

Supplier Manual

Branco

Table of Contents

SECTION 1: POLICIES, MISSION AND GUIDING PRINCIPLES	6
1.0 BRANCO SUPPLIER CODE OF CONDUCT	6
OVERVIEW	6
SUPPLIER RESPONSIBILITIES	6
KEY OBLIGATIONS	6
ENVIRONMENT	7
HEALTH AND SAFETY	7
CONFIDENTIAL INFORMATION	7
AFFIRMATIVE MEASURES (NON-DISCRIMINATORY)	7
1.1 POLICIES, MISSION AND PRINCIPLES	8
GLOBAL SOURCING QUALITY POLICY	8
MISSION STATEMENT	8
VALUES AND BELIEFS	9
RELATIONSHIPS WITH EXTERNAL SUPPLIERS	9
SUPPLY CHAIN & ENGINEERING	10
1.2 SUPPLIER'S RESPONSIBILITY FOR QUALITY	10
1.3 REQUIRED DOCUMENTATION	10
1.4 BUSINESS INTERRUPTION	11
1.5 ENVIRONMENTAL REQUIREMENTS FOR MATERIALS, PARTS AND PRODUCTS	11
GENERAL	11
NOTIFICATION PROCEDURES	11
 SECTION 2: COMMUNICATIONS	 12
2.0 OUR FACILITIES	12
2.1 SUGGESTIONS FOR IMPROVEMENT	12
2.2 CONSIGNMENT AND SUBCONTRACTING	12
CYCLE COUNTING RESPONSIBILITY	12
2.3 TOOLING IDENTIFICATION	12
 SECTION 3: SUPPLIER DEVELOPMENT (CONTINUOUS IMPROVEMENT)	
PROCESS	13
3.0 WHAT IS SUPPLIER DEVELOPMENT	13
3.1 THE MISSION OF SUPPLIER DEVELOPMENT	13

3.2	SUPPLIER DEVELOPMENT METHODOLOGY	13
	BRANCO SUPPLIER DEVELOPMENT PROCESS	14
SECTION 4: STANDARDS FOR SUPPLIER QUALITY SYSTEM		15
4.1	QUALITY SYSTEMS DOCUMENTS	15
4.2	SYSTEMS CONCEPTS	15
	4.2.1 COMPONENTS OF A QUALITY SYSTEM	15
4.3	QUALITY ASSURANCE ORGANIZATION	16
	4.3.1 MANAGEMENT POLICY FOR QUALITY	16
	4.3.2 MANAGEMENT PARTICIPATION	16
	4.3.3 COMMITMENT TO IMPROVEMENT	17
	4.3.4 MANAGEMENT REVIEW	18
4.4	ADVANCED QUALITY PLANNING	18
4.5	CHANGE CONTROL	19
4.6	PURCHASED MATERIAL	20
	4.6.1 INCOMING MATERIAL	20
	4.6.2 MANAGEMENT OF SECONDARY-SUPPLIERS	20
4.7	IN-PROCESS MATERIAL CONTROL	21
	4.7.1 OPERATING METHODS	21
	4.7.2 CONTROL PLANS	22
	4.7.3 STATISTICAL PROCESS CONTROL	23
	4.7.4 INSPECTION RECORDS AND TRACEABILITY	23
	4.7.5 PERFORMANCE	23
	4.7.6 MATERIAL CONDITION	23
	4.7.7 PREVENTIVE MAINTENANCE	24
4.8	GAGE CONTROL	24
	4.8.1 CALIBRATION	24
	4.8.2 APPLICATION AND MAINTENANCE	24
4.9	MATERIAL REVIEW	25
	4.9.1 REVIEW REQUIREMENTS	25
	4.9.2 TEMPORARY DEVIATION REQUESTS	25
	4.9.3 NON-CONFORMING MATERIAL HANDLING	26
4.10	FINAL AUDIT / TEST	26
4.11	GENERAL HOUSEKEEPING	27
4.12	PACKAGING AND HANDLING	27

SECTION 5: SUPPLIER QUALITY SYSTEM SURVEY	28
5.1 WHEN SURVEYS ARE CONDUCTED	28
5.2 PREPARATION	28
5.3 METHODOLOGY	29
5.4 THE ENTRANCE BRIEFING	29
5.5 THE SURVEY	29
5.6 THE CLOSING CONFERENCE	29
5.7 MINIMUM RATING REQUIREMENTS	30
5.8 DISTRIBUTION OF RESULTS	31
5.9 SUPPLIER SELF SURVEY	31
5.10 RE-SURVEY REQUIREMENTS	31
SECTION 6: FAD	32
6.1 FAD – FINAL ASSEMBLY DOCUMENT	32
SECTION 7: SUPPLIER EVALUATION	33
SUPPLIER SCORECARD	33
7.1 SUPPLIER DEVELOPMENT FOR CONTINUOUS IMPROVEMENT	33
7.2 REDUCTION OF INCOMING INSPECTION	33
7.2.1 SKIP LOT	33
7.2.2 ANNUAL AUDIT	34
7.2.3 REVOCATION OF SKIP LOT	34
7.3 CORRECTIVE ACTION (8D) – PROBLEM RESOLUTION	34
7.4 SUPPLIER PERFORMANCE RATING	35
7.5 SUPPLIER DEBIT PROGRAM	35
SECTION 8: PACKAGING REQUIREMENTS	36
8.1 INTRODUCTION	36
8.2 GENERAL PACKAGING GUIDELINES	36
8.2.1 PACKAGE DESIGN	36

8.2.2	PARTS PROTECTION	37
8.3	PACKING LIST	37
SECTION 9: LABELING		38
9.1	INTRODUCTION	38
9.2	LABEL DEFINITIONS	38
9.3	LABEL CHARACTERISTICS	39
9.4	SAMPLE VERIFICATION	39
9.5	PART LABEL AND LOCATION	39
SECTION 10: LOGISTICS AND CUSTOMS COMPLIANCE		40
10.1	LOGISTICS REQUIREMENTS OVERVIEW	40
10.2	DOMESTIC TRANSPORTATION	40
10.3	INTERNATIONAL TRANSPORTATION IMPORTS/EXPORTS	40
10.4	SUPPLY CHAIN SECURITY	40
10.5	SUPPLIER DOCUMENTATION REQUIREMENTS	41

SECTION 1: POLICIES, MISSION AND GUIDING PRINCIPLES

1.0 BRANCO SUPPLIER CODE OF CONDUCT

OVERVIEW

Since 1936, BRANCO has a permanent commitment to quality, ethics and the development of pioneering and efficient solutions, which meet the applicable requirements, ensuring the continuous improvement of its actions and aiming to meet the expectations of customers and other interested parties.

BRANCO's commitment to integrity and social responsibility includes extends to its diverse and worldwide supply base. To ensure that suppliers conduct business with a high degree of integrity and in a socially and environmentally responsible manner, each BRANCO supplier is required to adhere to this Supplier Code of Conduct.

SUPPLIER RESPONSIBILITIES

Each supplier shall do what is necessary to comply immediately with this code of conduct.

Each supplier shall also be familiar with the business practices of its contractors and subcontractors and ensure they comply with this code.

As for the quality of products and materials, all the standards described here are important requirements and/or recommendations that the supplier must follow. If there is any doubt, you should ask BRANCO's Quality, Engineering or Supply Chain Areas.

KEY OBLIGATIONS

Gifts and Gratuities

BRANCO discourages all suppliers from providing any gift or gratuity to any of our employees. We have a policy concerning supplier relationships that applies to all our employees. This policy prohibits employees from receiving cash from any supplier and places strict limits on their receipt of promotional items, personal gifts and entertainment.

