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**BANNER METALS GROUP**

**SUPPLIER REQUIREMENTS**

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## 1.0 INTRODUCTION

- 1.1 The purpose of this document is to communicate Banner's expectations of its Suppliers. This includes Quality, Engineering, Purchasing and Management Guidelines. This document is based on ISO 9001 and AS9100. Further information and/or available publications are found in the bibliography section.
- 1.2 The scope of the Supplier Requirements includes Suppliers that have a direct impact on the product that Banner provides to its Customers. Banner has identified two types of Suppliers, Raw Material (RMS) and Outside Processing (OSP).
- 1.3 For the purpose of this document, the word “shall” indicates a mandatory requirement. The word “should” indicates a preferred approach, but must still meet the intent of this document.
- 1.4 The Supplier should embrace the process approach and risk mitigation when developing, implementing, and improving the effectiveness of their quality management system. This approach stresses the need to consider processes and risks in terms of value added, continual improvement, and customer satisfaction.
- 1.5 Suppliers to Banner make an important contribution to our ability to service our Customers in the manner they expect. In addition to quality and delivery performance, Suppliers shall contribute to product safety, shall prohibit the use of counterfeit products, and shall ensure the absence of foreign objects or contamination. Suppliers shall require and demonstrate ethical behavior.

## 2.0 SUPPLIER TYPES

- 2.1 Raw Material Suppliers (RMS): provide the raw material used to produce, or that is incorporated into, the product that Banner supplies to its Customers. This material could be coil, bar or sheet steel, as well as nuts, bolts, washers, subassembly components, etc.
- 2.2 Outside Processing Suppliers (OSP): provide value-added services to the product that Banner supplies to its Customers. These services could be fabrication, heat treating, machining, packaging, plating, painting, etc.

### **3.0 QUALITY POLICY STATEMENT**

The Banner Metals Group Quality System is committed to the process approach.

Our Quality Objectives are:

- Continual Improvement of the Effectiveness of Our Quality System
- Meeting or Exceeding the Requirements of our Customers
- Promote a Product Safety Management Approach

### **4.0 QUALITY MANAGEMENT SYSTEM**

#### **4.1 General Requirements**

At a minimum, the Supplier should have a Quality Management System that is compliant with the latest revision of ISO 9001. To be considered a fully “Approved” Supplier, the Supplier shall have a fully documented and implemented Quality Management System that is relevant to the services rendered (ISO 9001, AS9100, NADCAP, A2LA, etc.), as well as meet the other requirements laid forth in this document.

#### **4.2 Supplier Status**

Banner will maintain a list of current Suppliers, including their approval status, QMS, and dates of certification. Potential new Suppliers will be evaluated in accordance with Banner Purchasing Methods (QSP-0009). Suppliers that will be included on Banner’s Approved Supplier List (QSBASL-0001) will initially be assigned an approval status of “Conditional”. Any new Suppliers added to the Approved Supplier List will remain at “Conditional” status until receipt and favorable review of all necessary documentation of their quality system, the receipt of the first order with no quality or delivery issues, and a favorable evaluation by Banner as defined by QSR-361 (New Supplier Evaluation Checklist). At this point their status will be changed to “Approved”. Supplier approval status will be reviewed periodically and adjusted accordingly.

### **5.0 BANNER SPECIFIC REQUIREMENTS**

#### **5.1 Control of Records**

Banner will supply any documentation needed to fulfill the requirements of our purchase order. This will include drawings, process specifications, and any other document(s) needed.

Any documents or records created by the Supplier to process our orders are to be controlled, maintained, and available for our review upon request.

Quality records pertaining to our orders must be maintained for a minimum twenty (20) years past the end of the program. The Supplier shall notify Banner prior to disposal.

PPAP's and FAI's are to be submitted to Banner electronically.

