



ADB SAFEGATE

Supplier Quality Assurance Manual

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Document change history

This document is electronically version controlled; the latest version can be found on <https://adbsafegate.com/about/corporate/supplierportal>

ADB SAFEGATE is not responsible for revision control at supplier locations.

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2 INTRODUCTION

In our pursuit of excellence, ADB SAFEGATE takes a holistic perspective of what it means to be a responsible business in today's world. Our commitment to our stakeholders spans the spectrum of quality in what we deliver to our customers, sustainability in our operations and responsibility towards our employees and the communities we are present in.

Every day at ADB SAFEGATE, we are improving our processes, products, and competences to be best in class in our industry. Equally important is the spirit of true commitment to quality excellence, having a customer-focused approach at heart and a continuous improvement mindset.

This is where you as our supplier and business partner come into the picture. We expect and encourage you to have the same mindset. Both today, with your knowledge and expertise in technologies, and your competitive curiosity for the future.

Quality lies in everything we do. You are selected to deliver the right products and/or services in terms of Quality, Delivery and Cost. But it is beyond all checklists that we can truly create value for ADB SAFEGATE and be capable of delivering exceptional performance for our customers and enhance our agility in the market.

This manual describes the expectations, requirements, formal guidelines, and practices expected of you as our supplier of ADB SAFEGATE.

With this as our common ground, we can **develop and maintain a strong, stable, structured, long-term, and successful partnership** where we proactively and predictively **pursue zero defects, zero delays and zero waste together.**

Excellence in Airfield, Gate and Tower technology...

2.1 Mission & Vision



Our **vision** is to build strong partnerships, and with that TRUST, the ADB SAFEGATE Supply Chain will add distinctive value to our products and services, enhance our agility in the marketplace, and deliver a hard-to-copy competitive advantage.

Our **mission** is to improve our Customer Experience. By building and maintaining collaborative and integrated relationships with our partners, we will apply a systematic, focused approach to identify and minimize Cost and RISK drivers for both ADB SAFEGATE and its Supply Chain Partners.

2.2 Core Values



Trust – “By building partnerships within our Supply Chain.” Striving for consistency, integrity, collaboration, and integration with our core partners.



Accountability – “By taking ownership of our actions.” Accountability is the difference between success and failure; owning our opportunities and creating solutions will translate to a better customer experience.



Collaboration – “By striving for Best-in-Class performance for both ADB SAFEGATE & our Partners.” Identifying and executing on broader strategies and platforms collectively with our partners.



Excellence – “By continually getting better.” Exceeding established goals and objectives by challenging the status quo and listening to our partners.



Commitment – “By focusing on the customer experience.” Demonstrating a positive attitude and striving for Best in Class within our strategic processes and actions.



Agile – “By anticipating our customer’s expectations.” Approaching the development and management of the Supply Chain with our partners with flexibility and pragmatism both as a whole and/or on individual drivers of focus.



Sustainability – “By being cognizant of our business impacts on our stakeholders and the environment.” Creating value add levers within our Supply Chain with a focused goal of achieving business resilience, while preserving the environment for future generations.

2.3 Quality, Health, Safety & Environmental Policy (QHSE)

All our products and services comply with internationally recognized standards and regulations, in terms of both quality and environmental impact with the constant aim to eliminate any safety hazard. The [QHSE policy](#) is evident in all relevant processes with risk management and controls maintained throughout development, production, and delivery in accordance with ISO 9001, ISO 14001 and ISO 45001 standards.

Promoting a responsible QHSE culture is an important part of our commitment to our employees, customers, and communities where we operate.

Our ADB SAFEGATE QHSE policy is based on a strategy which is fundamental to the company, with:

- Continuous improvement
- Focus on customer satisfaction worldwide
- Leading edge technology and innovative solutions to reduce our environmental footprint
- Legal and regulatory compliance
- Our code of conduct
- Continuous employee development
- Shared responsibility within all the employees

ADB SAFEGATE requires suppliers complying with our [code of conduct](#). We as well prefer suppliers to have a documented / certified quality management system (QMS), ISO9001 or equivalent, a health & safety, and an environmental certification. Exemptions can be made by ADB SAFEGATE on a case-by-case basis. In cases where the supplier does not have documented/certified QHSE management system, ADB SAFEGATE reserves the right to audit the supplier as part of the qualification process.

