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WELCOME TO L3HARRIS – SUPPLY CHAIN

IMS - L3HARRIS / L3Harris Technologies
MARITIME – MARITIME SENSORS - Northampton

6/21/2023
Rev-E

GERRY GROVE | Manager Supplier Operations

L3Harris Vision and Values



L3Harris is committed to being a company of the highest quality in every aspect of its business activity. This encompasses serving our customers' needs by developing higher quality products, at lower costs, while shortening the product- to-market cycle.

Inherent in that commitment is our goal for satisfying the expectations of stakeholders who have a vested interest in the success of the company. Suppliers are a vital part of our resources.

Our vision as it applies to suppliers is to develop and maintain mutually beneficial partnerships with companies who share our commitment to achieve ever- increasing levels of customer satisfaction through continuing improvements in quality, service, timeliness and cost.

L3Harris Values: Acting with **INTEGRITY** in all our business dealings, exceeding our customers' expectations through operational **EXCELLENCE**, and demonstrating **RESPECT** to all those we interact with, is essential to maintaining a lasting and solid reputation.

How Suppliers Fit into L3Harris Business Strategy



L3Harris firmly believes that suppliers can contribute significantly to our ability to exceed our customer expectations.



Our relationships with suppliers will be sincere and embrace the highest principles of purchasing practices, and will focus on developing winning business arrangements that benefit all parties.

L3Harris Expectations for Suppliers



- The expectations that we have identified for ourselves are the same set of expectations that we have for our suppliers.
- Our expectations are based on:
 - ✓ Quality: Compliance at all times with customer requirements and maintaining a 99.8% scorecard rating or above
 - ✓ Delivery: Meeting or exceeding product and schedule requirements and maintaining a 99.5% scorecard rating or above
 - ✓ Cost: Pricing that contains reasonable profit margins with minimum total cost

It is important for suppliers to maintain the level of performance to continue a healthy supplier/partnership relationship with L3Harris. Falling below the quality and delivery expectations could result in a loss of business with L3Harris and new RFQ opportunities.

Supplier performance in these areas plus a strategy for continuous improvement will allow L3Harris and our suppliers to solve problems together while exceeding customer expectations. L3Harris recognizes the value of having suppliers who are committed to providing quality goods and services in a timely manner.

Becoming an L3Harris Supplier



Suppliers shall provide supporting documentation as requested:

- W-8 or W-9 (two types, www.irs.gov)
- Applicable Financial Questionnaire
- Small Business Certifications
- Supplier's legal name and addresses for orders and payment remittances
- Sales representative for orders and contact information
- Quality Survey and QMS Certifications
- Supplier Representations and Certifications must be completed annually for any US Gov't. contract prior to PO award.
- Suppliers must provide applicable NAICS code identification and corresponding Small Business Administration (SBA) Size Standard (either in Millions of \$'s or No. of employees) in support of Small Business requirements at time of RFQ and confirmed at time of award

Certifications and Representations (Gov't or Commercial)

International Traffic in Arms (ITAR) Regulation

- Manufacturers of defense items and providers of defense services must be actively registered with the US Department of State, Directorate of Defense Trade Controls (DDTC) to receive any drawing ITAR stamped.
- In order to receive any Distribution D drawings, suppliers must be registered as a DOD contractor on the System For Award Management (SAM).
- Note: not required for commercial items that have not been designed or modified for a defense purpose

DPAS (Defense Priorities & Allocation Systems) Ratings



The Defense Priorities and Allocations System (DPAS) is used to prioritize national defense-related contracts/orders throughout the U.S. supply chain in order to support military, energy, homeland security, emergency preparedness, and critical infrastructure requirements. The DPAS can also be used to provide military or critical infrastructure assistance to foreign nations. *DPAS must be flowed down to all sub-tier suppliers as well.*

We have provided a link to the [DPAS training course](#) designed to assist any company that receives priority rated contracts, subcontracts, or purchase orders from the U.S. Government or from U.S. Government contractors. The goal of this course is to provide the basic understanding of the DPAS as well as provide a guide for applying the DPAS to contracts and purchase orders.

We hope you will find the content relevant, easy to use, and beneficial as we carry out our mission of supporting military, energy, homeland security, emergency preparedness, and critical infrastructure requirements through the DPAS.