Improper Payments

BRANCO conducts business with integrity and within the bounds of the law. No BRANCO employee is permitted directly or indirectly to pay or receive anything of value intended to influence a decision by BRANCO or a vendor, supplier, subcontractor, competitor, governmental official or their representatives. BRANCO further prohibits its employees from engaging in any activity that creates the appearance of a conflict of interest.

Child Labor

BRANCO does not employ child labor. All suppliers, contractors, and subcontractors must comply with applicable local child labor laws and employ only workers who meet the applicable minimum legal age requirement for their location. Examples include local laws that prohibit employment under the age of completion of compulsory education or under the minimum age for employment in the country of manufacture.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

Forced Labor and Human Trafficking

BRANCO will not employ forced or involuntary labor. Suppliers and their contractors and subcontractors must comply with local laws prohibiting forced or involuntary labor, slavery, and human trafficking in any form.

Compensation and Working Hours

BRANCO pays employees a competitive wage. Suppliers and their contractors and subcontractors shall compensate their workers by providing wages, including overtime pay, and benefits that comply with the applicable laws and regulations.

Nondiscrimination

BRANCO supports diversity and equal opportunity in employment. Unlawful discrimination in the workplace is not acceptable under any circumstance. Suppliers and their contractors and subcontractors must comply with all applicable local laws concerning nondiscrimination in hiring and employment practices.

ENVIRONMENT

BRANCO is committed to practices that will ensure a better environment and conducts its operations in compliance with applicable environmental laws and regulations. Suppliers and their contractors and subcontractors are expected to conduct their operations in an environmentally safe manner and to comply with all applicable environmental laws and regulations in the countries in which they operate.

HEALTH AND SAFETY

BRANCO conducts its operations in compliance with applicable health and safety laws and regulations. Suppliers and their contractors and subcontractors are expected to provide a safe, healthy and productive working environment that supports accident prevention and minimizes exposure to health risks. Suppliers and their contractors and subcontractors must comply with all applicable health and safety laws and regulations in the countries in which they operate.

CONFIDENTIAL INFORMATION

BRANCO is committed to complying with applicable laws concerning proprietary, confidential and personal information. Suppliers and their contractors and subcontractors are required to comply with all applicable laws and regulations governing the protection, use and disclosure of BRANCO proprietary, confidential and personal information.

AFFIRMATIVE MEASURES (NON-DISCRIMINATORY)

BRANCO will undertake affirmative measures, such as announced and unannounced on-site audits of production factories, to monitor compliance with the Supplier CODE OF CONDUCT, as per the BRANCO SUPPLIER MANUAL. Supplier must maintain on site all documentation necessary to demonstrate compliance with the Supplier Code of Conduct and suppliers must allow representatives of BRANCO full access to production facilities, worker records, production records, environmental permits, C-TPAT activities, and workers for confidential interviews in connection with monitoring visits. Suppliers are expected to take necessary corrective actions to promptly remediate any noncompliance. BRANCO reserves the right to terminate its business relationship with any supplier who does not cooperate with these measures.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

Compliance with Applicable Laws

BRANCO is committed to be in compliance with Brazil, U.S. and other international laws. Each supplier warrants that it shall comply with all applicable laws of the Brazil, U.S. and the supplier's country, including without limitation laws that prohibit bribery and restrict the import, export and transfer to third countries of certain categories of data, technical assistance and products.

Non-Compliance Reporting

Violations of the BRANCO Supplier Code of Conduct should be reported using one of the following confidential options, coordinated by BRANCO's headquarters in U.S.:

Telephone: 1-888-732-1411 (US and Canada only)
Post Office: Compliance Hotline Committee 3300
N 124 Street
Wauwatosa, WI 53222-3106
USA

Legal Effect

This code is part of the BRANCO Supplier Manual. The responsibilities and obligations stated in this code are contract obligations of the supplier. Any non-compliance with this code by a supplier or any of its contractors or subcontractors who perform work related to the contract between BRANCO and the supplier will be considered a breach of the supplier's contract with BRANCO and may lead to suspension or termination of the contract.

1.1 **POLICIES, MISSION AND PRINCIPLES**

At BRANCO, the sourcing and purchasing of goods and services is a vital function within the organization and plays a significant role in the profitability of the Corporation.

Management of the supply base is key to maximizing purchasing's contribution to corporate profitability. We believe in developing and maintaining strategic relationships with our suppliers. To be effective in this relationship, it is important to communicate to our suppliers the policies, mission, and guiding principles that are the foundation of our organization.

GLOBAL SOURCING QUALITY POLICY

Our prime responsibility is the development of both current and potential suppliers that have committed themselves to providing defect-free products to BRANCO.

In development of our supply base, the emphasis will be on adding value through quality, cost, delivery, technology, and customer service and support.

MISSION STATEMENT

The mission of BRANCO Sourcing is to enhance profitability of our company by providing a competitive advantage while supporting long range plans of operations by procuring components, materials, and services on time, per specification, at an appropriate quality level, from a high performance supply base, at the lowest total acquisition cost. Our success is determined by the success of our customers, which includes quality of products, new product development, engineering, accounting and the management group.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

VALUES AND BELIEFS

Sourcing will be guided by the BRANCO Supplier Code of Conduct and further dedicates itself to:

- Conduct all activities in a fair, ethical, and professional manner.
- Create and maintain an atmosphere that demands excellence.
- Challenge our suppliers to provide a quality product in a timely manner at a competitive price.

It is our intention to enter into strategic relationships with those suppliers who share our values and beliefs. Sourcing will always be open to new suppliers who will add value to our product and enhance the profitability of our Company.

Current or new suppliers wishing to conduct business with BRANCO should first contact the Sourcing Team. Meetings will then be scheduled with the other functional areas.

RELATIONSHIPS WITH EXTERNAL SUPPLIERS

It is the policy of BRANCO to maintain relationships with suppliers. BRANCO considers it good business practice to:

- Provide a competitive environment for all suppliers, large and small, local, national and international, to earn a share of BRANCO's business.
- Evaluate all suppliers fairly using the following criteria: quality, cost, delivery, technology, customer service/support and any other relevant factors, while safeguarding confidential and proprietary information of both BRANCO and the supplier.
- BRANCO discourages all suppliers from providing any gift or gratuity to any of our employees. We have a policy concerning supplier relationships that applies to all our employees. This policy prohibits employees from receiving cash from any supplier and places strict limits on their receipt of promotional items, personal gifts and entertainment.
- BRANCO conducts business with integrity and within the bounds of the law. No BRANCO employee is permitted directly or indirectly to pay or receive anything of value intended to influence a decision by BRANCO or a vendor, supplier, subcontractor, competitor, governmental official or their representatives. BRANCO further prohibits its employees from engaging in any activity that creates the appearance of a conflict of interest.

It should be noted that violations to this policy will be dealt with accordingly and could seriously jeopardize the business relationship between a supplier and BRANCO.

SUPPLY CHAIN & ENGINEERING RESPONSIBILITIES

The Sourcing Team has the responsibility for developing commodity strategies, selecting suppliers, negotiating agreements and managing the overall relationship with suppliers of materials and services on a company-wide basis. In addition, the Sourcing Team provides direction and assistance in the overall purchasing process. It also has the responsibility, along with the Engineering and Quality teams, of managing the operational execution, day to day supplier performance and order management of the parts and services. The Sourcing Teams works collaboratively to coordinate all purchasing activities.

The Supply Chain departments, divided in Sourcing/National Purchasing/Purchase Planning/Importation&Exportation teams, will be the primary contacts for all business communications with the supplier. The overall responsibility for the quality of the supplier base rests with the Sourcing & Engineering departments. However, the Supplier Quality Organization(s) will have the responsibility to address specific quality issues either directly or through the Engineering Team in an effort to enhance the overall quality and development of supplier performance. Specific tasks of the Supplier Quality Organizations are addressed later in this manual.

