QRS-107
Management of Non-Conforming Articles

Issue Date: June 2020

CHANGES LOG

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<td>00</td>
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<td>First Issue – Supersedes IQ S007</td>
<td>All</td>
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<tr>
<td>01</td>
<td>June 2018</td>
<td>Document completely rewritten and reformatted</td>
<td>All</td>
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<td></td>
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<td>Added form for Quality Alerts</td>
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<td>02</td>
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<td>Added form F04 (Inspection Report)</td>
<td>5.4, 6</td>
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<td>03</td>
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<td>Better understanding of the paragraph and clarification about Quality Alerts definition</td>
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<td>Added reference to ‘SupplyOn’ Portal for QNs management</td>
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APPLICABLE DOCUMENTS

This document shall be applied together with the main document (QRS-01 Quality Requirements for Suppliers) and with the other applicable modules
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1 Purpose

LH does not accept non-conforming articles except in exceptional circumstances. In this case the requirements of this procedure apply.

The primary purpose of this procedure is to describe the methods that shall be used by LH Suppliers for the notification of “Non-Conformances” related to articles, material or assemblies destined or delivered to Leonardo Helicopters Plants.

2 Applicability

This procedure is applicable to all Leonardo Helicopters (LH) Suppliers as identified in Table 1 of QRS-01. The supplier shall flow down the requirements of this procedure to its suppliers or processor involved in the manufacturing process.

It shall be used as a base reference also for specific helicopter/aircraft programs; in this case, the management of non-conformances shall be integrated by the specific program procedures that, in case of conflicts, prevail.

3 Effective date

Issue date

4 Acronyms, definitions and abbreviations

4.1 Acronyms, and abbreviations

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<th>Acronym</th>
<th>Definition</th>
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<tr>
<td>ATE</td>
<td>Authorized Technical Expert</td>
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<tr>
<td>CPE</td>
<td>Chief Project Engineer</td>
</tr>
<tr>
<td>DP</td>
<td>Deviation Permit</td>
</tr>
<tr>
<td>ETSO</td>
<td>European Technical Standard Order</td>
</tr>
<tr>
<td>HDO</td>
<td>Head of Design Organisation</td>
</tr>
<tr>
<td>LH</td>
<td>Leonardo Helicopters</td>
</tr>
<tr>
<td>MOAH</td>
<td>MOA Holder</td>
</tr>
<tr>
<td>NC</td>
<td>Non Conformity</td>
</tr>
<tr>
<td>NOE</td>
<td>Notification of Escape</td>
</tr>
<tr>
<td>P/N</td>
<td>Part Number</td>
</tr>
<tr>
<td>POAH</td>
<td>POA Holder</td>
</tr>
<tr>
<td>QA</td>
<td>Quality Alert</td>
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<td>QN</td>
<td>Quality Notification</td>
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<tr>
<td>QRS</td>
<td>Quality Requirements for Suppliers</td>
</tr>
<tr>
<td>S/N</td>
<td>Serial Number</td>
</tr>
<tr>
<td>STC</td>
<td>Supplemental Type Certificates</td>
</tr>
<tr>
<td>TC</td>
<td>Type Certificate</td>
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<tr>
<td>TSD</td>
<td>Technical Specification for Delivery</td>
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</table>
4.2 Definitions

**Applicable Design Data:** Applicable Design Data is defined as all necessary drawings, specifications and other technical information provided by the applicant for, or holder of a design organisation approval, TC, STC, approval of repair or minor change design, or ETSO authorisation and released in a controlled manner to a production organisation approval holder. This should be sufficient for the development of production data to enable repeatable manufacture to take place in conformity with design data.

**Concession:** Permission to use or release a part that does not conform to applicable or approved design data.

**Deviation Permit:** Permission to deviate from the originally specified requirements of an article required before the realization of the related working phase and granted prior to the product’s acceptance.

**Interchangeability:** Situation where two or more items are so similar in functional and physical characteristics that they are considered equivalent in performance and durability. Each is capable of replacing the other(s) without causing a need for alteration or adjustment to fulfil the same requirement.

**Known Repair:** Repair whose criteria:

- Are contained in technical specification applicable to the product line involved, that has been approved by LH HDO or by the competent CPE, or
- Have already been applied at least once to the P/N involved (a previous concession exists with specific repair approved by the competent CPE, in which the repair criteria have been described or a repair drawing in accordance with applicable procedure, has been quoted).