3 QUALITY & ENGINEERING

The purpose of this section will define quality and engineering requirements to ensure a successful partnership between ADB SAFEGATE and our suppliers. This section documents the required quality and engineering standards for products and services purchased from suppliers; as well as outlines ADB SAFEGATE's overall expectations.

3.1 Expectations for our Suppliers

ADB SAFEGATE's quality standard is zero (0) defects parts per million (PPM) and zero (0) documented defective claims. Suppliers must be capable of providing defect-free product that meets design record. All documents will be submitted to ADB SAFEGATE in English.

Suppliers are expected to **take initiative!**

Incoming Inspection

- Optimized quality assurance measures and inspection at supplier
- Avoid double-work without compromising quality
- If failures occur, use sustainable problem-solving methods (8D, A3, etc.)

Initial samples

- Initial samples are perfect – avoid recursions
- Supplier self-declaration of part conformity (warrant): confirmation, all requirements fulfilled
- Use part family release over single part release
- Use of electronic documentation for sample inspection report

Capability and audits

- Self-driven measures for continuous improvement and control plans
- Process capabilities, process reviews, sustainable failure prevention
- Use 3rd party audits to improve your processes
- Use of remote technologies (e.g., MS Teams)

3.2 Supplier Qualification

ADB SAFEGATE will send out one of two versions of the New Supplier Packet, depending on the type of new supplier being entered.

Any supplier who is providing a service only must fill out a New Supplier Information Form (Q1018S).

Any supplier who is a manufacturer or distributor must fill out New Supplier Information Form (Q1018) and additionally, it includes a Non-Disclosure Agreement (NDA) that must be signed by management prior to the supplier being approved. This packet also includes a Supplier Quality System Assessment (Q0699).

3.3 Supplier Requirements

ADB SAFEGATE uses manufacturers, distributors, contract assembly/manufacture, and service centers in manufacturing. Selection and Qualification differ for each type of supplier.

- **Manufacturer:** ADB SAFEGATE selects manufacturers based on capabilities and quality of product delivered. ADB SAFEGATE may visit manufacturers – as time and distance permit – to ensure that the supplier and ADB SAFEGATE understand all capabilities, quality requirements, purchasing interfaces, etc. In the absence of a site visit, the supplier may have a Quality Management System (registered or not) or may fill out a Supplier Quality System Assessment and submit the information to ADB SAFEGATE.
- **Distributor:** ADB SAFEGATE selects distributors based on quality, service, and delivery performance. ADB SAFEGATE may visit a distributor; however, visits and site surveys are not required as the distributor does not make any of its own products.
- **Contract Assembly / Manufacturer & Service Sites:** ADB SAFEGATE selects Contract Assembly / Manufacture and Service Sites based on services offered and quality of product. ADB SAFEGATE may make a site visit to ensure capabilities meet ADB SAFEGATE requirements and that the quality of product is acceptable. In the absence of a site visit, the supplier may have a Quality Management System (registered or not) or may fill out a Supplier Quality System Assessment and submit the information to ADB SAFEGATE.

ADB SAFEGATE will monitor the quality performance of its suppliers. If quality problems arise, ADB SAFEGATE shall interface with the site to resolve quality problems. Failure to resolve quality problems may result in supplier disqualification.

3.4 APQP – Advanced Product Quality Planning

Suppliers are expected to implement Advanced Product Quality Planning (APQP) activities to communicate and ensure timely, high-quality product development. APQP status reports or output documents for this process may be requested by ADB SAFEGATE.

3.5 PPAP – Production Part Approval Process

Suppliers are **required to submit PPAP's** for all ADB SAFEGATE production level components and assemblies **prior to the first shipment of production parts** (C Samples). The PPAP level is based on the commodity of the part and criticality. There are 5 PPAP levels and the Supplier will be informed by ADB SAFEGATE which level to be submitted. Unless otherwise defined, the default PPAP level 3 applies. ADB SAFEGATE reserves the right to request and audit annual layout data.

PPAP's may be submitted on supplier formatted documents. PPAP forms (Q0706) are also available through ADB SAFEGATE upon request.

Suppliers must retain copies of documentation items at appropriate locations.