1.2 SUPPLIER'S RESPONSIBILITY FOR QUALITY

Suppliers are fully responsible for the quality of their goods and/or services. Suppliers must ensure that they conform to all BRANCO's requirements.

Suppliers must accept responsibility for any costs BRANCO may incur because of delivery of non-conforming parts and/or products. Shipment of non-conforming material will jeopardize a supplier's quality rating and will be reflected in the supplier performance evaluation.

1.3 REQUIRED DOCUMENTATION

Suppliers will furnish information concerning operations or projects as requested. Such information may include, but not be limited to: drawings, specifications, memoranda, operational data, photographs, models, prototypes, designs, materials, inventions, improvements, descriptions, sketches, computer firmware and software, manufacturing methods and techniques, test methods and data, quality control data, cost and pricing data, financial information, marketing and sales data and plans, product application.

This information may be confidential or proprietary. BRANCO will limit the use of the information solely to be used in the project and protect the information from disclosure to anyone other than employees, affiliates and those who require such information to permit them to assist on the project using the same standards of care that it uses to protect its own confidential information from disclosure. Information to be considered confidential or proprietary should be identified as such.

1.4 BUSINESS INTERRUPTION

There may be events or circumstances beyond BRANCO's control that prevent suppliers from performing their obligations in the short term. A business interruption could be a natural disaster, fire, power surges or failures, unavailable raw material or labor disruption. Suppliers failure to deliver products will not be considered breach as long as the issues were communicated at the soonest time possible and continuously used best efforts are made to overcome the effects of the business interruption.

1.5 ENVIRONMENTAL REQUIREMENTS FOR MATERIALS, PARTS, AND PRODUCTS

GENERAL

The Suppliers must follow all environmental applicable laws, such as international and local environmental specifications and also any other requirements demanded by BRANCO thru the FAD requirements, for prohibiting or restricting certain chemical compounds as constituents of parts, components, materials and products purchased by BRANCO worldwide, or prohibiting the use of certain compounds in the manufacture of parts, components, materials, and products purchased by BRANCO worldwide.

The FAD's specification is not intended to be a listing of all product content limitations or restrictions that may be established as a matter of law. Seller's compliance with this specification does not relieve or diminish the Seller's obligation to comply with all applicable laws.

NOTIFICATION PROCEDURES

If the material, part, or product being supplied for BRANCO applications does not meet one or more of the requirements in this specification, the supplier must immediately notify their BRANCO purchasing representative. This also applies if the supplier or a subcontractor makes changes in their operations that will cause a material, part, or product to no longer comply with this specification.

SECTION 2: COMMUNICATIONS

2.0 OUR FACILITIES

BRANCO is part of a bigger group, which locations can be found here:
<https://www.basco.com/who-we-are/corporate-and-plant-locations.html>

2.1 SUGGESTIONS FOR IMPROVEMENT

This manual has been designed as a tool and acts as a guideline for doing business with BRANCO by its suppliers. The manual provides information essential for the development and growth of new and existing suppliers.

BRANCO is always seeking continuous improvement opportunities. Please submit your suggestions to our Sourcing Manager.

2.2 CONSIGNMENT AND SUBCONTRACTING

CYCLE COUNTING RESPONSIBILITY

When applicable, the supplier will be responsible for “accurately counting” BRANCO owned inventory within their facilities and/or supplier owned inventory within the BRANCO facilities, on request.

“Accurate counting” may include the use of scales and hand counting.

The results of the count will be documented by part number and forwarded to the respective BRANCO Purchasing contact, whenever needed/asked for.

If the supplier performs a non-requested count and identifies an inventory problem as a result of that count, it is the supplier’s responsibility to communicate that problem to the respective BRANCO Supply Chain contact.

Documentation will include part number, quantity, defect information, and charge responsibility.

If the scrap percentage reflects a substantial increase over the set standard, it is the responsibility of the supplier to contact the respective BRANCO contact for approval prior to continuing production / assembly.

2.3 TOOLING IDENTIFICATION

After accepting BRANCO Purchase Order, the supplier is obligated to comply with the following procedures:

All BRANCO owned tools, tooling, and gauges (whether purchased, replaced, repaired or maintained by supplier) shall remain the property of BRANCO. All tools, tooling, and gauges must be identified by our identification number permanently affixed by asset tag, engraving, stamping, or similar method. Any tooling which would practically be too small or configured to contain such marking shall be otherwise marked or identified as agreed by BRANCO. The identification number will be provided by the BRANCO Purchasing contact.

Supplier shall provide upon reasonable request, information on all BRANCO tools, tooling, and gauges that supplier has custody of. Normal repairs, maintenance or replacement of tools, tooling, and gauging shall become the obligation of the supplier, and shall be reported and tracked as prescribed by BRANCO.

SECTION 3: SUPPLIER DEVELOPMENT (Continuous Improvement Process)

3.0 WHAT IS SUPPLIER DEVELOPMENT

At BRANCO, Purchasing together with Engineering are responsible for managing our suppliers' performance as it relates to quality, cost, delivery, and innovation. To effectively manage that responsibility, we utilize a "Supplier Development Process" concept (See Section 3.2).

Supplier Development is an evolving process through which we ensure that:

- BRANCO's Supplier Code of Conduct is clearly communicated.
- Supplier's quality systems meet BRANCO's requirements.
- Supplier's processes are in control, capable, and products shipped to BRANCO are defect free.
- Supplier's work with BRANCO's Engineering and Supply Chain departments to ensure that components are designed correctly, cost effectiveness and enable BRANCO to deliver Innovative products to the market ahead of our competition.
- Suppliers participate with BRANCO's Supplier Quality Assurance and Purchasing to ensure that product and process quality requirements are identified and met.
- Sourcing decisions are based on the supplier's commitment to work with BRANCO to achieve zero defects, on-time delivery, and to provide continuous product and cost improvements.

3.1 THE MISSION OF SUPPLIER DEVELOPMENT

The mission of the supplier development process is to:

- Identify Suppliers that are committed to total quality, on-time delivery, competitive pricing, and technological expertise.
- Reduce quality costs, with an emphasis on defect prevention techniques to reduce appraisal and failure costs. This includes unreported quality costs, i.e., requests for deviations, excess transportation, etc.
- Promote continuous improvement in suppliers' production processes to enable best cost performance

3.2 SUPPLIER DEVELOPMENT METHODOLOGY

The BRANCO Purchasing representative is responsible for identifying a potential supplier. Once a supplier has been identified, the Purchasing representative, the Engineering and Quality departments work together to explain BRANCO's requirements.

The following is a summary of BRANCO's supplier development methodology:

- Encouragement of open communications and strategic relationships between the supplier and BRANCO.
- Advising the supplier of the resources and support available from BRANCO for assessment, improvement and control.
- Discussion of BRANCO's supplier development plans and expectations of the supplier, including requirements for continuous improvement of quality, cost, delivery and innovation.
- The supplier may be required to fill out a self-survey of the supplier's quality form by a BRANCO survey team.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

Once awarded business, Supplier has prime responsibility for:

- Corrective action required based on the results of the quality system survey conducted by BRANCO.
- Communication between BRANCO and the supplier to develop and finalize quality-planning elements.
- Process flow diagram and description.
- Process FMEA, when applicable.
- Control plan(s).
- Process capability study.
- Layout of sample parts including specified test requirements.
- Demonstration of process capability for control characteristics.
- Gage calibration on all gages including BRANCO supplied gages, when applicable.