**Life or Duration:** Characteristic of a part that affects the life/duration of the part, reducing it below the period envisaged as a design/specification requirement.

**Maintainability:** Characteristic of the part that has an impact on the maintenance activity envisaged by the scheduled inspection manual.

**Performance:** Characteristic of a part which impacts the operation of the aircraft.

**Reliability:** Characteristic of the part that affects the product reliability requirements with a consequent increase in the frequency of the scheduled inspection and/or removal intervals, compared with what is contained in the technical publication.

**Specific Repair:** Repair not covered by the known repair definition.

**Strength:** Characteristic of a part that affects the structural safety margins and limits the use of the part in the framework of its operation.

**Sub-tiers:** For the purpose of this procedure, Sub-tiers are considered the suppliers of LH Suppliers.
Testability: Characteristic of the part that has an impact on the ability of the part to reveal and isolate a fault and/or characteristic of the parameters detected on the basis of the test procedures envisaged by the applicable technical publications

5 Requirements

All Suppliers shall submit to LH any non-conformance related to LH design data set for approval/disposition in accordance with what described in the following paragraphs, per applicable case:

- **Deviation Permits**: deviations to the approved design data prior to start the manufacturing process - refer to paragraph 5.1,
- **Concessions**: non-conformances detected during the manufacturing process or at the end of the manufacturing process but prior to deliver the article - refer to paragraph 5.2,
- For Supplier **Escapes** refer to paragraph 5.3 (including also Quality Alerts, Service Bulletins)

LH will issue a **Quality Notification** to the Supplier for any Non-conformance detected but not identified by Supplier (refer to paragraph 5.4)

For the activities and the requirements specified in this procedure, the Supplier shall formally document:

- A process for identifying, analysing and initiating appropriate corrective action for products or articles that have been released from the quality system and that do not conform to the LH applicable design data.
- A process for the internal approval of non-conformances on manufactured articles and its submittal to LH
- A process for classifying the severity of the non-conformances and the control to prevent the use of non-conforming articles for finished parts.
- A process to manage the possible escapes on delivered articles with reference to continued airworthiness
- A process for the management of Sub-tiers non-conformities

Non-conforming articles, with their identification (e.g. labels), shall be held in a secure quarantine area until an approved, written disposition is given. A split batch may be used to allow acceptable articles to continue the manufacturing process.

If an article has to be scrapped, a record of the scrapped S/N / Batch Number shall be maintained and the part shall be physically damaged in order to make it unserviceable. Refer to paragraph 5.5 for Management of Scrap Parts.

The supplier shall have defined a procedure for the training of people in charge to evaluate and dispose non-conforming articles.

Unless otherwise formally agreed, non-conforming articles shall not be delivered until the notification of non-conformance is accepted and disposition issued by LH. In case
LH authorizes the Supplier to deliver a non-conforming article with an open non-conformity, this status has to be recorded on the accompanying documentation.

If a non-conforming article is provided by a stockist/distributor, or detected by a stockist/distributor, it shall return to the original manufacturer for the management of the non-conformity in accordance with this procedure.

The Supplier shall maintain a record of all the internal, LH and sub-tier related non-conformances and has to perform a periodical review to ensure repetitive defects do not occur. In case of recurrence of the same defect, the supplier shall perform an investigation in order to generate a request for modification to the design or to modify the manufacturing process to avoid the non-conformance recurrence.

The Supplier shall establish a system showing the quality level and the defect level with the purpose to demonstrate the progress obtained in the Quality Improvement.

5.1 Deviation Permits

The management of Deviation Permits refers to requests for deviation (for a limited number of parts or for a limited period of time) from the requirements specified in the applicable design data.

The supplier shall raise a request for deviation permit reporting all the available information, such as:

- The description of the requested DP
- An explanation of why it is not possible or is not cost effective to maintain compliance with the technical requirements defined in the applicable design data.
- An explanation of why a DP is requested rather than a permanent change in the applicable design data.

Once a DP is raised (using form QRS.107.F02), the Supplier shall send it to the Quality Control of reference. Once the DP is evaluated, the Supplier will receive it back by the Quality Control in charge of it with all the relevant dispositions.

5.2 Concessions

Concessions have to be prepared using form QRS.107.F01 and submitted to the relevant Quality Control. Once the Concession is evaluated, the Supplier will receive it back by the Relevant Quality Control.