PPAP's are mandatory for the following conditions:

- New part (custom) / FAI (first article inspection)
- Tool moves or additional production facilities
- Design change (ADBSG Engineering Change Request)
- New or modified tool
- New or optional material / color
- Optional constructions
- New sub-contractors
- Significant process changes
- As deemed necessary by ADB SAFEGATE.

All costs related to PPAP submissions are the responsibility of the supplier. ADB SAFEGATE will not authorize additional payment to a supplier for submission of a PPAP. Contact your ADB SAFEGATE buyer for specific contract terms.

	Level 1	Level 2	Level 3	Level 4	Level 5
Part Submission Warrant (PSW) : Summary of entire PPAP submission.	S	S	S	S	S
Samples : from initial production run.	S	S	S	S	S
Design Records : copy of drawings, specifications standards, material specs, engineering changes.	IA	S	S	S	S
Dimensional Results : Measurement report listing every dimension with pass/fail assessment.		S	S	S	S
Material / Performance testing Results : Summary of every test performed on the part		S	S	S	S
Appearance Approval Report (if applicable) : Typically includes images and evaluation of physical appearance of the finished products		IA	IA	IA	IA
Packaging Specification Form : to show the final packaging design of the product		S	S	S	S
Process Capability (if applicable) : Shows that critical processes are reliable using SPC			IA	IA	IA
Process Flow Diagram : All steps in manufacturing process incl. measurement, and inspection.			S	S	S
Control Plan : Detailed plan for how quality will be implemented to ensure a stable and reliable process.			S	S	S
MSA (Measurement System Analysis) Studies : Can be ADB Safegate GRR format or any statistical package format for gage R&R.			IA	IA	IA
Design FMEA (if applicable) : Required only if supplier is responsible for part design.				IA	IA
Process FMEA : Prediction of a potential process failure that could occur during production.				S	S
Process Audit : At supplier's manufacturing location performed by ADB Safegate.					S

S = **Submit**. Required PPAP element that must be submitted to ADB SAFEGATE.

IA = **If Applicable**. Documents on case-by-case basis must submit to ADB SAFEGATE only if applicable.

Blank = Not required.

3.6 FAI – First Article Inspection Parts

Samples for any part submitted for PPAP are to be provided with the following information:

- Clearly labelled "FAI – Samples."
- ADB SAFEGATE contact person
- ADB SAFEGATE part number
- ECN number (if applicable)
- Batch number / Production date
- Quantity of items in delivery
- Copy of supplier article inspection report

3.7 Process Change Control

All change proposals must be communicated, and approved upfront of any delivery, to the ADB SAFEGATE purchaser using a Part / Process Change Request. These change types include, but are not limited to:

- Material changes
- Design changes
- Process changes
- Manufacturing location changes
- Sub-supplier sourcing changes
- Tool changes

Suppliers moving production tooling, resourcing a sub-supplier, etc. must notify the ADB SAFEGATE buyer with the Part / Process Change Request (PCR), and gain approval prior to executing the change. Suppliers must propose a detailed, comprehensive move plan that includes, but is not limited to, location addresses, dates, bank stock requirements, risk assessment, PPAP timing, etc.

Part / Process Change Request forms (Q0697) are available through ADB SAFEGATE upon request.

4 NON-CONFORMITY PRODUCT CONTROL

Suppliers must have procedures in place to prevent non-conforming product from escaping their process resulting in shipment to ADB SAFEGATE.

4.1 Deviation Requests

The supplier must formally notify ADB SAFEGATE as soon as they become aware of any facts suggesting nonconforming product may have been produced and/or shipped to ADB SAFEGATE. The supplier shall submit a Deviation Request to the ADB SAFEGATE for evaluation. If the deviation is approved, the supplier will be authorized to ship deviated product for a specific quantity or period. This is intended as a temporary allowance unless otherwise specified by the engineering entity.

Deviation requests may be submitted on supplier formatted documents as long as they clearly contain defective product description and quantity, risk assessment and consequences of the deviation, root cause, containment and corrective actions. Supplier Deviation Request forms (Q0696) are available through ADB SAFEGATE upon request.

All deviated product must be clearly identified on the external packaging and must have appropriate traceability. If the deviation is not approved, the supplier shall not release deviated product to ADB SAFEGATE. Unapproved product will be rejected and counted as a defective claim towards the supplier's PPM and supplier Scorecard rating.