BRANCO SUPPLIER DEVELOPMENT PROCESS The primary steps of the supplier development process can be:

- Purchasing conducts preliminary evaluation of the supplier.
- Supplier may be required to conduct a self-survey of the quality system.
- Purchasing and Supplier Quality Assurance survey supplier's quality system.
- Purchasing and Supplier Quality Assurance reviews Supplier Orientation Checklist.
- Purchasing and Supplier enter into a Supply Agreement, outlining expectations for doing business.
- Quality, Continuous Improvement, Delivery, Technology, Terms and Conditions.
- Purchasing coordinates drawing review meeting with supplier and appropriate BRANCO personnel, when applicable.
- Specifications and control characteristics are identified.
- Supplier defines process flow and develops process FMEA, when requested.
- Supplier develops control plan and reviews, if applicable, with BRANCO.
- Supplier continually demonstrates stable & capable processes for control characteristics.
- Supplier ships the goods with zero defects or provides advance notice of potential problems to facilitate Cooperative resolution.
- Supplier and Supplier Quality Assurance evaluate consecutive shipments to verify effectiveness of controls.
- Supplier, Purchasing, Engineering, and Supplier Quality Assurance identify opportunities for ongoing improvements in quality, price, delivery, and technology.

SECTION 4: STANDARDS FOR SUPPLIER QUALITY SYSTEM

4.1 QUALITY SYSTEMS DOCUMENTS

All suppliers are encouraged to maintain documented quality management system information as required by the latest ISO and/or other international standards.

4.2 SYSTEMS CONCEPTS

BRANCO's Supplier Manual specifies the quality elements and supporting activities necessary to satisfy BRANCO's recommended requirements for suppliers of purchased products, components and services.

The following concepts are BRANCO's recommendations for supplier quality systems:

- Emphasis on preventive quality assurance techniques and the use of statistical methods.
- Supplier responsibility for development and maintenance of a process flow description and control plan for each product, part or part family supplied.
- On-site surveys by the BRANCO survey team to verify compliance with supplier quality system requirements.
- Supplier responsibility for continuous product, part or part family improvement and quality planning.
- Ongoing BRANCO assistance in supplier quality system refinements, quality planning, and efforts to reduce product variability.
- Assurance that suppliers are aware of BRANCO's requirements and are supplying defect-free products.

4.2.1 COMPONENTS OF A QUALITY SYSTEM

This section is organized to match the order of the supplier quality system survey. The categories are:

- Quality Assurance Organization
- Advanced Quality Planning
- Change Control
- Purchased Material
- In-Process Material Control
- Gage Control
- Material Review
- Final Audit/Test
- General Housekeeping
- Packaging & Handling

4.3 QUALITY ASSURANCE ORGANIZATION

This section defines the requirements that BRANCO suggests to the suppliers policies and procedures.

4.3.1 MANAGEMENT POLICY FOR QUALITY

Stated Objectives: Suppliers are encouraged to have a written policy statement that reflects their philosophy and/or goals. This policy should be communicated to all levels of the supplier's organization and include, the following:

- Commitment to a system that prevents defective material from being produced and demonstrates process control.
- Commitment to using employee input and suggestions.
- Systematic flow of information downward within the organization. Vehicles such as department meetings, bulletin board postings and newsletters offer evidence that information is shared.
- Actions to increase management and engineering emphasis on quality.
- Measurements of customer perceptions and concerns.
- Goals and objectives for improved performance.
- Assessment of the strengths and weaknesses of the organization with respect to quality.
- Programs for continuous improvement.

Organizational Responsibilities: The supplier must support the philosophy that quality is every employee's responsibility. This requires employee involvement in quality-related decision-making, direction of activities, and attention to quality performance on an ongoing basis. The quality function's responsibilities should include planning, forecasting, measuring, reporting and directing improvement activities.

Quality Organization Autonomy: The organizational structure should be established and operated so that quality procedures are not violated for the expediency of other functions.

4.3.2 MANAGEMENT PARTICIPATION

Internal Audits: Periodic internal audits of the quality system are recommended to verify that appropriate practices and procedures have been established and are being properly used.

The supplier should have a written procedure for conducting internal audits. Internal audits may include a check sheet of the items audited. The audit is to be conducted by qualified personnel independent of the activity being audited. Results should be distributed to the upper plant management for information and corrective action. These internal audits allow the supplier to monitor its own activities effectively.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

BRANCO may require copies of supplier internal audit reports. During the on-site system survey, BRANCO will determine if internal auditing is being performed and adequate response to unsatisfactory results is being provided.

The supplier, based on performance, should determine the frequency of internal audits. The minimum frequency should be once per year.

Quality Costs: The management of quality costs is an important tool in the ongoing effort to improve the quality of products and services delivered to the customer as economically and effectively as possible.

Properly reported quality costs often provide ample justification for necessary preventive and corrective actions and will also verify the results of such actions.

In addition to defining and measuring quality costs, the supplier should interpret and compare the costs against an index such as, percent of sales, profit, etc. Quality costs should be reported to management on a regular basis.

Quality cost improvement plans are vital to the basic objective of reducing quality costs. Not only should valid estimates of cost improvements be made for forecasting purposes, but actual cost improvements should be monitored regularly to determine the effectiveness of each improvement plan.

Continuous Improvement: To achieve continuous improvement the supplier should demonstrate that methods are effective in improving quality. Formalized long-range planning should direct and prioritize efforts to upgrade equipment and methods. Specific plans should be available for all areas of the organization, with evidence to demonstrate plans are being carried out in a timely fashion.

4.3.3 COMMITMENT TO IMPROVEMENT

Training Programs should include a plan for the qualification and training of all personnel in:

- The skills necessary to perform their job.
- Fundamental quality procedures appropriate to each individual's job requirements.
- Statistical techniques.
- Advanced quality techniques such as: design of experiments, Taguchi methods, failure mode effects analysis, value engineering, quality function deployment, design for assembly, analytical problem solving and others.

Education and training should include:

- Documented training requirements for existing, new, or transferred employees.
- Assignment of responsibility for ensuring the training is accomplished.
- Records of employees attending seminars and/or training sessions.

In addition, the organization should encourage and offer guidance to employees in education for advancement and in achieving certification in their particular discipline.

The organization should:

- Actively solicit contributions of employees through quality circles, improvement teams, etc.
- Have a program for updating equipment.
- Allocate funds for quality improvements.

4.3.4 MANAGEMENT REVIEW

The Management Review is the responsibility of Top Management for reviewing the organization's quality management system, at a minimum frequency recommended of once per year, to ensure its continuing suitability, adequacy and effectiveness. The review shall include the following:

- Internal audits
- Continuous improvement activities
- CAR/Preventive activities
- Customer satisfaction and feedback
- Product performance
- Operation performance

4.4 ADVANCED QUALITY PLANNING

Advance Quality Planning reviews the important activities that must occur prior to production of new products or of new suppliers producing existing designs. A properly organized and systematic approach assures the best possible tool and process design. It also assures that necessary training, controls and gaging are in place when production occurs.

It is recommended a clearly defined method of design review by all key individuals involved in the manufacturing process. This review and subsequent activities should follow specific guidelines to assure complete and thorough planning. Print reviews should take place with the customer so requirements and design intent are clearly understood.

Meeting a production date is critical to BRANCO. Timelines must be developed to track the project and assure goods meeting specifications are available when scheduled. BRANCO may require project status updates.

Recognized methods exist for potential problem and any recommendations for meeting these, can be directly discussed with BRANCOs team.

Responsibilities for planning activities must be clearly defined to assure timelines are meaningful and results are effective. Appropriate industry standards must also be available and used during this process. If BRANCO engineering specifications reference other documents (K-Specs, Y drawings, etc.), the supplier is responsible for obtaining copies.

4.5 CHANGE CONTROL

The supplier is encouraged to have a written procedure to monitor, approve and disclose of any changes to the product or manufacturing process.

