

# BANNER

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BANNER METALS GROUP

SUPPLIER REQUIREMENTS

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Document title: **BANNER METALS GROUP SUPPLIER REQUIREMENTS**

Document number: **QSSR-001**

Issuer: **MANAGEMENT REP**

Approved by: **QUALITY ASSURANCE / MANAGEMENT REP**

Organization: **BANNER METALS GROUP**

Organization Abbreviation: **BANNER**

## 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 must contribute to product safety, prohibit the use of counterfeit products, and ensure the absence of foreign objects or contamination. Suppliers are expected to require and demonstrate ethical behavior.

## 2.0 SUPPLIER TYPES

- 2.1 Raw Material Suppliers (RMS): provide the raw material used to produce or 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.

#### **4.2 Supplier Status**

Suppliers will be assigned a status of “approved” or “conditional”. The Supplier status will be listed on Banner Approved Supplier List (QSBASL-0001). A new Supplier will be considered conditional until the receipt of all necessary documentation of their quality system and the receipt of the first order with no quality or delivery issues.

### **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 fifteen (15) years past the end of the program. The Supplier shall notify Banner prior to disposal.

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

- 5.2 The type and extent of control applied by Banner over Suppliers and purchased product will be dependent upon the effect of the purchased product on product safety, subsequent product realization, or the final product.
- 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 define the right of access to sub-tier suppliers by their organization, Banner, our Customers, and/or regulatory authorities to all facilities and records involved in the order.
- 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 Supplier Quality Notification (QSR-349) shall be used to notify Suppliers of nonconforming product received at Banner. Containment actions shall be implemented within 24 hours of this notice.
- 5.10 The Supplier shall submit a formal root cause and Corrective Action for all nonconformities. An 8D or other formal response is acceptable.
- 5.11 The Supplier shall have a 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 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 shall perform a quality audit (on site or electronic survey) of our Suppliers to review their compliance to Banner’s requirements, the effectiveness of their QMS, their documentation controls, controls applied to their suppliers.
- 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 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.

**6.0 SUPPLIER PERFORMANCE RATING SYSTEM**

- 6.1 Banner has determined that raw material and outside processing Suppliers are key to our strategic objectives. Banner shall rate key Suppliers each month and select those who provide the best value to our organization.
- 6.2 Suppliers shall be rated on three measureables:

Quality	70%
On-Time Delivery in Full (OTDIF)	20%
Cost	10%

### 6.2.1 Quality Rating

Quality rating is defined as the amount of defective material or product received each six months divided by the total number of product received for the six months. Quality is measured in pounds per million (PPM) for raw material Suppliers and parts per million (PPM) for outside processors.

0-999	PPM	(0%)	Defective =	70%
1,000 – 4,999	PPM	(.1%)	Defective =	60%
5,000 – 9,999	PPM	(.5%)	Defective =	50%
10,000 – 49,999	PPM	(1%)	Defective =	30%
50,000+	PPM	(5%)	Defective =	0%

### 6.2.2 Delivery (OTDIF) Rating

Delivery rating is defined the complete order is fulfilled on time. Partial orders will be considered late. OTDIF is based on the percentage of on-time material or product. On time delivery for Outside Processing (OSP) is considered to be on or before the agreed upon due date. On time delivery for Raw Material Suppliers (RMS) is on the due date and up to seven calendar days early. For either Supplier type, one day late is not acceptable.

0 – 70%	OTDIF =	0%
71 – 80%	OTDIF =	2%
81 – 87%	OTDIF =	5%
88 - 95%	OTDIF =	10%
96 – 100%	OTDIF =	20%

### 6.2.3 Cost Rating

Our Customers expect Banner to improve our costs each year. We cannot achieve these expectations without the cooperation of our Suppliers. Our cost rating is defined as the Supplier's tendency to change cost either up or down.

Exceptional cost reduction	>3%	=	10%
Some cost savings	1-3%	=	8%
Constant cost	0%	=	6%
Some cost increases	1%-3%	=	3%
Significant cost increases	>3%	=	0%

### 6.3 Performance Rating Scale

TOTAL SCORE	DEFINITION
85% - 100%	<u>Preferred</u> Performance is acceptable. No further action is necessary.
71% - 84.9%	<u>Marginal</u> Performance is approaching unacceptable. Two consecutive marginal ratings require an improvement plan.
0% - 70%	<u>Unacceptable</u> Corrective Action shall be issued with your performance report to address your rating score. The Corrective Action must be completed and closed within 30 days of issue.

### 6.4 Supplier Risk Assessment

Current Suppliers shall complete a Supplier Risk Assessment (QSR-042) annually. New Suppliers must complete the assessment prior to approval in order to be added to the Approved Supplier List. Suppliers identified as a Safety Part Supplier, Banner shall conduct an on-site audit prior to being granted an Approved Supplier.

## 7.0 BIBLIOGRAPHY

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