4.2 Supplier Corrective Actions

Suppliers are required to respond to all corrective action requests (CAR's) using an 8D problem solving method and will at minimum include completion of ADB SAFEGATE's corrective action request.

All efforts to identify root cause should be taken with updates provided to ADB SAFEGATE regularly. A specific corrective action update schedule will be established with suppliers based on the risk assessment and impact of the issue. Problem solving methods should utilize a team approach including statistical and mistake proofing techniques. Corrective actions that involve process change require the supplier to provide updated Process Failure Modes and Effects Analysis (PFMEA) and Control Plans. Operator training and procedure violations are unacceptable root causes, a deeper investigation is required to identify the underlying root cause(s). Product layout data may be requested.

All defective claims identified and communicated to a supplier require containment actions within 2 working days; including, disposition of all parts at and/or in transit to ADB SAFEGATE. All certified material shall be identified with the associated claim number or other specified criteria. This label will be near all barcodes on the container and clearly visible. The supplier is responsible to provide updates to all interim activity through to final verification.

Validated corrective action measures that ensure prevention of the defective condition must be communicated to ADB SAFEGATE based on the claim risk ranking within the time specified below of the original defect notification date:

Risk Assessment	Response Time
(1) Quality Hold	2 working days
(2) Major	10 working days
(3) Medium	15 working days
(4) Minor	20 working days
(5) Product Improvement	60 working days

4.3 Corrective Actions Effectiveness

Continual quality concerns will significantly affect a supplier’s opportunity for additional business with ADB SAFEGATE. Suppliers are expected to use “Lessons Learned” or similar methodologies to eliminate potential risk factors and prospective defects. Suppliers shall apply all analysis findings and action items to similar processes within their manufacturing facility. When corrective actions do not eliminate the defective condition, the supplier must re-evaluate the root cause and establish a new and effective corrective action. Continued failures may result in formalized quality improvement activities as determined by ADB SAFEGATE.

4.4 Accountability & Cost to Quality

Suppliers are selected based on their ability to provide cost effective, superior, defect-free products; expert knowledge of their product and manufacturing processes; and responsive and proactive support. With these expectations, suppliers may be held accountable and responsible for all costs incurred due to defective product identified during ADB SAFEGATE’s manufacturing/installation, or end-customer use of the product.

Suppliers may be responsible for all costs incurred while the defect situation is contained and remedied. Items such as, but not limited to the following, may be charged to the supplier:

- Recovery costs due to a product recall or warranty claim
- 3rd party sorting or reworking costs
- Labor for sorting or reworking of raw stock
- Labor for sorting or reworking finished goods
- Labor for sorting or reworking of finished goods installed in the end customer product

- Scrapping or reworking of 'finished goods' due to defective supplier product
- Reimbursement or replacement of defective raw material
- Shipping fees related to return of defective product
- Fees and taxes related to scrapping of material
- Warehousing/storage fees accumulated through to disposition of suspect product
- All necessary travel, lodging, and meals
- Rework or repair materials, tooling, gauges, testing equipment, or 3rd party testing
- Excess and additional freight charges and air shipments
- Production downtime at ADB SAFEGATE manufacturing facility
- Production overtime at ADB SAFEGATE manufacturing facility
- Production downtime at customer locations
- Administrative, corporate, and management support fees
- Follow up actions and assessments, as appropriate
- Any other fees associated with a defective condition

All costs are calculated based on local currency using standard person-hour labor rates established by ADB SAFEGATE. Appropriate debits are issued to the supplier.

4.5 Field Escapes

It is in ADB SAFEGATE's & suppliers' best interest to solve end-customer quality issues as soon as possible. When a customer quality issue is identified as potentially related to supplier delivered parts, the supplier may receive a notification letter regarding the pending issue/investigation. If determined necessary, supplier is expected to participate to the root cause analysis and to implement corrective actions.