- A method for the control and distribution of all changes affecting drawings, specifications, and instruction sheets including dates incorporated into production.
- Maintaining on file the latest BRANCO engineering drawings and specifications.
- Methods to ensure that the necessary engineering documents are available at the time and place of the supplier's inspection and testing.
- Removal of obsolete drawings, standards, and instruction sheets.
- Record retention.

Prior to incorporating engineering change into production, the supplier must:

- Complete all necessary tests and inspections, including verification of process capability, etc., to confirm that the products meet the new specification.
- Advise BRANCO Purchasing and Engineering that the changed products meet the specification requirements by submitting the above documentation and samples as requested.

Process Change Control: Any change in processing, different from the process used for the initial approval, may require that the supplier submit samples and an updated control plan to BRANCO Quality team.

Process changes include:

- New, different, or reconditioned production tooling, machinery or equipment.
- Use of alternate materials.
- New processing concepts, including changes in the sequence of operations.
- Changes in chemical compounds such as adhesives, sealers, lubricants, etc., which are part of the product.
- Changes in secondary-suppliers.
- Change in manufacturing location.

Suppliers are stimulated to have written procedures to control process, notifying customers of any of the above changes, and for monitoring customer orders for any revision changes.

4.6 PURCHASED MATERIAL

4.6.1 INCOMING MATERIAL

The supplier must have an effective system for assuring the quality of incoming products and services (e.g. painting, plating, heat treating, etc.).

Suppliers are recommended to have adequate written incoming inspection procedures or instructions in use. Minimum requirements for the content of the procedure may include:

- Statistical sampling techniques with acceptance criteria of zero defects.
- Control characteristics.
- Features to be checked.
- Lab checks or reference to a lab procedure.
- Test equipment and gauging.
- Disposition of material.
- Incoming inspection records including part name, part number, revision level, supplier, quantity received, product origin, date, inspected by, and disposition.

Records should contain actual measurement values whenever practical. Records should be available to verify that inspections and tests are conducted in accordance with written instructions and procedures.

Secondary-supplier certifications should be reviewed and retained in accordance with the supplier's written procedure and should be verified periodically.

Incoming material should be approved and/or tested and properly identified prior to release to production operations.

4.6.2 MANAGEMENT OF SECONDARY-SUPPLIERS

Suppliers must have BRANCO's approval before sub-contracting business to an outside source, for something that used to be done internally. BRANCO maintains the right to conduct Supplier Quality System Surveys of key secondary-suppliers.

Suppliers are responsible for ensuring that all products and services purchased from secondary-suppliers conform to BRANCO's requirements.

BRANCO's suppliers must work with their sources to develop a defect free level of quality and continuous improvement. Suppliers should monitor secondary supplier performance to ensure the quality of their products by system audits and performance ratings.

When source changes are planned, the supplier must notify BRANCO Purchasing in advance. A change in secondary-suppliers may require the supplier to submit samples to BRANCO for approval, if required.

4.7 IN-PROCESS MATERIAL CONTROL

4.7.1 OPERATING METHODS

Set up sheets are stimulated to be established and documented with evidence of control on all shifts.

Written operator and inspection instructions, which include inspection frequencies and sample size, should be readily available at each workstation.

Written inspection instructions may be supplemented with standardized tests or special engineering or manufacturing instructions. Inspection instructions must be based on the latest engineering drawing and process level and should include:

- Part name, part number, and revision level.
- Specification of statistical techniques, including sample size and sample frequency, to be used for inspection or test of material.
- Control characteristics or features to check.
- Lab checks or reference to a lab procedure.
- First piece inspections prior to production runs and after each machine set-up die change, or process change to assure compliance to specification.

In addition, inspection instruction sheets should specify the measuring equipment required. This equipment should be part of the supplier's gage control system.

Records should indicate that inspections and tests are being performed in accordance with the supplier's written procedures and instruction sheets. These records should be accurate, properly dated, and signed or initialed by the inspector or operator.

Regular audits should be conducted to verify compliance with inspection instruction sheets. Responsibilities should be defined and corrective action required if not in compliance.

Examples of process audits include a review of the methods used to conduct the following:

- Definition of process parameters.
- First piece inspection after a tool or die change.
- Operator checking of in-process materials.
- Roving or in-process inspections.
- Manual or visual checks.
- Conformance to control plans and process flow descriptions.

4.7.2 CONTROL PLANS

The supplier's manufacturing operations are suggested to adhere to the following requirements:

- Current control plans adhered to all BRANCO parts/products.
- When processes are found not capable, written plans should be developed for achieving capability. The plans should include actions, responsibilities, timing, and verification.
- Where appropriate, visual aids can be used as inspection standards. Common examples of visual aids include photographs, operation sheet pictorials, physical parts, etc.
- Routing sheets and process sheets are recommended to assure that proper tools, fixtures, materials, manpower, and processing methods are used.

All measurable, critical characteristics designated on BRANCO documents should be controlled statistically and be included in the supplier's control plans. The methods used should be appropriate to the factors being controlled and should be approved by BRANCO.

The use of control characteristics is not intended to minimize the importance of other specifications or characteristics that must be controlled by the supplier.

The supplier is encouraged to develop a total manufacturing quality system plan for all parts and characteristics, regardless of category.

Process potential studies and process capability studies are important for all measurable control characteristics.

Statistical methods should be utilized for control characteristics where a variable gauging method is utilized. The type of methods used should be appropriate to the factors being controlled and should be approved by BRANCO.

Listed below are the Control Characteristics recommended by BRANCO:

NOTE: Cpk is based on the individual (overall) method of calculating the standard deviation. \bar{R}/d_2 is not to be used to calculate process capability.

Critical Characteristic – Classification of characteristic that analysis indicate, if defective, would result in a hazardous or unsafe condition for personnel operating or maintaining the product. It is designated by the letter (C) or (MM).

A feature that is designated critical (C) or (MM) requires continuous process monitoring and must demonstrate a Cpk of 1.67 or better on variable measurements. Evidence of this capability may be required with each shipment.

Major Characteristic – Classification of a characteristic that analysis indicates, if defective, would cause a sudden failure which would result in serious damage to the equipment or would result in lack of performance of the product, or would fail to meet the expectations of the customer. It is designated by the letter (M).

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

A feature that is designated Major (M) is to be subject to continuous process monitoring and demonstrates a Cpk of 1.33 or better on variable measurements.

NOTE: When using this method, this characteristic must be manufactured with a process capability as described above or better. If the process cannot demonstrate this capability, the parts must be 100% sorted to print specifications.

Emission characteristics designated with the above note are also subject to special control to comply with governmental regulations.

1. The manufacturer must provide statistical proof that the emission characteristic is controlled as specified with every lot.
2. When applicable, these records are retained by BRANCO for two years after the parts have been consumed.

Automatic Assembly – uses an (A) to identify control specifications which are important for Automatic Assembly.

4.7.3 STATISTICAL PROCESS CONTROL

Statistical methods are suggested to be an integral part of the supplier's process to provide the information necessary for continuous improvement in quality and productivity. In addition to control characteristics, the supplier may also select other significant process sensitive characteristics to be monitored using statistical methods.

The supplier is encouraged to ensure that production processes remain in statistical control. The responsibility for maintaining statistical control should lie with those directly involved in the process.

4.7.4 INSPECTION RECORDS AND TRACEABILITY

Quality system and performance records must be made available for review by BRANCO representatives whenever required and copies of such records should be kept for three years (recommended) and furnished upon request. The lot control code should provide traceability of material and records from the point of shipment back to the point of origin.

4.7.5 PERFORMANCE

Inspection instructions are recommended to be reviewed with each operator/inspector during training or when changes occur.

Employee competency should be measured and documented.

Wherever possible, production operators should be given responsibility for the quality of the output of their processes, with authority to take proper corrective action.

