

Summary of Changes

095870 Supplier Quality Assurance Manual

This is to notify you of changes to the BAE Systems Supplier Quality Assurance Manual. Please see the following changes/additions:

Legend:

- Addition
- Change
- Deletion

6.5 Bearings

The Supplier shall adhere to the requirements of DFAR 252.225-7016 for all ball and roller bearings supplied under this Purchasing Agreement. The most recent revision of the DFAR clause is stated below however the Supplier shall adhere to the latest revision as of the issuance of their Purchasing Agreement.

DFAR 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings

As prescribed in 225.7009-5, use the following clause:

Use the clause at 252.225.7016. RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS (JUN 2011)

(a) *Definitions.* As used in this clause—

- (1) "Bearing components," means the bearing element, retainer, inner race, or outer race.
- (2) "Component," other than a bearing component, means any item supplied to the Government as part of an end product or of another component.
- (3) "End product" means supplies delivered under a line item of this contract.

(b) Except as provided in paragraph (c) of this clause—

- (1) Each ball and roller bearing delivered under this contract shall be manufactured in the United States, its outlying areas, or Canada; and
- (2) For each ball or roller bearing, the cost of the bearing components manufactured in the United States, its outlying areas, or Canada shall exceed 50 percent of the total cost of the bearing components of that ball or roller bearing.

(c) The restriction in paragraph (b) of this clause does not apply to ball or roller bearings that are acquired as—

- (1) Commercial components of a noncommercial end product; or

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(2) Commercial or noncommercial components of a commercial component of a noncommercial end product.

(d) The restriction in paragraph (b) of this clause may be waived upon request from the Contractor in accordance with subsection [225.7009-4](#) of the Defense Federal Acquisition Regulation Supplement.

(e) If this contract includes DFARS clause [252.225-7009](#), Restriction on Acquisition of Certain Articles Containing Specialty Metals, all bearings that contain specialty metals, as defined in that clause, must meet the requirements of that clause.

(f) The Contractor shall insert the substance of this clause, including this paragraph (f), in all subcontracts, except those for—

- (1) Commercial items; or
- (2) Items that do not contain ball or roller bearings.

(End of clause)

8.1 Supplier Monitoring and Rating

BAE Systems rates and monitors the performance of its suppliers. A supplier's rating is based upon:

A. Combat Vehicles

- **Quality Rating**
 - % Acceptance (P1 + P2)
 - P1 - Receiving 50% (1 - Total Rec Defectives / Total Receipts* .5)
 - P2 - WIP 50% (1 - Total WIP Defectives / Total Receipts* .5)
- **Quality Risk Assessment Rating (P1 + P2 + P3)**
 - % Acceptance (P1 + P2)
 - P1 – 40% Receiving Inspection (1 - Total Defectives / Total Receipts* .4)
 - P2 – 40% WIP (1 - Total Defectives / Total Receipts* .4)
 - P3 – 20% Corrective Actions issued and responsiveness (1- corrective actions issued + late responses / 10 * .2)

Suppliers who fall below a determined level (98% Quality Risk Assessment Rating) of performance may be subject to various activities including, but not limited to, audit by BAE Systems, request for a corrective action improvement plan, prohibiting the supplier from receiving new business and/or placed on [Containment Level I or II](#).

B. Weapons Systems BAE Systems Weapons Systems rates and monitors the performance of its suppliers. A supplier's rating is based upon:

(Total parts received - number of nonconformances)/ Total parts received

For example:

- 200 parts received

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- Nonconformances = 3 parts

(200 parts received – 3 nonconforming parts)/ 200 parts received = 197/200 = 98.5 %
Quality rating

8.2 Quality Management System

The Supplier shall develop, document, implement and maintain a quality system which ensures compliance to all purchasing agreement requirements. The quality system shall be compliant with ISO 9001-2015 (or latest version), AS 9100, TS 16949, or a quality system approved by BAE Systems. Certification to ISO 9001/AS9100/TS 16949 by a registered third party is preferred. Objective evidence shall be on file verifying that such a system exists, is being maintained, and is compliant with the standard requirements. Procedures and records shall be made available for examination by authorized BAE Systems representatives upon request. BAE Systems reserves the right to audit the Supplier at any time with prior notice.

8.4 Measuring and Test Equipment

The Supplier shall establish and maintain a documented calibration system to verify conformity of all measuring and test equipment (M&TE) such as gages, tools, jigs, fixtures and dies used to verify conformity to requirements. This system shall be compliant with ISO 9001:2015 (or latest version), AS 9100, TS 16949, or shall be approved by BAE Systems.

Outside calibration and inspection/test, services used shall maintain a system in accordance with a recognized standard such as ISO 10012, ANSI/NCSS Z540, or ISO 17025 and shall address the criteria described in the selected standard.

8.13 Containment Process

Level I Containment

Controlled Shipping – Level 1 (CS1): CS1 requires the supplier to contain the suspect product and perform a redundant 100% inspection process. This process is done either by the supplier's employees or by an outside third-party inspection company. The Supplier is required to identify the root cause of the defect(s) and incorporate irreversible corrective actions. Following implementation of the irreversible corrective actions the supplier is required to validate by the above process improvements actions are effective. Upon notification the supplier must immediately contain by the agreed upon date all suspect product/material at the supplier, customer, in-transit or at the ultimate customer as applicable.

Level II Containment

Controlled Shipping – Level 2 (CS2): The customer will require CS2 when the supplier has failed to correct the problem in CS1 or has had major quality problems. In CS2, the supplier is required to continue their in-house inspections as in CS1 and add an additional redundant inspection process performed by a third party inspection and sorting company. This third party is selected by the supplier, and is to be approved by the customer. The supplier always pays the third party inspection and sorting company.

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The root cause analysis and irrevocable corrective actions if identified/implemented in CS1 must be continued or redone until they are effective as verified by the data reported from the redundant inspection processes. Controlled Shipping Level 2 is required when the customer determines that Level 1 is not sufficient to isolate the customer from nonconforming parts. Normally this determination is based on:

- Repeat S-CAR's
 - Duration, quantity, and/or severity of the quality problem
 - Controlled Shipping Level 1 failures
 - Major Disruptions (line stoppage)
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- Major Quality problem (customer complaints, warranty defects, etc.)

Controlled Shipping Level 2 requires the supplier to do all of the actions of Level 1 and to put in place a third party redundant inspection process to sort for nonconformance(s). The supplier is required to implement a root cause problem solving process or to continue the root cause problem solving process started earlier. If the supplier is unable to identify and correct the root cause, the customer may require the supplier to employ a third party Quality Engineering firm to manage the corrective action process. Once the supplier has met the defined exit criteria, the supplier requests exit from Controlled Shipping – Level 2. The supplier must provide supporting documentation and assessments on performance and corrective actions to the customer.