- 5.2 The type and extent of control applied by Banner over Suppliers and purchased product will be dependent upon the impact of the purchased product on product safety, subsequent product realization, or the final product, as determined by Banner
- 5.3 The Supplier shall ensure that customer-approved special process sources are used when required.
- 5.4 The Supplier shall apply appropriate controls to their sub-tier providers to ensure that requirements are met. The Supplier shall define the necessary actions to take when their Suppliers do not meet requirements.
- 5.5 The Supplier shall define the requirements relative to notification of suspect or nonconforming product to Banner and arrangement for disposition. Supplier shall notify Banner within 24 hours of an escape.
- 5.6 The Supplier shall ensure the right of access by Banner, our Customers, and/or regulatory authorities to all facilities and records related to supplied parts, both within their organization, and that of their sub-tier suppliers.
- 5.7 The Supplier shall define the requirements for notification of sub-tier suppliers of proper specifications, changes, and key characteristics.
- 5.8 The Supplier shall notify Banner of any changes in product or process definition and obtain proper approval prior to implementing the change. Suppliers shall use the Supplier Process Change Notification (QSR-352) and provide at least 90 days notice.
- 5.9 Material Rejection Notice (QSR-017) shall be used by Banner to notify Suppliers of nonconforming product received at Banner. Containment actions shall be implemented and communicated to Banner within 24 hours of this notice. Nonconforming product will be reviewed by Banner Quality Assurance, and Corrective Action Request (Supplier Quality Notification (QSR-349)) may be issued to Supplier depending on severity of nonconformance.

- 5.10 The Supplier is expected to complete the Corrective Action Request (Supplier Quality Notification (QSR-349)) with a Containment Plan (within 24 hours of notification), and a Root Cause Investigation/Corrective Action plan (within 7 days of notification). Supplier must present evidence of Corrective Action implementation and effectiveness within 45 days of the nonconformity, or the next production run of the affected part, whichever comes first. The Supplier must also 100% sort the next three (3) production runs to ensure that the corrective action has been effective, and the root cause has been eliminated. The shipping containers which contain these three (3) lots must be marked accordingly.
- 5.11 The Supplier shall have a documented process in place to insure against the use of counterfeit products used in the products provided to Banner
- 5.12 The Supplier shall have a documented process in place to prohibit and control any Foreign Object Debris (FOD) within their products delivered to Banner.
- 5.13 The Supplier shall have a system in place to establish Product Safety Awareness for products that Banner identifies as having an impact on Product Safety.
- 5.14 Periodically, Banner may perform a quality audit (on site or electronic survey) of our approved Suppliers who have a direct impact on product quality to review their compliance to Banner's requirements, the effectiveness of their QMS, their documentation controls, and controls applied to their suppliers. Results of said audit will be recorded and communicated via the Supplier Audit Checklist (QSR-354)
- 5.15 Suppliers shall show evidence of approval criteria for their sub-tier providers and maintain a list of their approved suppliers.
- 5.16 Supplier shall only accept agreements and instructions in writing (ex. PO, PO supplements / amendments). Verbal agreements and instructions shall not be construed as approval or authorization.
- 5.17 Unless otherwise specified, the Supplier shall have a documented process to ensure that eye examinations, including visual acuity and color vision, as applicable, are administered by a medical qualified / trained person to all individuals performing visual inspection, other product acceptance activities and / or M&TE calibration that require visual activity.
- Intervals shall not exceed one year
  - Individuals shall be tested in at least one eye, either corrected or uncorrected.

- Color perception testing is required one time only. Individuals shall be capable of adequately distinguishing and differentiating colors used in the method for which certification is required, the process being performed or inspection activity.
- Records shall be retained for each individual.
- Vision tests must adhere to the standards listed below:

Individual Performing...	Shall Be Compliant With...
Visual Inspection (i.e. calibration, non-weld, in process, layout, dimensional)	Near Vision requirements of: -Snellen 14/18, (20/30), or -Jaeger 2
Visual Inspection on Welds	American Welding Society Standard (AWS) D17.1
Nondestructive Testing	Aerospace Industries Association National Aerospace Standard (AIA/NAS) 410
<p>Note: Vision tests may be substituted for the options listed above providing the equivalence is verified and documented by a licensed optometrist or ophthalmologist</p>	

#### 5.18 First Article Inspection (FAI)

Pursuant to AS9100D, for any new purchased finished or semi-finished goods, the Supplier shall use a representative item from the first production run to verify that the production process, production documentation, and tooling are able to produce parts/assemblies that meet requirements. This activity shall be repeated when changes occur that invalidate the original results. The Supplier shall retain documented information on the results of production process verification, and supply those results to Banner upon or prior to the receipt of a new finished or semi-finished good.