4.7.6 MATERIAL CONDITION

The supplier is recommended to have formal procedures for material

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023
identification and control.

Supersedes: 08/01/2017

The supplier should have effective controls in place to provide accurate part number identification throughout processing, storage, packaging, and shipping.

The supplier is responsible for identifying the status (accept, reject, sort, hold for rework, etc.) of the product through all stages of the process.

Non-conforming material must be clearly identified to ensure it cannot be mixed with conforming material.

4.7.7 PREVENTIVE MAINTENANCE

A significant element in producing a high quality part over a sustained period of time is effective preventative maintenance for machines and tooling. An effective program contains the following:

- Identification of preventive maintenance activities.
- Development of tracking system.
- Assignment responsibilities.
- Tracking of customer owned tooling.

4.8 GAGE CONTROL

4.8.1 CALIBRATION

The supplier is encouraged to have a written plan to verify the accuracy of gages and other measuring and test device at sufficiently frequent intervals to ensure continued accuracy. The supplier considering the accuracy and use should decide frequency of calibration. BRANCO recommends that the calibrations be performed at least once per year.

Masters, standards and/or calibration services used should be traceable to the National Institute of Standards and Technology (NIST formerly NBS) or equivalent. Records of the inspection and calibration should be maintained. These records should include gage identification, location, date, numerical results of the inspection or calibration, and the date of the next scheduled inspection.

The supplier's system of gage control should ensure that gauging will not be used beyond the calibration due date.

On a yearly basis, BRANCO may request verification that their gages, located with suppliers, have been calibrated. The documented calibration system may be a manual or computerized system with all information retained for a minimum of three (3) years or in compliance with requirements made by BRANCO.

4.8.2 APPLICATION AND MAINTENANCE

Since the use of measuring and testing equipment is a source of variation, appropriate statistical studies are encouraged to be conducted to determine stability and capability. Methods for gage accuracy and repeatability and reproducibility (R & R) studies could be conducted in accordance to the latest AIAG requirement.

Prior to release for use, all new gages, inspection devices and test equipment should be inspected to design specifications, calibrated and approved based on gage accuracy and gage R & R studies, for example. Gage R & R's should be performed prior to process capability studies.

Production tools, fixtures, tool masters and other such devices are not to be used as gages.

4.9 MATERIAL REVIEW

4.9.1 REVIEW REQUIREMENTS

The supplier is suggested to have a formal method of documenting problems and the corrective action taken. It should contain the following:

- Procedure for addressing in-house deviations with multi-disciplinary sign-offs.
- Defects should be analyzed and include root cause and corrective action.
- Corrective action should be verified.
- Responsible people should be identified.

Customer complaints/returns should be analyzed for feedback and corrective action in a timely manner. A delayed response will affect a supplier's quality rating.

4.9.2 TEMPORARY DEVIATION REQUESTS

BRANCO's objective is NOT to process any temporary deviations. However, in the short term, it may be necessary on an exception basis for suppliers to request approval of a deviation. This section addresses:

- How a supplier applies for a BRANCO deviation.
- The supplier's responsibility relative to BRANCO deviations.

In the event that a specific good is not in full compliance with all of the print dimensions, characteristics, or specifications, **it must not be shipped until the discrepant aspects have been corrected** or a formal temporary deviation agreement has been issued.

The supplier's primary contact for deviation requests is the BRANCO Supply Chain Representative. If the Supply Chain Representative is not available, the supplier may contact the Engineering team. Detailed information and samples may be required before a deviation can be granted. This can include complete good information, such as part number, description, characteristics in question, quantity and time required. If the supplier is requesting a permanent change to the drawing, the same information can be required.

A Temporary Deviation Request will be accepted when:

- The defect will have no effect on the end product because stack-up of tolerances compensates or changes can be made to compensate in final assembly.
- The defect will affect the end product, but circumstances warrant consideration of their use with customer approval.
- BRANCO reserves the right to reject goods shipped under a deviation in the event they do not meet fit or function requirements.

A deviation should always be requested to Branco before an ECN can be processed.

A Temporary Deviation Request will be denied when:

- The quality, fit, function and serviceability of the end product will be seriously affected.
- The second request by supplier for same defect is **not accompanied** by a **corrective action plan** including date of completion.

When the supplier's request for temporary deviation is approved, the supplier should maintain records of the expiration date and conditions approved for the deviation. In no instance should the supplier exceed the time or quantity approved for the temporary deviation.

The supplier is responsible for ensuring compliance with the original or superseding specification when the deviation expires.

Products shipped under a temporary deviation must be clearly identified if required by Branco.

Temporary Process Change

Supplier must notify and obtain approval from BRANCO prior to further processing whenever there is an additional process including rework is temporarily needed to meet specification.

4.9.3 NON-CONFORMING MATERIAL HANDLING

The supplier is encouraged to have a formal procedure for controlling non-conforming material.

Non-conforming material should have defects clearly identified, be segregated and moved to a clearly marked area for non-conforming material.

Rework operation should be documented and material should be re-inspected through normal inspection procedures.

4.10 FINAL AUDIT / TEST

Final inspection, tests or dock audits of product and packaging are necessary supplier functions, and should be monitored and recorded preferably by the Quality Department.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

The supplier is encouraged to have formal written instructions/procedures including sampling method and size, date, revision level and authorizing signature. The sampling method should be based on zero defects. Packaging audits should include product identification and deviation number.

4.11 GENERAL HOUSEKEEPING

Suppliers are responsible for maintaining cleanliness and practicing good housekeeping in their manufacturing facilities.

4.12 PACKAGING AND HANDLING

The supplier is recommended to have a system in place to prevent damage to raw and in-process materials. Stockroom areas should be clean and offer protection from adverse conditions. Packaging, identification and shipping instructions should be available at shipping.

SECTION 5: SUPPLIER QUALITY SYSTEM SURVEY

5.1 WHEN SURVEYS ARE CONDUCTED

There are three primary reasons for conducting a BRANCO “Supplier Quality System Survey”:

1. To evaluate potential suppliers and determine their ability to meet BRANCO's Requirements.
2. To evaluate current suppliers having recurring non-conforming materials and/or unsatisfactory performance history rating.
3. To evaluate suppliers when a significant change to their organization has occurred (ownership, location, etc.)

If a supplier is ISO 9001/IATF 16949 series registered, an on-site Supplier Quality System Survey may be waived if the suppliers scores “Good” or “Excellent” on a Self-Survey. For all current ISO/IATF registered suppliers, proof of registration should to be submitted to the Purchasing contact every three (3) years, or an on-site Supplier Quality System survey, or a Process Audit may be performed, to satisfy BRANCO requirements. The primary user plant has the option of performing a survey on current ISO/IATF registered suppliers, or accepting the proof of registration.

Key Product Audit(s) are designated by criticality of the component or the product based on safe part function. These recurring audits require on-site visits and are highly focused on the particular manufacturing controls for the process producing the key products. Key Product Audits are led by Supplier Quality or a certified auditor with participation from purchasing and a subject matter expert. Consideration should be given to the plant with the highest spend with the supplier to provide the staff to complete the audit.

Key Product Audits can/should be scheduled every 18 months for suppliers of products that produce high risk components / products which failure could result in an unsafe condition resulting in personal injury and/or property damage.

Process Audit is an on-site visit to perform an audit focused on a high-volume part and all the related quality planning activities.

5.2 PREPARATION

Upon scheduling an on-site survey, BRANCO will send the supplier two copies of the BRANCO “Supplier Quality system Survey”, Exhibit B. The supplier should review the survey questions and record their quality procedure numbers(s) and titles(s) that fulfill the requirements on one of the survey forms. This survey form and a copy of the Supplier’s Quality Manual should be returned at least one (1) week before the scheduled survey date. The second copy of the survey is to be used by the supplier to gather the supporting documentation that verifies procedural compliance. The documentation must be available at the time of the survey.

