form-fit-function equivalency to the original parts. Note that form-fit-function alternate parts that require modification to a printed wiring board layout also require UAV Engines approval.

The Supplier's analysis report to UAV Engines for upgraded parts shall substantially respond to the following questions:

- Reason for change
- Will the component be substituted into a critical function?
- List equipment in which new component will be used, and the quantities of each
- Existing component part number
- Existing component rated temperature range
- Operating temperature environment
- Existing component quality assurance process, e.g. MIL-SPEC screening, etc.
- New component Part Number
- New component rated temperature range
- Operating temperature requirement
- New component quality assurance process, e.g. MIL-SPEC, screening, etc.
- What is impact of the substitution on equipment reliability and safety? (Report analysis results)
- Briefly describe the analysis and results that show the new component will be reliable in this application e.g., in-service data, etc.

In the case of out-of-production equipment where obsolescence issues render the equipment to be unsupportable, UAV Engines shall be notified of the circumstances that caused the product to be unsupportable. UAV Engines and the Supplier will work together to provide timely, accurate, standardized communications to notify customers of an impending product obsolescence and/or discontinuance.

Notifications/ Disclosures

The Supplier's system shall provide for timely reporting of nonconformities that may affect product already delivered, including any continuing air-worthiness actions.

Notification to UAV Engines shall include a clear description of the discrepancy, identification of all suspect parts (to include mfg. dates, serial numbers, quantities, etc.) and material affected by the deficiency, date(s) delivered, any information relating to the Root Cause/Corrective Action (RCCA) steps initiated to address the defective condition, and preventive measures taken to preclude recurrence of the process failure.



Control of Non-conforming product

The supplier shall ensure that products, which do not conform to product requirement, are identified and controlled to prevent their unintended use or delivery. The controls and related responsibilities and authorities for dealing with non-conforming product shall be defined in a documented procedure. Nonconforming products that are received by UEL will be processed by our rejection procedure and the supplier may be liable for non-conformance administration costs. The supplier accepts the principle of such reasonable administration costs and the processing of debit notes where Nonconforming goods are identified after invoices have been paid.

Concession Application

Suppliers must submit a concession request (including a full RCCA plan), **prior** to shipping non-conforming material to UEL. The request shall be for non-conforming material deemed fit for use, that however does not meet the drawing and/or stated specifications. The supplier shall properly identify non-conforming material accepted by the concession. Repeated applications for the same non-conformance or re-use of existing Concession will not be accepted and a corrective action / preventative action will be required for every concession granted. Please be aware Concessions will affect your vendor score. All concessions will be identified against a specific purchase order or designated batch within UAV.

Inspection Criteria

The criteria of each inspection level is explained below and the class is identified within the UEL drawing border.

Class 1

Parts that require measurement of all defined features, these will be defined on a GII supplied by UEL. These parts are to be 100% inspected and the measurement results submitted upon delivery, with supporting documentation as dictated by the SQAR code(s) detailed on the UEL Purchase Order.

Class 2

Parts that require sample measurements of defined features ***(these will be defined on the GII supplied by UEL as required)*** to a sample plan in accordance with BS6001 or an alternative agreed plan.

Class 3

Parts that in general require visual check to confirm that the part conforms as specified in the Purchase Order and match the part number description. C of C to be supplied when available. Customer specified supply – these parts are checked visually and where inspection data is specified this shall be confirmed as being in conformance.



Class 4

Will only be used for parts / assemblies that are defined as TOOLING. The supplier is required to ensure that all parts / assemblies meet the required specification. C of C to be supplied. Measurement reports / FAIR will not be required. Following delivery UEL will carry out 100% inspection of at least 1 part / assembly. Under certain circumstances a functional test of the tool may also be required to confirm conformity.