Suppliers are be expected to:

- Attend and actively participate to the issue resolution
- Provide requested information/support to ensure a timely resolution
- Conduct a parts analysis review
- Conduct a mutual cause analysis
- Estimate future occurrence
- Provide lot traceability
- Evaluate the scope of the issue (number of batches, time, quantity, etc.)
- Propose containment and corrective actions

5 WARRANTY

Supplier warrants that all goods and services will be furnished in strict accordance with the provisions of the [ADB SAFEGATE Purchasing Terms and Conditions](#), Purchase Orders issued hereunder, and the specifications, drawings and other descriptions furnished by Buyer or Supplier; will be free of defects in design, workmanship and material; will be merchantable and fit for the purposes for which such goods and services are intended; and will comply with all international, national, federal, state and local laws, rules, regulations and standards relating to such goods or services. Supplier further warrants title to the goods and that the goods will be delivered free and clear of claims or encumbrances.

Buyer's approval of Supplier's drawings shall not relieve Supplier of any of its warranties. The warranties of Supplier shall survive inspection, test and acceptance and shall run to the Buyer and its customers. Supplier's rights and remedies for any breach of the foregoing warranties shall be as set forth under the clause "Inspection," in addition to those rights and remedies provided elsewhere in this order or by law. Supplier's warranty shall be effective for a period of twenty-four (24) months after Buyer's acceptance. Additional warranty may be purchased at a rate of one percent (1%) of the material price for each additional year of warranty, or at no cost with the written consent of the Supplier.

6 REACH & ROHS

Suppliers are required to deliver products according REACH EU regulation EC 1907/2006. Further, supplier must inform ADB SAFEGATE (downstream user) if delivered products exceed the substance of very high concern (SVHC) content >0.1% weight by weight (w/w).

Suppliers are required to deliver products according RoHS directive 2011/65/EU if applicable. Compliance statements must be provided.

7 SUPPLIER SUB-CONTRACTING

Suppliers shall not sub-contract any product without approval by ADB SAFEGATE (see Process Change Control). Suppliers are responsible for sub-contracted products and services used in product sold to ADB SAFEGATE. It is expected that suppliers work closely with their sub-contractors and monitor their quality level. Sub-supplier development activity is encouraged. ADB SAFEGATE reserves the right to request and perform necessary assessments at sub-contractor facilities.

8 SUPPLIER RATINGS

The ADB SAFEGATE Supply Chain department shall monitor supplier performance and provide suppliers with objective feedback to gauge their effectiveness in meeting ADB SAFEGATE material and service needs.

8.1 Supplier Scorecard

Supplier performance feedback shall be provided at least semi-annually. Performance monitoring shall be limited to those suppliers who have evidenced a significant volume of ADB SAFEGATE business over the past year. ADB SAFEGATE Supply Chain shall determine the applicable suppliers at the beginning of each ADB SAFEGATE fiscal year. Five specific areas shall provide the primary performance criteria:

- **Quality:** ADB SAFEGATE shall track the number of instances that
 - Product is rejected via PPM analysis.
 - A delivery has been rejected over a quality notification
 - The reimbursement of costs caused by the supplier
- **Delivery:** ADB SAFEGATE Supply Chain shall compare the receipt date for each line item on a specific contract with the supplier's promised date to gauge the Supplier's on-time delivery performance. The percentage of "On Time" delivery purchase order lines shall comprise the basis for rating in this category.
- **Cost Performance:** ADB SAFEGATE shall compare the Standard Factory Cost for each item that the supplier provides with the supplier's invoiced price for the item. ADB SAFEGATE may also consider additional elements for cost reduction, such as labor savings, overhead savings, etc. The total variance shall be compared with the value of all orders for the fiscal year to determine the overall rating for this category.
- **Communication:** ADB SAFEGATE will evaluate each supplier on the effectiveness & responsiveness of their communication. This would be evaluated by all departments who would interact with the suppliers, including, but not limited to: Supply Chain, Quality, Engineering, & Receiving.
- **Product Development:** ADB SAFEGATE will evaluate each supplier on their ability & willingness to share their industry knowledge during the new product development phase. This would be evaluated by all departments who would interact with the suppliers, including, but not limited to: Supply Chain & Engineering.

ADB SAFEGATE reserves the right to award the key suppliers who have performed the best across all five categories.

8.2 Delivery Objectives

Suppliers are **expected to deliver 100% on time**. On-time delivery (OTD) performance is measured based on the delivery confirmation date provided by the supplier. Delivery performance data is included in the Supplier's Scorecard rating. Supplier is expected to provide timely updates to the ADB SAFEGATE buyer on changes in delivery time. Quality problems are no justification for fluctuations in on-time delivery. Suppliers may be held responsible for all extraordinary costs incurred when delivery timing is not met including, but not limited to line down charges at the affiliate or customer, expedited freight, administrative fees, etc.