The Supplier shall implement the authorized repair/rework and shall give evidence of that work done to the LH Quality Control.

If the usage decision is “scrap”, the Supplier shall scrap the part and record such activity (see paragraph 5.5).
A concession may refer to more S/N for the same defect in order to allow a faster management of the articles.

A concession shall not contain more defects and/or descriptions. In the presence of more defects or more descriptions for the same defect, more concessions shall be issued since different decisions to use for each defect cannot be managed within the same concession.

In case an article is manufactured under an authorized Deviation Permit, and a request for a concession is needed, a copy of the approved Deviation Permit has to be attached to the request for concession.

In case the concession number has to be marked, it has to be done before to deliver the parts. The marking method shall be the same indicated in the drawing/specification otherwise indicated on the concession itself.

5.3 Notification of Escape/Quality Alerts, Service Bulletins

**Notification of Escape/Quality Alerts**

A supplier shall send a Quality Alert to notify LH any circumstances (including manufacturing or design errors) that might affect conformity, integrity or performance of the articles already delivered or any error to maintenance activity that might affect the use and/or maintenance of the article.

Such information shall be sent to the contacts below:

- LH Chief Project of reference
- LH Quality Control of reference
- LH SQA: AWSupplierQualityAssurance.AW@leonardocompany.com
- Any other contacts required by contract, purchase order or program. In particular – LH UK only: AWL_Product_Qualityalert.mbx.aw@leonardocompany.com

The Supplier shall ask and receive an acknowledgement of such communication.

The Quality Alert shall contain: all the information needed to identify and manage the issue, such as:

- a clear description of the non-conformance and cause
- the P/N and S/Ns involved and the description of the Article
- drawing
- aircraft type
- the affected batches and quantity
- analysis performed to determine the affected quantities/batches that ensure all the defective quantities are captured
- the delivery date
• the reference to the Certificate of Conformance/EASA FORM 1 or equivalent, where possible
• possible limitation to use and any other relevant information
• Photos, test results etc.
• the actions to be taken to prevent any other potential failures from being used and suggested schedule
• Detailed root cause analysis and corrective actions implemented to prevent failure reoccurrence
• any other information required to fully understand the problem

Use the Form QRS-107_F03 or equivalent.

The Supplier must communicate to LH any QA or NOE respecting the following time limits:

• Maximum 24 hours for non-POAH (or MOAH) or POAH (MOAH) not working under the privileges or Part 21/Part 145, in case of defects that may have impact on airworthiness or safety
• Maximum 72 hours for POAH (or MOAH), in case of defects that may have impact on airworthiness or safety
• Maximum 1 calendar week in case of defect impacting the qualification or the characteristics of the articles
• Maximum 1 calendar month for the other cases.

Any Mandatory Occurrence Report sent to the relevant Authority shall be immediately communicated to LH.

Remark: the Supplier shall manage any outcomes from field operation of the component, informing LH about involved supplied parts, supporting LH on investigations and containment/corrective actions and granting support and information towards Airworthiness Authorities, if a potential unsafe condition is identified.

The Supplier shall clearly flow down to his Sub-tiers all the above requirements to ensure that he is promptly notified of any Sub-tier Escapes

**Notification of Service Bulletins**

Supplier **Service Bulletins shall** be submitted to LH relevant Chief Project as a draft for approval, through Engineering Coordination Memo, before its official release.

### 5.4 Leonardo Helicopters Quality Notification (QN)

Leonardo Helicopters **will** raise a Quality Notification to the Supplier for any non-conformance detected but not identified by the Supplier.
The Quality Notifications are electronically exchanged with Suppliers through the “SupplyOn/Problem Solver” portal. LH Suppliers are requested to implement the use of this portal.

The Supplier shall notify LH the root causes, the containment action and corrective action (such as stock verification, work in progress parts already delivered, etc.) and that amendments to the process have been/will be put in place to prevent the occurrence.

All the Quality Notifications shall be considered as Customer Complaints, and LH expects immediate attention by the Supplier.

The Supplier shall answer the compliant request in accordance with the due date schedule, completing either general actions or defect Report as requested.

The form QRS-107_F04 (Inspection Report) shall be completed by the Supplier, where requested by Purchase Order, and submitted in advance to LH Quality Control.

If a corrective action is requested and not taken within the date requested by LH (30 days if not differently specified), an escalation process can be initiated.