Corrective Action Report

UAV Engines Limited maintains a comprehensive system for the recording, monitoring and measurement of corrective actions. This system applies to both internal and externally generated concerns. In the event of a non-conformance, the supplier will be required to complete a Corrective Action Report. Root cause analysis shall be conducted to determine the cause of the non-conformance. The supplier shall complete the containment actions within 48 hours of receipt of issue and a target of 30 working days for complete closure. Supplier shall provide documented evidence of actions to prevent re-occurrence; this should be documented using an agreed format with UAV Engines Ltd. Please be aware that failing to adhere to the targets will affect your vendor score.

Production Process Verification (P.P.V)

The supplier shall provide a Production Process Verification (PPV); this may be required for the first batch produced from a new or modified drawing - a lapse in production for two years - as specified by the Customer, all of which will be as defined by the UAV purchase order. A Production Process Verification is a process whereby a representative sample from the batch, which shall be 100%, inspected for conformance to dimensional, mechanical and/or performance requirements.

For all products: The PPV forms are available directly from the UEL. Other forms may be used; however, they shall contain all pertinent information. All fields shall be addressed but may be marked as "not applicable" (N/A) if appropriate. Every design characteristic and drawing requirement, **including drawing notes**, shall have its own unique characteristic number. The numbers shall be recorded on the ballooned drawing(s) adjacent to the characteristic in addition to the form. This ballooned drawing(s) must be part of the UEL package.

Each engineering design characteristic shall be checked by direct measurement with currently calibrated measuring devices. Results from inspection of design characteristics shall be expressed in quantitative terms (variables data) when a design characteristic is expressed by numerical limits. The results recorded shall be in the units specified on the drawing or specification and shall be checked with currently calibrated measuring devices. CMM reports for models must indicate points inspected, tolerances and actual measurements recorded must be included in the PPV report.

Attribute data (e.g., go/no go, accept, pass, etc) may be used if no inspection technique resulting in variables data is feasible. Attribute data is permitted when the design characteristic does not specify numerical limits (e.g., break all sharp edges, markings,



etc).

Any discrepancies or non-conformances discovered during the PPV shall be documented and actioned by the appropriate UEL authority. All rejection documentation, UEL's dispositions and corrective action shall become part of the PPV report.

Any NC's accepted at PPV may be re-qualified as a Delta/Partial PPV when the next batch is manufactured to demonstrate the corrective actions have been successfully applied. This Delta/Partial PPV requirement will be determined by the UAV purchase order.

The forms will be compiled, signed and dated by the responsible person and then checked, signed and dated by a different individual, to ensure completeness and conformity of the details defined, attached and enclosed. The completed PPV pack will be forwarded to UAV for review, analysis and approval.

Supplier Assessment

It is a requirement of UAV Engines Limited that suppliers must conform to one of the following controls.

The suppliers Quality System will have been assessed and approved by UEL's Quality Department

The supplier may be registered as a BS EN ISO 9001 and/or AS EN 9100 approved organisation.

UAV Engines Ltd reserves the right to review / revoke an approval at any time and thus terminate business dealings.

Supplier Audits

On site audits may be conducted as part of the initial introduction as a new supplier. The decision to audit a newly identified supplier depends on how many aspects such as criticality of supply, approvals held, location and financial implications. Notification of any planned audits will be given well in advance.

As part of UEL's Supplier Development programme and supplier control process, all Approved Suppliers may be subject to an ongoing Supplier Verification Audit. Selected Suppliers will be audited as necessary to verify product conformance. These audits may be made up of a cross-functional team consisting of procurement, quality and production staff. The purpose of a cross-functional team is to substantiate the effectiveness of the supplier's administration, manufacturing and quality system.



Approved Supplier List

UAV Engines Limited operates a controlled "Approved Supplier List" which consists of all suppliers approved to supply products/services to UEL.

Vendor Management System (VMS)

UAV Engines Limited operates a VMS to monitor and measure the performance of all Manufacturing Resource Suppliers. The process is an ongoing, comprehensive supplier monitoring and feedback procedure that allows UEL to communicate with its supplier base, recognising both high performance suppliers, as well as low performing suppliers.