5.3 METHODOLOGY

A team consisting of BRANCO Purchasing, Quality and other representatives as deemed necessary will conduct the on-site survey, whenever necessary.

The following supplier representatives should be available for the survey:

- **General Manager** – Participate in the entrance briefing and the closing conference.
- **Quality Manager** – Participate in the entrance briefing and the closing conference and accompany the survey team during the survey.
- **Sales Manager** – Participate in the entrance briefing and the closing conference.
- **Operations Manager, Plant Manager and Functional Managers**, such as the Manufacturing Manager, Engineering Manager, Laboratory Manager, and Purchasing Manager must be available at all times during the survey to address elements related to their particular functional areas.

5.4 THE ENTRANCE BRIEFING

At the Entrance Briefing, BRANCO should:

- Explain the purpose of the survey.
- Explain survey methodology.
- Schedule a time for the Closing Conference.

During the Entrance Briefing, the supplier should:

- Provide an overview of the company including product line, organization, and goals.
- Advise of any restrictions relative to proprietary areas or safety.

5.5 THE SURVEY

As part of the survey, BRANCO can:

- Tour the facility and make observations of the quality system.
- Obtain examples of various documents and/or products and track them through the system (e.g. an engineering change or rejected material).
- Verify a sampling of the supplier's responses to the elements in the BRANCO quality system standard.
- Rate each discipline.
- Discuss and clarify non-conformance to the BRANCO standard with the appropriate supplier representatives.

5.6 THE CLOSING CONFERENCE

At the Closing Conference, BRANCO should:

- Summarize the results of the Supplier Quality System Survey, identifying the supplier's strengths and weaknesses.
- Discuss specific items requiring corrective action and request timing for a formal plan if appropriate.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

- Discuss BRANCO supplier development strategy when appropriate.
- Provide a summary of future actions.

During the Closing Conference, the supplier can address any concerns raised by the survey team.

5.7 MINIMUM RATING REQUIREMENTS

A new or potential supplier should achieve an overall survey rating of 75 or higher (GOOD), in addition to meeting minimum requirements in each discipline.

An existing supplier should maintain an overall survey rating of 60 or preferably higher than 75 (GOOD) in order to CONTINUE to do business with BRANCO.

A CONDITIONAL rating (60 to 74) inhibits placing any new business with the supplier but does allow them to keep what they currently have as long as they bring their score up to the 75 rating within a limited time frame, unless otherwise approved by BRANCO.

Inadequate corrective action can result in the termination of all business with BRANCO.

Key Product Audit Rating Requirements

The score for Key Product Audit is at least 75. The initial audit is the benchmark and future audits are encouraged to show improvements, until at least 87 score is obtained. Corrective action may be issued regardless of the audit score.

Initial Score	Status	Minimum Recommended Action
59 or below	Probational	Corrective action plan must be received within two weeks of audit result and verified with on-site audit within 90 days.
60 to 74	Conditional	Corrective actions must be issued and reviewed. Follow up during 18 month re-audit.
75 or greater	Acceptable	Must show improvement during each of the 18 month re-audits.
18 Month Score from Previous Audit	Status	Minimum Recommended Action
0% score improvement	Probational	Improvement plan must be received within two weeks of audit result and may be verified with on-site audit prior to the next audit.
1% - 9.9% Score improvement	Conditional	Document opportunities for improvement and follow up 18 month audit.
10% or greater score improvement	Acceptable	No further action needed.
Score of 87 or higher	Acceptable	No further action needed.
Three consecutive audits \geq 87	Acceptable / Skip Audit	Audit to take place every 36 months. If supplier obtains unacceptable quarterly vendor evaluation status skip audit is revoked.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

5.8 DISTRIBUTION OF RESULTS

Survey results will not be disclosed outside of BRANCO and internally only on a restricted “need-to-know” basis.

BRANCO will provide a copy of the completed survey to the supplier’s Quality Manager or designated representative.

5.9 SUPPLIER SELF SURVEY

At times, it may not be practical to schedule an on-site survey. BRANCO Quality team will then request that the supplier perform a self-survey, using the BRANCO “Supplier Quality System Survey” form. The survey form must be returned to BRANCO for evaluation within thirty (30) days upon receipt.

Documented evidence of compliance must be made available upon request.

5.10 RE-SURVEY REQUIREMENTS

SUPPLIER QUALITY STRATEGY	<u>(1 OSS)</u>	<u>Key Product Audit (2 OSS)</u>
	<p>Non-ISO/IATF Registered supplier</p> <ul style="list-style-type: none"> ● Survey Required / 3 years 	<ul style="list-style-type: none"> ● Audit scheduled every 18 months <p>3 consecutive audit scores of 87 or better warrants moving the audit schedule to 36 months</p>
<p align="center">ISO / IATF Certified</p> <ul style="list-style-type: none"> ● Review every 3 years include providing latest registration (ISO/ IATF) ● New business awarded / quality problem will result in PROCESS AUDIT 		

SECTION 6: FAD

6.1 FAD – FINAL ASSEMBLY DOCUMENT

FAD is the most common document used by BRANCO. It has the guidance necessary for the Suppliers to be able to make products and parts following BRANCO'S requirements.

These are the most common information supplied by BRANCO on the FAD:

- Model Sheet – with all the main characteristics of the part / product
- Supplier BOM
- Color Scheme
- Manuals
- Decal placement instructions
- Shipping-packing instructions
- Inspection instructions

SECTION 7: SUPPLIER EVALUATION

SUPPLIER SCORECARDS

The scorecards will measure PPM, on-time delivery, warranty, 8D corrective action, and cost reduction. This will be a comprehensive evaluation including feedback from all businesses within BRANCO (ex: plant & service).

7.1 SUPPLIER DEVELOPMENT FOR CONTINUOUS IMPROVEMENT

The following continuous improvement elements are encouraged to be incorporated into the supplier's quality systems. These elements will help assure cost effective quality parts delivered on time.

- Update control plans, process flow descriptions and pFMEA's on a timely basis (Control plans should be updated with every revision level change and submitted to BRANCO.)
- Act upon warranty feedback provided by BRANCO Quality or Purchasing.
- Participate in BRANCO product improvement programs through the achievement of improvements made within the supplier's facility or processes or through suggestions made to BRANCO purchasing.
- Recommend to BRANCO purchasing changes that will improve the quality of the product or service provided, regardless of whether the recommendation results in a price increase or decrease. Recommendation may include changes in material, supplier processing, design, packaging, handling, freight or processing by BRANCO after receipt.
- Actively participate with BRANCO, beginning with the early stages of new programs and new part designs. This includes the following BRANCO activities:
 1. Simultaneous engineering of both the product and process to ensure that new products are initially designed with a focus on reliability and manufacturability.
 2. Team engineering to resolve key issues and value engineering to take cost out of the product.

7.2 REDUCTION OF INCOMING INSPECTION

All purchased materials for BRANCO are to be received defect free. To re-inspect and re-verify defect free product is a waste of valuable resources.

7.2.1 SKIP LOT

Parts on skip lot indicate that the quality level is high enough to warrant eliminating routine incoming inspection at BRANCO. The goal is to have all purchased materials on a "skip lot" status.

The criteria for skip lot parts may include:

- Minimum acceptable quality survey rating.
- The part/product history has an excellent rating (100%) based on quality information from the receiving Inspection records for three (3) consecutive batches (3).

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

Part on skip lot will be by supplier, and part number with a renewal of skip lot status taking place based on annual inspection audit results.

7.2.2 ANNUAL AUDIT

Suppliers can be notified and required to send requested information pertinent to their parts (ie: ASTM or ANSI test result, Material Certs, Dimensional layout, Capability studies or any special test results based on BRANCO "K" specifications).

