



Supplier Quality Manual

CARGO SYSTEMS DIVISION

Revision

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SECTION 1: ANCRA BUSSINESS DESCRIPTION AND INTRODUCITON

Ancra International was founded in 1969 to serve the cargo handling industry with a complete line of cargo restraint and conveyance equipment for the air, truck, rail and marine markets. In 1996 Ancra International became part of the Heico Companies family. The Heico Companies are a diverse, privately held corporation with over 30 separate companies.

Ancra International headquarters is located at:
875 W. 8th street,
Azusa, CA 91702, USA

Ancra International Cargo Systems Division is located at:
2685 Circleport Drive
Erlanger, Kentucky 41018, USA

Since its inception, Ancra International's Cargo Systems Division has evolved into an international leader in the design and manufacture of securement systems for the commercial trucking industry, motor sports industry and military applications. Ancra's innovative approach and flexibility has resulted in advanced designs to meet the challenges and demands, reliability and cost conscious industries. Our engineering and product development groups are continually involved in field evaluations to ensure that Ancra is at the forefront in product improvement and that it maintains a leadership position for customized solutions supporting customer requirements.

SECTION 2: PURPOSE

This manual outlines the minimum expectations and requirements with which suppliers and their sub-contractors must comply when providing material and services covered by the purchase order. Suppliers are fully responsible for the quality and delivery of their products/services and their sub-contractors.

SECTION 3: SCOPE

This manual applies to: Direct, non-production, capital, material, services and sub-suppliers that do business with Ancra – Cargo Division. This manual does not alter reduce any other contractual requirements covered by purchasing documents or requirements of engineering drawings or specifications.

SECTION 4: SUPPLIER ON-BOARDING (NEW SUPPLIER APPROVAL)

Suppliers are expected to complete a Supplier Information Form (document 452) and Confidentiality Agreement (document 255) before any intellectual information is exchanged. New suppliers are subject to a Supplier Quality Survey (document 231) and/or on-site assessment.

SECTION 5: GENERAL EXPECTATIONS

5.1 Basic Quality Expectation

Ancra Cargo expects 100% delivery of zero defect products. This means the supplier should have a zero defect target (0 Defective Parts per Million-PPM or 0 Defect Occurrence). Any defect may result in rejection and consequences, including but not limited to: Return of defective product to the supplier, expedited resupply, charge backs, and any other financial or legal consequence for failing to meet this expectation.

Ancra Cargo recommends that all suppliers strive to be compliant, or be certified to a level of quality consistent with such internal quality standards such as ISO 9000, AS 9000 or TS 16949. The supplier must also meet drawing and shipping/packing/labeling requirements.

It is the expectation of Ancra Cargo that the supplier should develop appropriate processes and procedures for manufacturing, suppliers, labeling and shipping to prevent the occurrence of defects and strive to continually improve upon those processes.

5.2 Lot Traceability and Supplier Manufacturing Code

Ancra requires the purchase order and manufacturing date printed on the product shipping boxes to create lot traceability, as appropriate.

In addition, when applicable, as defined by Ancra drawings or purchase orders, the supplier is required to stamp or otherwise mark their manufacturer code and manufacture date to selected products they, or the sub-suppliers manufacture for Ancra.

Ancra encourages the supplier establish a lot traceability system that tracks components from raw material through inspection and test operations, including rework and sub-supplier procedures.

5.3 Delivery

Ancra expects that the supplier will have 100% On Time Delivery, including quantity and timing requirements required by Ancra or its customers.

Failure to meet delivery requirements will result in the supplier being responsible for premium or expedited delivery as well as any other financial penalties incurred by the late delivery.

5.4 Order Confirmation / Verification

Order confirmation / verification ensures the supplier understands the requirements, has analyzed their capabilities and has the capacity to provide the product or service. Orders shall be confirmed in writing or electronic confirmation. Questions or concerns about this process should be directed to the appropriate Ancra Cargo's authorized procurement representative.

5.5 Cooperative Management Attitude

Ancra Cargo expects supplier top management to share its commitment of meeting quality and delivery expectations through continuous improvements. It is also expected that they will fully support the relationship between our companies and demonstrate flexibility in assisting Ancra Cargo in meeting all of our customer's requirements.

5.6 Communication

Two way communication is a critical factor for success. Appropriate and timely method of communication are needed to relay order information, order verification, pricing, transfer of engineering information, production requirements, time lines and any questions or explanations. Communications are encouraged to be proactive. For e-business capability, the supplier must have at a minimum: e-mail, internet access, an internet browser and document scanning capabilities.

All communications relative to the requirements of the purchase order, engineering information, the specifications, or this manual shall be directed to the appropriate Ancra Cargo's authorized procurement representative.

5.7 Confidentiality & Proprietary Information

Ancra Cargo shall only disclose proprietary information to suppliers on a need-to-know basis in accordance with an established confidential relationship via a signed, active Confidentiality Agreement, (document 255). This information may be in a variety of formats, electronic, written, software, etc.