## 6.0 SUPPLIER PERFORMANCE

- 6.1 Banner understands that raw material and outside processing Suppliers are key to our strategic objectives. Banner shall review approved Suppliers that have a direct impact on product quality, and that have conducted business with Banner during the previous quarter against key performance indicators (KPI's) defined by the Supplier Performance Report (QSR-203). The results of said evaluation will be communicated to the Supplier.

Those Suppliers with ongoing performance issues may be subject to loss of “Approved” Supplier status, removal from Banner Approved Supplier List, loss of current business, and/or opportunities for future business with our organization.

## 6.2 Supplier Risk Assessment

For Suppliers identified as a Safety Part or Flight Critical Part Supplier, Banner shall conduct an on-site audit prior to being granted Conditional Supplier status. New Suppliers must complete Supplier Risk Assessment (QSR-042), the results of which will be evaluated by Banner (along with additional qualification criteria) before inclusion on Banner’s Approved Supplier List. Current Suppliers shall complete a Supplier Risk Assessment (QSR-042) if observed Supplier risk levels rise due to underperformance or other extenuating circumstances.

## 6.3 Key Performance Indicators

As stated in Sec. 6.1, Supplier KPI’s and objective criteria are defined within the Supplier Performance Report (QSR-203). Quality performance will be Communicated quarterly to Supplier via QSR-203 Supplier Performance Report to those suppliers eligible under Section 6.1. Corrective Action Requests will be issued to Suppliers for nonconformances as detailed in Section 5.9, and additional Corrective Action Requests may be issued for severe Supplier under-performance either related to KPI’s below, any KPI’s that may be listed on the Supplier Performance Report, or as a result of Banner’s general evaluation of performance.

### 6.3.1 Quality Performance

Quality performance is defined by a total number of non-conformances that are generated by a Supplier in a given evaluation period. Banner may, at its discretion, issue a Corrective Action Request to a Supplier if a nonconforming product is received, as detailed in Section 5.9. The Supplier is expected to complete the Corrective Action Request as detailed in Section 5.10. The target performance is **zero nonconformances** in a given evaluation period.

### 6.3.2 Delivery (OTDIF) Performance

On-Time Delivery In-Full (OTDIF) performance is defined as the complete order fulfilled and delivered by the agreed upon date. OTDIF for Outside Processing (OSP) and Raw Material Suppliers (RMS) is considered to be on or before the agreed upon due date of the original purchase order quantity. Any order arriving past the original due date without prior notification, and approval by Banner will be considered late. Banner may, at its discretion, issue a Corrective Action



Request to a Supplier if an order is received after the agreed upon due date, or if the order is received for less than the original purchase order quantity.

For either Supplier type, one day late is not acceptable.

For OTDIF, the "In full" portion will be at the subject to Banner review. This will be done to avoid discrepancies in bulk weigh counting and raw material weights. Also, if a supplier sends Banner an order that is less than the purchase order quantity without communication, and after review by Banner is still found to be deficient, then the Supplier may be penalized via a Corrective Action Request, or other means

The target performance is **98%+ OTDIF** in a given evaluation period

## **7.0 ITAR/EAR COMPLIANCE**

ITAR/EAR compliance applies to suppliers of parts used in U.S. military applications. Any purchase order, quote, specification, print, or document that contains technical data whose export is restricted by the Arms Export Control Act (TITLE 22, U.S.C. SEC. 2778-2780) will be marked as such. Violations of these export laws are subject to severe criminal penalties. Disseminate in accordance with the provisions of DOD Directive 5230.25 Assignment of Non-US Personnel.

In order to assist Banner Metals Group compliance with US Security and Export requirements, supplier shall not assign any persons who are not United States Citizens or aliens granted permanent residency in the United States to work on projects or supply the materials covered under any affected purchase order without first obtaining Banner written approval.

Supplier shall be responsible for ensuring that all personnel it assigns to this work on behalf of Banner has all the appropriate and current licenses and State Department approved documents necessary to perform the work. Supplier shall produce such records at any reasonable time upon Banner's request.

## **8.0 BIBLIOGRAPHY**

AS9100-D	Quality Management Systems –Requirements for Aerospace
ISO 9001: 2015	Quality Management Systems - Requirements
APQP	Advanced Product Quality Planning and Control Plan
PPAP	Production Part Approval Process