L3Harris – Navigating the Purchase Order



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L3HARRIS
L3 TECHNOLOGIES, INC. - KEO
SUBSIDIARY OF L3HARRIS TECHNOLOGIES, INC
50 PRINCE STREET
NORTHAMPTON, MA 01060

Purchase Order : K15-000734

Change Order: 2
Tax ID:

Date Printed: Nov 16, 2020

Order To:

Ship To: L3 TECHNOLOGIES, INC. - KEO
SUBSIDIARY OF L3HARRIS TECHNOLOGIES, INC
50 PRINCE STREET
NORTHAMPTON, MA 01060

ORDER DATE	BUYER	TERMS	FOB	SALES ORDER	SHIP VIA	DELIVER TO
9/3/20		2020	N		FEDEX 006108202	

LINE	ITEM/DESCRIPTION	REV	U/M	DUE DATE	QUANTITY	NET UNIT COST	EXTENDED COST
1	102754		EA	1/14/21	1.0000	\$ 2,056.0000	\$ 2,056.00

CELL, LENS, LASER
Manufacturer Name: L-3 KEO DIV
Mfg Part: 102754
NAICS Code: 332999 (S)

KQA-0001 General Quality Codes
KQA-0120 Dimensional Inspection Data.
KQA-0140 First Article Inspection/Test.
KQA-0180 Serial Numbers.
KQA-0230 Records of Material Properties
KQA-0260 Certificate Of Conformance.
KQA-0350 Controlled Manufacturing Process.

Line Document	Rev	Type	Doc Name
102754	B	DWG	CELL, LENS, LASER

Prime Contract #: N00024-09-C-6247
100.00% AOP: 14-1000-10 1.2.15.04 K00033.000001.216.SUB.MFG.0001

Priority: DO-A7

Line 1 Total: \$ 2,056.00

Terms and Conditions Clause

Link to L3Harris Quality Codes

L3Harris - Quality Codes are listed within the Purchase Order

DPAS Priority Rating DPAS Clause

L3 Technologies - KEO's Procurement Supplier Codes in accordance with Form A-408, if applicable, are included above with each line item and begin with KQA-XXXX.

Form A-408 is located on L3Harris' Website: <https://www.l3harris.com/all-capabilities/naval-platform-imaging>

Any current Proprietary Information Agreement between our companies is hereby invoked and enforced.

The seller/bidder shall not disclose any technical data/drawings, provided by L3 Technologies - KEO, to any Third Party. In the event the data/drawing(s) is required to be sent to the Seller/Bidder's Second Tier, this Non-disclosure Clause shall be flowed-down and included in any subsequent RFP(s) or Purchase Order(s). Please note that this technical data is subject to U.S. Export Control Regulations (ITAR).

Terms & Conditions LGL-50.F1 - Standard General Provisions-FFP for Govt Programs (Rev. Jan. 13, 2021 V.3), apply to this order. Terms and Conditions are located on L3Harris' Website: <https://www.l3harris.com/all-capabilities/naval-platform-imaging>

By accepting this order, the Seller agrees to comply and be bound by L3Harris/L3 Technologies - KEO standard terms and conditions and any additional contract specific terms and conditions as called out within this purchase order. L3Harris/L3 Technologies - KEO standard terms and conditions and any contract specific terms and conditions that apply are located on L3Harris' website: <https://www.l3harris.com/all-capabilities/naval-platform-imaging>

In the event of conflict, contract specific Terms and Conditions take precedence over standard Terms and Conditions.

In addition, by accepting this order, if the subject order carries DPAS ratings which are necessary to promote national defense, the Seller acknowledges the DPAS ratings as applied to this purchase order and agrees to execute this order in accordance with DPAS regulation described under 15 CFR Part 700. Therefore, the inclusion of the DPAS Rating will continue to be passed down to each lower tier supplier throughout the entire supply chain.

Signed Acknowledgements are required within 15 days for DO rated orders and within 10 days for DX Rated orders.

Per the DPAS Requirements, if shipment or performance of this order will be delayed for any reason, L3 Technologies - KEO must be notified in writing immediately, provided with the reasons for the delay and advised of a new shipment or performance date.

Shipments and Invoicing



- Supplier should maintain accurate shipping and delivery dates
 - Receiving hours are 6:00 a.m. - 3:30 p.m. M-TH and 7:00 a.m. - 4:00 p.m. on open Fridays
 - Supplier PO Due Date is measured by physical receipt at Northampton dock (Early deliveries are accepted and encouraged)
- Preferred method of shipment is FedEx Ground Collect in accordance with L3Harris supplier routing instructions
- Any invoicing required should be sent directly to apinvoices@l3harris.com if unable to email invoices, send via mail to L3Harris, PO Box 9302, Rockwall Texas, 75087-9302



Supplier Quality Responsibilities



- Suppliers are responsible to provide material in accordance to the purchase order requirements.
- Suppliers do not have Material Review Board (MRB) authority over L3Harris requirements.
 - Use and/or Repair dispositions require L3Harris authorization
- Shipment of nonconforming product is not allowed without an approved Vendor Disposition Request (VDR).
- When requested, Suppliers are obligated to perform a Root Cause and Corrective Action investigation for non-conforming material detected at L3Harris.
- The VDR and CAR forms are available at <https://www.l3harris.com/all-capabilities/naval-platform-imaging>
 - Submissions are to include the following:
 - ✓ Root Cause of the nonconformance(s)
 - ✓ Permanent Corrective Action taken to eliminate the causes of the nonconformance(s) to prevent recurrence
 - ✓ Documentation to demonstrate corrective actions have been implemented.
- VDR closure will require L3Harris-Northampton audit / verification of effectiveness of the Corrective Actions.