8.3 Supplier Escalation

An important foundation of our business is that our suppliers provide a consistently high level of quality performance, on time. Failure to do so negatively impacts upon the expectations and the relationships that ADB SAFEGATE has with its customers. The demanding requirements of our industry dictate that where necessary, problematic suppliers are subject to an escalation process under which they will be the subject of increased focus and support. ADB SAFEGATE employs such a process, using a data driven performance approach, concentrating on those who have high impact and / or chronic quality problems & supply related issues. A focused ADB SAFEGATE team will then help identify and address systemic issues at suppliers, driving immediate improvements.

Escalation Level	Status	Consequence	Entrance	Exit
Level 0	Above Conditional - Platinum Partner Key Approved	No Issue		
Level 1	Conditional	No new product awarded	1. Scorecard performance at Conditional level for ≥ 3 months	1. Scorecard performance moved from Conditional level to Above Conditional level for ≥ 3 months
Level 2	Unsatisfactory	No new product awarded No new POs issued	1. Scorecard performance at Conditional level for > 3 months, but ≤ 6 months -or- 2. Scorecard performance at Unsatisfactory level for ≥ 3 months	1. Scorecard performance moved from Unsatisfactory level to Conditional level for ≥ 3 months
Level 3	De-sourced	Removed from system All business moved to new suppliers* <u>*Must be approved by staff</u>	1. Scorecard performance at Conditional level for > 6 months -or- 2. Scorecard performance at Unsatisfactory level for > 3 months	1. Supplier must reapply via the New Supplier Process

9 SHIPPING & PACKAGING

9.1 Shipping Instructions

Suppliers shipping product to ADB SAFEGATE and charging the freight should use ADB SAFEGATE preferred partner to set up the shipment.

9.2 Packaging

It is ultimately the **supplier's responsibility to ensure that parts arrive** at the ADB SAFEGATE manufacturing location **in good and ready to use condition**, without damage.

Suppliers must:

- if noted, use ADB SAFEGATE specified packaging; or,
- use packaging that withstands the various dynamics of all transportation methods for land, air, and sea over an extended transportation timeframe (30+ days in transit),
- respect the [ADB Safegate Packaging Terms & Conditions \(Q1299\)](#).

9.3 Supplier Lot Traceability

Suppliers are required to maintain lot traceability of all materials back to the point of origin if suspicious material would need to be isolated and a positive recall required.

Each container of material must be physically marked with the following information.

- Customer Part Number
- Customer Part Revision
- Customer Purchase Order (PO) Number
- Lot Number
- Quantity
- Manufacturing Date
- Country of Origin (if necessary)
- Packing List

Refer to Supplier Documentation or Barcode Label for information regarding barcode labels and its approval process.

9.4 Supplier Product Information Checklist for informed Compliance (US specific Requirements)

Refer to **APPENDIX A** at the end of this manual for the Product Checklist Questions.

The purpose of this checklist is to communicate to ADB SAFEGATE's suppliers what is required for the products they are supplying to be imported into or exported from the United States in accordance with the laws and regulations set forth by U.S. Customs & Border Protection. Primarily these instructions deal with the Customs processes, documentation preparation and document distribution. It is also utilized for reference documentation for the exporting of any parts within ADB SAFEGATE products.

While we are attempting to provide detailed information on the proper procedures for preparing shipping documents for Customs purposes, suppliers are required to exercise reasonable care in gathering updated information to abide by each government's compliance statutes. The information provided here is a tool and is by no means intended to include all required instructions and/or documents. It is the supplier's responsibility to know what is necessary and comply with any unique laws or statutes.

ADB SAFEGATE cannot efficiently manufacture and sell its products unless all suppliers comply with the instructions contained herein. These instructions are designed to reduce the non-value-added costs associated with repeated phone calls, letters, and follow-up activity necessary when all the required information to make entry is not provided. Suppliers who fail to comply with these instructions could face penalties for failure to comply.

Any questions concerning these instructions should be directed to your contact in ADB SAFEGATE's Purchasing Department. If that individual cannot answer your questions, they will contact the Customs Compliance Department.