Suppliers shall also take the utmost care in protecting all proprietary information. This includes notification to Ancra Cargo prior to the transfer of proprietary information to a third party, wherein Ancra Cargo will make the decision to initiate a Confidentiality Agreement with them as well. All originals and copies of proprietary data must be destroyed when they are no longer needed or must be returned to the originating source when requested.

Proprietary documents are not to be disclosed to competitors of Ancra Cargo.

In turn, Ancra will respect and protect the supplier's proprietary information from the supplier's competitors.

5.8 Certification Requirements

Ancra Cargo requires that suppliers submit certificates with **each shipment**; that **ALL** products and components meet the requirements of the purchase order and/or drawing specifications. The certifications must be produced in English, on company letter head and include at a minimum: Part Number, Date and Purchase Order Number used for the product.

Certification Specifications (document 203) describes the need and use of certifications for Ancra. **Certs typically are needed for: Dimension, Material, Performance, Plating/Finish, Heat Treating, Welding, and any special processes or testing requirements (e.g. corrosion salt spray testing).**

5.9 Bar Coding, Labeling, Packing and Pallet Requirements

Product bar coding, labeling and packing requirements are typically defined in one or more of the following documents: Ancra drawings, Supplier Labeling Requirements (Document 202), or purchase orders. Products being shipped on pallets will be required to adhere to the Supplier Pallet Requirements (Document 290).

Unless otherwise agreed upon, the method of packaging and shipment of product may be at the supplier's discretion. Product must be protected against in transit and storage damage, deterioration and contamination, and anything else that would render the product unfit for its intended use. The product shall be packaged so that the product weight and/or size do not adversely impact the type of transportation chosen.

5.10 Hazardous Materials

If any hazard material, (i.e. coating, material, liquids, etc.) apply to products supplied to Ancra, the supplier shall submit a Material Safety Data Sheet (MSDS) with each shipment, and label the product accordingly.

5.11 Inbound Product Requirements

Unless otherwise agreed upon, as appropriate, abide by the Ancra Supplier Ocean Freight Instructions (document 29) and/or the Ancra Inbound Product Requirements, (document 30).

5.12 Right of Access and Source Inspection

Ancra Cargo reserves the right of access to all areas of the supplier's facility and applicable sub-tier suppliers for Ancra Cargo, customer and regulatory agency representatives to verify the products/services. The supplier's quality control, inspection system and manufacturing processes are subject to audit / review, verification and analysis. If the supplier or product are deemed critical to Ancra, they are likely to be audited by personnel from Heico, Ancra or their representatives. The goal is to conduct evaluations on critical suppliers at no less than once per year.

SECTION 6: SUPPLIER QUALITY SYSTEM REQUIREMENTS

6.1 CONTROL OF DOCUMENTS AND RECORDS

6.1.1 Documents

Quality System, Process and Engineering documents should be controlled and approved by management/supervision for adequacy prior to use and to ensure relevant current revisions are in use. The revision status is also to be identified on the documents.

Control includes the review, update as necessary, revision and re-approval of documents and prevention of the unintended use of obsolete documents.

6.1.2 Records

The supplier should define the requirements for the identification, storage, retrieval, retention time and disposition of records. Records are to be maintained and controlled to provide evidence that Engineering, Quality System, Quality, Process, Purchasing and Shipping requirements are being met.

6.2 Process & Product Control

The supplier should identify and plan the production and any other processes or services that directly affect the product quality; and the processes are carried out under controlled circumstances including: documented procedures for production, use of suitable equipment, compliance with reference standards, codes, documented procedures and monitoring control or process parameters. Use of statistics, preventive maintenance and process capability is highly recommended and may be required depending on the product requirements.

6.3 Inspection and Testing

The supplier must establish and maintain a process for inspection and testing in order to verify product requirements are being met. Inspection evaluations should also be performed on incoming product. The supplier must keep records of these inspections to have evidence that the products passed inspections and meet requirements.

The supplier must identify, preserve and calibrate measuring and test equipment with suitable indicators to demonstrate the equipment has been calibrated to an international standard.

The inspection and test status, part number, date of production must be identifiable on the product by suitable means throughout the production process.

6.3.1 Dimensional Inspection/Material Testing

In the event that the supplier does not have the necessary equipment to conduct the required inspections and tests, an accredited third-party inspection source must be utilized at the supplier's expense. Whenever possible, the supplier should provide variable inspection data rather than attribute data.

6.3.2 Material Test Reports

The supplier shall maintain a certified test report for each lot of materials used in the production of the purchased product.

6.3.3 Performance Test Reports

The supplier shall maintain a certified test report for those materials or products that have functional or safety performance test requirements specified on the purchase order, drawing, etc. When applicable, the supplier shall follow Ancra performance testing instructions.

6.3.4 Visual Inspections

Where possible, acceptance criteria for visual inspections may be defined and quantified by enlarged color photographs and/or actual part samples. Ancra Cargo reserves the right to reject any product that exhibits an unusual visual condition.

6.4 Continuous Improvement

The supplier is expected to implement a continuous improvement philosophy to encourage improvements related to quality, cost and delivery. The supplier should maintain records of these improvements. This activity improves the relationship between Ancra and the supplier.