Note: Late or inadequate responses will result in negative scorecard deductions



SUPPLIER/CUSTOMER REQUIREMENTS



Click for link

Procurement

Supplier Quality

Supplier Portals

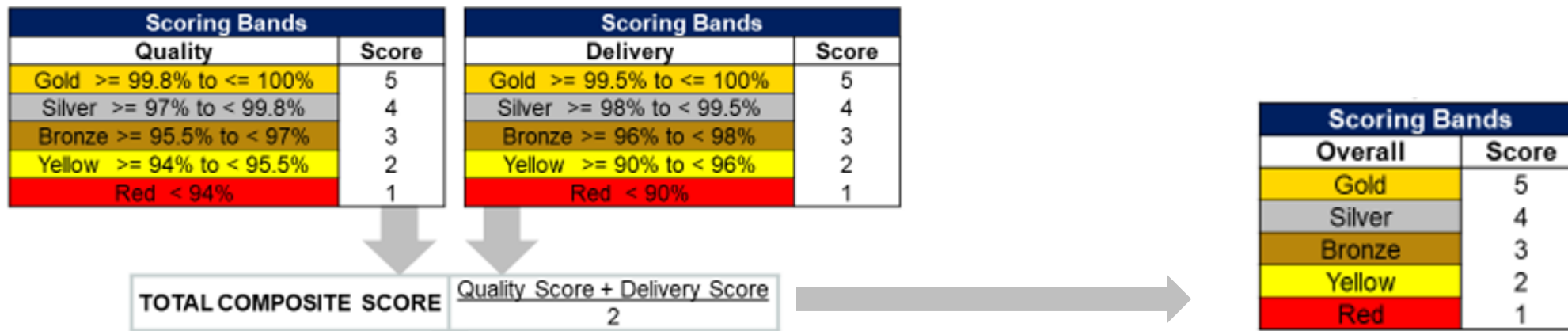
RMA/Failure Report

- **Vendor Disposition Request (VDR)** – This form should only be used by L3Harris Vendors to document an advanced request to furnish parts or materials which contain discrepancies. Used to submit vendor caused nonconformance's, material does not meet L3Harris Purchase Order requirements.
- **Vendor Request for Information (RFI)** – This form should only be used by L3Harris Vendors who have questions about products they're currently building for L3Harris. Used to submit technical or quality questions related to the L3Harris Purchase Order requirements.
- **Manufacturability Improvement Recommendation (MIR)** – This form should only be used by L3Harris Vendors recommending design changes which could result in reduced cost and/or lead times or improve the overall quality of the parts. Used to submit observed gaps / omissions related to the L3Harris Purchase Order requirements.
- **Corrective Action Request (CAR) Response** - This form should only be used by L3Harris Vendors who are providing a response to a L3Harris request for corrective action.

Supplier Rating System



- L3Harris-Northampton has implemented a new Supplier Rating System. The Supplier Scorecard will collect quality and delivery performance data from all suppliers of material intended for use by L3Harris programs engaged in the production and delivery of contractual end items.
- The quality and delivery performance data is gathered from 12 months of procurement activity; numerical ratings are based on:
 - Delivery performance of material
 - Rejection reports
 - Supplier response to SCARs



Supplier Rating – Quality Score



Ratings

Legend		
Quality %	Score	Rating
99.8% to 100%	5	Gold
97.0% to 99.8%	4	Silver
95.5% to 97.0%	3	Bronze
94.0% to 95.5%	2	Yellow
< 94.0%	1	Red

Scoring Example

Formula										
min(55,	55·	(	184	+ 2·	124	) /	13,079	) =	1.817	Reject Penalty Points
			Receiving Rejects		Line Rejects		Quantity Received			
min(10,	1·		1	/	1	) =	1.000		1.000	SCAR Penalty Points
			Corrective Actions		Suppliers					
min(10,	2·		0	/	1	) =	0.000		0.000	Late SCAR Penalty Points
			Corrective Actions Late		Suppliers					
min(25,	10·	(	1	·	Aging Factor*	) /	1	) =	3.333	Customer Escape Penalty Points
			Customer Escapes				Suppliers			
100 - (	1.817	+	1.000	+	0.000	+	3.333	) =	93.85 %	Red
	Reject Penalty Points		SCAR Penalty Points		Late SCAR Penalty Points		Customer Escape Penalty Points		Total Quality % Points	Rating