If the agreed days’ timescale cannot be met, the Supplier shall inform LH (within 10 days if not differently specified) explaining the reasons for the delay.

Below the type of Quality Notification the Supplier can receive from LH:

<table>
<thead>
<tr>
<th>Type of QN</th>
<th>Phase in which the non-conformity was detected</th>
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<tbody>
<tr>
<td>QP</td>
<td>During the inspections done by LH for the final acceptance of a part manufactured by the Supplier with a work order whose closure is LH responsibility.</td>
</tr>
<tr>
<td>QK</td>
<td>Once the manufacturing process has been completed, if the non-conformity was detected on an assembly built by a supplier based on a TSD issued. Once the manufacturing process has been completed (bill of receipt closed), if the non-conformity was detected on articles built by a Supplier but the final acceptance (closure of work order) was issued by LH.</td>
</tr>
<tr>
<td>QF</td>
<td>During receiving inspections (bill of receipt open).</td>
</tr>
<tr>
<td>QJ</td>
<td>Once the receiving inspections have been completed (bill of receipt closed), if the non-conformity was detected on a supplied article. If the non-conformity was detected on an assembly built by a supplier based on a TSD issued.</td>
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</tbody>
</table>

5.5 Management of Scrap Parts

The Supplier shall identify a person in charge of handling the scrap parts and materials, including keeping the keys of the segregation area.

If the usage decision (internal or indicated by LH) requires the relevant nonconforming parts to be scrapped, the person in charge of handling scrap parts and materials shall ensure that:
The parts are provided with an appropriate status tag in accordance with the defined Supplier procedure and that they are segregated in a closed and properly identified area suitable for quarantine. This area shall be separate from any other room containing suspended non-conforming parts without Usage Decision or with Usage Decision other than “Scrap”.

- The scrap parts and materials shall not be used for aeronautical purposes.

The most effective method for preventing scrap parts from being used for aeronautical purposes is to mutilate them; this mutilation shall be done in such a way as to guarantee that the parts can no longer be used for the purpose for which they were originally manufactured. For this, an effective combination of the following actions shall be utilised:

- the permanent deformation of the part;
- the cutting of the part into small pieces;
- the cutting of the part in a significant manner;
- the impairment of the part's primary Functions;
- the burning of the part;
- the heating of the part to its melting point;
- the removal and/or destruction of the manufacturer's identification markings (e.g. P/N, S/N, Batch Number).

Scrap parts shall never be sold to third parties before being rendered unusable; the return of any scrap parts to their manufacturer shall be agreed upon in advance with the manufacturer.

The Supplier functions that require parts for uses other than aeronautical purposes can check whether any suitable scrap parts are available by consulting the list of the scrapped parts.

If they should want to use a scrap part that's available in the segregation area, the managers of the aforementioned Supplier functions shall submit a formal request to the person in charge of handling scrap parts and materials.

If the person in charge deems the request to be acceptable, the mutilation of the scrap part as described above is not appropriate; the performance of one or more of the following actions upon the part will be deemed sufficient in order to prevent it from being used for aeronautical purposes

- the impairment of the part's primary Functions;
- the marking of the part with the wording “NOT FOR FLIGHT” in a clear and permanent manner, if permitted by the part's size;
- the removal of the manufacturer's data plates and identification elements

The person in charge of handling the scrap parts and materials shall ensure that the aforementioned operations are done on the part before it is collected by/delivered to the Function that has requested it.
Any parts that have been downgraded for uses other than aeronautical purposes shall always be accompanied by the applicable status tag, in accordance with the Supplier procedures, which shall indicate the part's new intended use (e.g. “teaching use”, “testing use”, "static display use", etc.).

The Supplier shall record the effective destruction of the scrap parts or their destination for uses other than aeronautical purposes.

In the case of transfers for uses other than aeronautical purposes, the text of the action shall indicate the reason for the transfer (e.g. “teaching use”, “testing use”, “static display use”, etc.).

The closure of these actions constitutes the proof that the scrap Usage Decision has been implemented (destruction of the scrap part or uses other than aeronautical purposes).

The Supplier shall ensure full traceability of scrapped parts, from manufacturing to disposal.

IAQG guidelines are recommended

6 Appendices, Annexes and Forms

- QRS-107_F01: Concessions form with instructions
- QRS-107_F02: Deviation Permits form with instructions
- QRS-107_F03: Quality Alert form
- QRS-107_F04: Inspection Report form