6.5 New Product Assessment & Sample Approval Request (SAR) Process

For a new supplier, or when an existing supplier is submitting a new component or product, these items must be approved by Ancra through the Sample Approval Request Process (SAR) (document 225). The Sample Approval Request process is the method Ancra uses to ensure that the product ordered from its vendors is consistent to the drawings.

When Ancra has multiple or changing vendors for a product, the SAR process is a method to drive consistency in purchased products between vendors.

The continuous improvement philosophy encourages process improvements. However, prior to any modification to a process being implemented, the supplier must complete all verifications and tests necessary (including preliminary capability studies) to ensure that a new process continues to yield components that meet specification. Any changes may need to be approved by Ancra. Changes include, but not limited to:

- Use of a **design, material, finish or process** other than that used in the previously approved part.
- Production from new or modified tools (except perishable tools), dies, molds, patterns, or equipment, etc., including additional or replacement tooling.
- Production from tooling and equipment transferred to or from a different plant location or from an additional plant location.
- Change of a supplier for parts or services (e.g.: Heat treating, plating, welding) that affect customer fit, form, function, durability, or performance requirements.
- Break in production or product produced after tooling has been inactive for volume production for 12 months or more.

Any changes in material includes not only the raw materials, but also chemical compounds or processes (i.e. paints, adhesives, sealers, lubricants, plating, heat treat processes, etc.) which become a part of the finished product; this includes changing to an engineering approved alternate material or any change in the sequence of operations.

Ancra may ask the supplier to use the Ancra PPAP / PSW (document 451 - Production Part Approval / Part Submission Warrant) instead of the SAR form for selected parts that are deemed critical. This process is very similar to the SAR process, but requires more product checks and documentation.

6.6 Nonconforming Product

The supplier is responsible for establishing procedures and controls to ensure that products / services not conforming to the purchase order are identified, segregated, dispositioned, and controlled to prevent inadvertent use. The supplier is responsible to replace any nonconforming material with certified stock. All costs associated with non-conforming material (including freight, handling, material replacement, inspection costs, rework, etc.) may be charged back to the supplier. Upon notification of nonconforming product, the supplier shall initiate a corrective action plan identifying the root cause of the nonconformity and the permanent corrective action.

6.6.1 Material Returns

When nonconforming product is to be returned to the supplier; Ancra Cargo and/or Heico coordinates the return with the supplier.

In the event that the supplier identifies a nonconformance with products or material, they must notify the Ancra Cargo' representative. The supplier must contain and quarantine the suspect lot(s) and withhold shipment of these lots. A representative from Ancra Cargo and/or Heico will work with the supplier to help evaluate and disposition the nonconforming product.

6.6.2 Containment

The supplier is responsible to address containment of the nonconforming product at their facility, in transit and at Ancra Cargo. If suspect product has been shipped, the supplier must notify a representative of Ancra Cargo Purchasing and Quality within 2 business days; and provide complete traceability information for all known or suspect nonconforming product shipped, including, but not limited to: Identification of batch/lot number, purchase order, part identification and dates of shipment. It may be requested that the supplier send a representative to Ancra Cargo within 2 business days of notification to assist in verification and containment of the nonconforming product and to coordinate any required screening or rework activities.

6.7 Corrective and Preventive Action

All suppliers must establish and maintain documented procedures for implementing a system for closed loop corrective and preventive action with disciplined problem solving and mistake proofing methods. The supplier should also keep records of these activities.

SECTION 7: SUPPLIER QUALIFICATION & PERFORMANCE

7.1 Supplier Performance Ratings

The performance rating is limited to critical production material suppliers to Ancra. The purpose of the performance ratings is to have supplier accountability and an objective tool to measure supplier performance. The goal is to conduct the evaluations at no less than once per year.

Criteria for placement and remaining on the Ancra Cargo Approved Supplier List are based on the supplier's ability to consistently deliver defect-free products and/or services, meet the company's delivery requirements, be cost-competitive, and be responsive to Ancra Cargo's needs. A supplier's performance will be monitored. Supplier performance will be measured on their ability to meet the Ancra Cargo requirements for product quality, delivery performance, and responsiveness. Suppliers will be notified periodically of their performance. A supplier must remain in good standing on the Ancra supplier list. Failure to do so will place the supplier in a risk category.

Once a supplier is placed in a risk supplier category, the supplier will be notified by their Purchasing, Quality or other Ancra / Heico representative. The supplier may then be required to submit a corrective action plan for performance improvement, or moved to unapproved status.

7.2 Supplier Scorecard

Scorecards (document 450) are issued for Ancra critical suppliers to have an objective method to track performance. The scorecard will have four metrics. A weighted composite score will be determined with each of the metrics: Delivery (30%), Quality (30%), Cost (20%) and Customer Service (20%).

APPENDIX: REFERENCED DOCUMENT LISTING

29	Supplier Ocean Freight Instructions
30	Inbound Product Requirements
202	Supplier Labeling Requirements
203	Certification Specifications
225	Sample Approval Request Process (SAR)
231	Supplier Quality Survey
255	Confidentiality Agreement
290	Supplier Pallet Requirements
450	Supplier Scorecard
451	PPAP / PSW Form
452	Supplier Information Form