Quality Metric Definitions

Metric	Definition
Receiving Rejects	Quantity of defective units found by Harris during receiving inspection.
Line Rejects	Quantity of defective units found by Harris during manufacturing process.
Quantity Received	Total parts received, for comparison with quantities rejected during receiving inspection and manufacturing. This number does not subtract parts that Harris returned. ('return' is different than 'reject'.) If Harris received 10 parts and 'returned' 1, "Quantity Received" is still 10. The individual receipts in the supporting details might show negative quantities for returns, but these quantities are not aggregated together with the positive values.
Corrective Actions	Corrective Actions with notable, negative impact to Harris business. This is the total number of Corrective Actions that are configured to impact the scorecard.
Corrective Actions Late	Corrective Actions where a supplier response was not received by the response due date.
Customer Escapes	Count of defects that were found by Harris customers after Harris product shipment. Each escape defect is counted once regardless of quantity of units impacted.
# of Suppliers	In cases where scoring is performed over sets of multiple suppliers, the supplier count measure is used to average the penalty points across all suppliers in the set. (Ignore this measure for single supplier scoring.)
Total Quality % Rating	Categorized ranking based on accumulated penalty points. See rating legend for more info.

Supplier Rating – Delivery Score



Ratings

Delivery Legend		
% On Time	Score	Rating
99.5% to 100%	5	Gold
98% to 99.5%	4	Silver
96% to 98%	3	Bronze
90% to 96%	2	Yellow
< 90%	1	Red

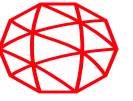
Scoring Example

Delivery Formula								
1 - (43,670 Late, Not Received	+	90,295 Received Late) /	1,940,645 Due	=	93.10 % On Time	Yellow Rating

Delivery Metric Definitions

Metric	Definition
Late, Not Received	Quantity past due, still not received by Harris.
Received Late	Quantity received after the purchase order required due date.
Due	Total parts due for the given period, received or not. This count is taken before considering returns.
% On Time	Categorized ranking based on ratio of late receipts to total due. See rating legend for more info.

Supplier Rating – Composite Score



An overall or composite score is calculated and assigned a color rating based on the supplier's quality and delivery performance.

Suppliers who fall into the “Red” composite Scoring Band will required to develop a recovery plan.
 Falling below scoring expectations could result in a loss of business with L3Harris and new RFQ opportunities.

Scoring Bands	
Overall	Score
Gold	5
Silver	4
Bronze	3
Yellow	2
Red	1

expo Material Supplier Scoring Criteria							
OVERALL			Formula	WEIGHTED Lv1	Score Calculation	Scoring Bands	
	QUALITY	Reject Penalty Points	$\frac{\text{Receiving Rejects} + 2 * \text{Line Rejects}}{\text{Quantity Received}}$		55%		
		SCAR Penalty Points	$\frac{\text{Corrective Actions}}{\text{Suppliers}}$		10%		
		Late SCAR Penalty Points	$\frac{\text{Late Corrective Actions}}{\text{Suppliers}}$		10%		
		Customer Escape Penalty Points	$\frac{\text{Customer Escapes} * \text{Aging Factor}}{\text{Suppliers}}$		25%		
	QUALITY COMPOSITE PERCENTAGE			100%	Quality Score (1-5)	See Quality Chart	
	DELIVERY	On Time Delivery Percentage	$\frac{\text{Late, Not Received} + \text{Late Received}}{\text{Due}}$		100%	Delivery Score (1-5)	See Delivery Chart
	TOTAL COMPOSITE SCORE					$\frac{\text{Quality Score} + \text{Delivery Score}}{2}$	See Overall Chart

Supplier Web Links - <https://www.l3harris.com/all-capabilities/naval-platform-imaging>



L3HARRIS™
FAST. FORWARD.

CAPABILITIES ▼ COMPANY ▼ NEWSROOM ▼

SUPPLIER/CUSTOMER REQUIREMENTS

Procurement Supplier Quality Supplier Portals RMA/Failure Report

[Standard Terms and Conditions](#)
[Contract Specific Terms and Conditions](#)

[Procurement Quality Codes](#)
[Counterfeit Parts Training](#)

[Vendor Disposition Request \(VDR\)](#)
[Vendor Request for Information \(RFI\)](#)
[Manufacturability Improvement Recommendation \(MIR\)](#)
[Corrective Action Request \(CAR\) Response](#)

[Return Material Authorization](#)
[Failure Report Submission](#)



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