Performance status is displayed on Purchase Orders and Non Conformance Reports. For detailed information regarding KPI Scoring and Grading, please refer to QD56.

The following indices have been established as KPI's (Key Performance Indicators) used to measure the supplier's performance.

- ▲ **Quality Indices.** (50% of overall score).
- ▲ Number of Non Conformances.
- ▲ Overdue Corrective Action responses.
- ▲ PPM (Parts per million) score.

PPM levels for product quality will be calculated using the following formula:

$$\frac{\text{No of parts in the defective batch. } x}{1,000,000 \text{ No of parts received}}$$

- ▲ **Delivery Indices.** (50% of overall score).
- ▲ No of packaging anomalies.
- ▲ Documentation anomalies.
- ▲ Missed timeslot Deliveries

Any supplier that does not maintain acceptable performance requirements in any of the above established measurable will be invited to present to UEL's Quality and Purchasing functions, an action plan stating the supplier's intentions to show significant improvement towards meeting the required measurable within an agreed time period. UEL will provide all the necessary assistance and resources to resolve all supplier related issues. However, repeated failure to comply with UEL requirements will inevitably result in the development of a resourcing plan for all products/services provided to UEL by the delinquent supplier. Current KPI scores can be seen on all incoming Purchase Orders and Non Conformance Reports. This score is a 3-month average, which provides each supplier an ongoing measure of their performance.



Forms / Documents

Examples of referenced forms are available on request.

Title	Reference No
Supplier Development Manual	QD10
Terms and Conditions	
Non-Disclosure Agreement	QD26
PPV documents	QD5
Vendor Management System KPI Scoring & Grading	QD56
Product Safety Awareness guidance.	QD93
Counterfeit Awareness Presentation.	QD75

Revision History

Detail	Issue Level	Date
Introduction of SDM	1	11.11.2008
Amendments to SDM Contingency Plan Protection of Supplier Information Certificate of Approval Use of correction fluids Revision History	2	06.01.2009
Amendments to SDM highlighted in grey Main areas modified: UEL Organisational Chart Production & Service Provision Inspection Criteria Production Process Verification (PPV)	3	18.01.2011
Removal of Acknowledgement Form, APQP section & Contents Page. Organisational Chart updated, SQAR information added, Inspection Class section amended	4	25.06.2012
Changes to organisational chart Gauge R&R requirements removed Referencing QD54 SQAR coding.	5	06.06.2014
Removal of contact details and organisational structure	6	23.09.2014
Introduction of Class 4 inspection criteria and removal of person responsible on revision history	7	29.10.2014



Reference to VMS KPI Scoring and Grading document QD56	8	26.03.2015
Revised in line with ISO.9001:2015 and AS.9100 rev D	9	07.08.2017
Inclusion of supplier responsibility for product conformity, product safety and ethical behaviour. Inclusion of note on whole delivery of line items. Addition of QD93 Product Safety Awareness. Inclusion of the SQAR codes QD54 into QD 10. Inclusion of note regarding parts obsolescence.	10	19.07.2018
Remove references to QD1 (document obsolete)	11	24.06.2019
NDA review period added (pg. 5) Purchasing supplier scope note added (pg. 8) SQAR duplicate notes removed (pg. 9) SQAR 13, F. solder noted added (pg. 12) Counterfeit parts awareness QD75 added into (pg.15)	12	12.03.2020
Counterfeit Part Management / Part Obsolescence Management / Notification / Disclosure Amendment to SQAR 13	13	18.11.2020
Electronic signature added to SQAR.2 Reference note added regarding std's or CSI plans Conflict Materials Policy added	14	28.04.21
Production Process Verification (PPV) redefined Note regarding shelf life added to SQAR.14	15	11.04.22