9.5 Item Description & HTS US Code (US specific Requirements)

For ADB SAFEGATE's Customs Broker to accurately classify imported goods, a necessary process for any imported good, and accurate and complete description of each good (i.e., each part number) is required on the commercial invoice. It is the description for each good that is:

- Utilized by the Customs Broker to classify (i.e., assign a Harmonized Tariff Code) each good.
- It is the Harmonized Tariff code that determines the duty to be paid by ADB SAFEGATE.

Based on the foregoing process, an accurate or incomplete description can have adverse consequences for ADB SAFEGATE. Namely,

- An overpayment of duty.
- An underpayment of duty, resulting in additional fines and/or penalties.
- Delay a shipment pending written clarification from the supplier to ADB SAFEGATE's Customs Broker prior to release of the goods by Customs authorities.

It is beyond the scope of these instructions to provide specific guidelines to describe all goods that ADB SAFEGATE purchases. However, as a rule, if the description of the good answers the following questions, the broker will be in a better position to accurately classify the goods for Customs.

- What are the goods?
- What are the goods made of?
- What are the physical characteristics of the goods?
- What are the chemical properties of the goods?
- What are the goods used for?

In addition, supplier may be asked to provide pictures, brochures, samples, etc. of the product provided to ADB SAFEGATE. Please be prepared to respond to any inquiries of this nature in a timely manner.

If you know the correct tariff code as designated by US Customs & Border Protection, then it should be provided. If you are in doubt as to the accuracy of descriptions that you use, please consult your customs broker or your legal staff.

Information on the Harmonized Tariff Schedule of the United States can be found at: <http://hts.usitc.gov/>

You are encouraged to review this web site and provide a product description in a manner like that used in the Harmonized Tariff Schedule.

10 ADDITIONAL PREFERRED PRACTICES

10.1 5S Practices

Supplier is expected to follow 5S principles. The supplier's manufacturing areas are well lit, free of clutter, clean and safety practices are evident that prevent injury.

10.2 EDI – Electronic Data Interchange Requirements

Two-Way electronic supplier communication shall be enabled, if applicable, to have all data coming from an ERP system without manual data downloads. Firm releases or purchase orders and shipment notifications are the minimum requirement. EDI is the traditional tool used to communicate forecasts to suppliers.

Suppliers shall have a backup method in the event the organization on-line system fails.

10.3 Contingency Plans

Contingency plans shall be in place to ensure ADB SAFEGATE deliveries and other requirements are met despite emergencies that arise such as utility interruptions, labor shortages, key equipment failure, back up records (i.e., quality documents, traceability documents, measurement data) and field returns.

- Suppliers need contingency plans for all sub-facilities that produce or ship direct materials to ADB SAFEGATE.
- Suppliers also need contingency plans for all sub-suppliers and/or high-level raw material partners to the best of their abilities to ensure that ADB SAFEGATE'S shipments are not impacted.

10.4 Risk Analysis

Suppliers are expected to use and perform risk evaluation and mitigation techniques within their processes to ensure ADB SAFEGATE quality and delivery is not impacted.

Suppliers may be subject to a risk analysis by ADB SAFEGATE to document, evaluate and mitigate unacceptable risk. Suppliers may also be required to assist ADB SAFEGATE with additional information to help complete this assessment.

11 SIGNATURE

Executed in _____ (place) on __ / __ / ____ (date)

_____ (Supplier name & stamp)

_____ (signature)

Name:

Title:



12 APPENDIX A – PRODUCT CHECKLIST FOR INFORMED COMPLIANCE

- What is the ECCN (Export Control Classification Number) for this item?
- If an ECCN is 5D003ENC3, 5A002xxx, 5A992xxx, 5D002xxx or 5D992xxx; What are the CCAT codes (Commodity Classification Automated Tracking System) associated with these items?
- What is the US 10-digit HTS (Harmonized Tariff Schedule) number for this item?
- If the schedule B number is different than the HTS number what is the schedule B number?
- What is the Country of Origin for this item?
- Are there any ITAR (International Trafficking in Arms Regulations) concerns with this item?
- Is there a NAFTA North American Free Trade Agreement Certificate available for this item?
- Intellectual Property Rights: Does this merchandise or packaging bear or use any trademarks or copyrighted matter or are patented? Is it subject to an International Trade Commission?

- Intentionally left blank -



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