7.2.3 REVOCATION OF SKIP LOT

Once a part has reached the skip lot status, there are two (2) ways in which the status can be revoked:

1. Verified complaints from BRANCO.
2. Failure to pass the annual inspection audit.

7.3 CORRECTIVE ACTION (8D) – PROBLEM RESOLUTION

Non Conformance to Product Requirements

It is crucial a Supplier reacts to returned product and notifications with their analysis and documented corrective action response.

- **Detected at Supplier**

When non-conformance is detected, Supplier must determine the extent of the problem and take prompt action to correct the condition and prevent the shipment of all non-conforming material. Supplier must immediately notify the appropriate Branco Quality member of record of any suspected quality problems in shipments already released, the method used to identify suspect parts, and the corrective action being taken to eliminate the quality problem in the future. Supplier is responsible for sorting, reworking or removing suspect parts at Branco. If the problem cannot be corrected immediately, shipment must be held, pending specific instructions from Branco Sourcing or Quality.

- **Detected at Branco's Facility**

When non-conforming material is detected at Branco, a SUPPLIER CORRECTIVE ACTION REQUEST (8D) can be created and Branco Quality will promptly notify Supplier and arrange for material disposition. Costs incurred in returning shipments to Supplier or reworking non-conforming material at Branco are the responsibility of Supplier. These costs include, but are not limited to, material, shipping, handling, Branco's direct and indirect labor, and contracted services. Supplier will be notified of the need to rework material at Supplier's expense, prior to commencing rework, if conforming material cannot be provided in time to support production needs.

- **Detected through Customer Complaints**

Reimbursement for costs associated with non-conforming product directly attributable to a Supplier that is (i) passed through to the customer; or (ii) is required to be paid by Branco to the customer is expected.

Reimbursement may include, but is not limited to cost of the product plus handling allowance, shipping, labor and administrative costs incurred by Branco. In the event that Branco incurs such costs, Supplier shall be responsible for and indemnify Branco against and shall hold Branco harmless from any and all cost or repair, replacement and transportation of the non-conforming product, as well as for all costs and expenses and damage incurred by Branco or its customers in

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023
 connection with such non-conforming product.

Supersedes: 08/01/2017

Non Conformance to Advanced Shipping Notices

It is critical that a supplier follows Advanced Shipping notice. The following errors may result in an 8D:

- Missing ASN
- Missing Packing List
- Incorrect Packing List
- Over shipment

7.4 SUPPLIER PERFORMANCE RATING

The Quality team will submit the current procedure and notify of any changes.


7.5 SUPPLIER DEBIT PROGRAM

The purpose of the program is to debit a supplier in cases when a supplier's action creates an issue at a Branco that causes internal costs to BRANCO.

When an instance occurs the following actions will take place:

- 1) BRANCO will fill out the Supplier Debit Form and send to the supplier. The supplier has 3 days to acknowledge the charge and discuss it before a debit will be issued.

Example of form below:

Line Down Examples							
							
Incident Date:	1/1/2017	Issue Description:	Non - Delivery				
Part Number:	1234567	Supplier Name:	ACME Parts				
Item Description:	Widget	Supplier Number:	100000				
Quantity	477	Supplier Contact:	DDD				
P-Number:	106577	Immediate Actions:	Line was shut down for 2 hours due to supplier-caused part delivery				
B&S Supply Chain Analyst:	AAA						
B&S buyer:	BBB						
Commodity Manager:	CCC						
Chargeback. This is our charge back amount that will be debited to your account.							
Description	Flat Rate	Number of Operators	Actual Hours	Admin Charge	Material Costs	Total	Comments
Line Down	\$0	5	5	\$ 275	\$0	\$1,525	
Chargeback						\$1,525	

- 2) After three days BRANCO will debit the supplier and the supplier will be notified of the debit at that time.

SECTION 8: PACKAGING REQUIREMENTS

8.1 INTRODUCTION

This section describes the general guidelines required to provide damage-free parts or products during transit and in-plant handling, while keeping cost at a minimum.

Included are basic packaging, labeling and shipping requirements that all BRANCO suppliers are expected to adhere to.

The focal point for package design and development is the point-of-use at BRANCO facilities or selling to final customers. Suppliers are responsible for designing their own packaging systems with input from BRANCO, emphasizing the development of complete and efficient packaging systems that should take into consideration, but are not limited to the following items:

- Part containment and protection
- Handling and storage
- Ergonomic considerations
- Dunnage requirements
- Operator's workspace
- Packaging waste
- Maximum number of parts per container
- Readily recyclable
- Part orientation
- Readily identifiable
- Safety on transportation

Suppliers are not limited to a particular family of containers and/or container suppliers. Acceptable packaging systems must meet the overall guidelines outlined in this section and be approved by BRANCO.

BRANCO is committed to a cooperative effort with our suppliers to reduce waste and recycle materials whenever possible. Ideas that improve the safety, quality, efficiency and cost of the product or packaging that are proven to be economically feasible, are strongly encouraged. Please take this challenge and send any packaging improvements or changes to your BRANCO purchasing representative. BRANCO and its suppliers must continuously work together as partners to make successful packaging systems a reality.

8.2 GENERAL PACKAGING GUIDELINES

Following is a list of guidelines that are important for the implementation of a successful packaging program.

8.2.1 PACKAGE DESIGN

- Packaging must be designed to give proper protection to ensure damage-free parts during transit and in-plant handling.
- Excessive and unnecessary packaging must be avoided.
- Packaging must be designed for ease of use, avoiding excessive labor and use of time for part removal and packaging disposal.

BRANCO SUPPLIER MANUAL

Date of Issue: 03/15/2023

Supersedes: 08/01/2017

- Ergonomics, weight, part orientation, and safety must be considered when developing all packaging.
- Manually handled containers must be designed to facilitate lifting and carrying, and must not exceed forty pounds when fully loaded.
- Containers must never overhang the pallet.
- With input from BRANCO, suppliers will be responsible for the design, testing, and performance of all packaging used.
- Expendable packaging materials must be legally and economically disposable. BRANCO encourages the use of recyclable packaging materials whenever possible, especially in the case of pallets.
- Branco's standard pallet sizes (check with the Quality team the Approved measurements – most common is 1,00m x 1,20m).
- All international pallets must comply with ISPM 15 regulations.
- Suppliers must submit plans of any packaging system before its use. BRANCO purchasing will authorize its use prior to implementation.

8.2.2 PARTS PROTECTION

- Surfaces that are or will be finished, painted, or plated, must be properly protected.
- Machined and/or other surfaces that may be adversely affected by rust must be properly protected.
- Under normal warehouse storage conditions, packaging integrity must be sufficient to protect production parts for a minimum of six months and service parts a minimum of one year.

8.3 PACKING LIST

Packing Lists are required for every shipment and must contain:

- Part Number
- Description of Part
- Total Quantity
- Number of Containers
- Supplier Name
- Purchase Order Number
- Net weight per part
- Total gross weight
- Identification number for each box and pallet
- Inform what is inside each box
- Gross weight per box and per pallet if applicable

SECTION 9: LABELING

9.1 INTRODUCTION

BRANCO can accept barcode labeling on all packaging, unless otherwise stated on FAD. Non-conformance to the labeling requirements will be reflected in a Supplier's Quarterly Performance Rating.

9.2 LABEL DEFINITIONS – If required on Branco's FAD:

PART LABEL: A label used to identify the contents of an individual shipping pack. Each container can require at least one part label on one side.

MASTER LABEL: a label used to identify and summarize the total contents of the same part number in a multiple pack. A multiple pack (pallet, trailer, etc.) is a pack containing more than one individual shipping container of the same part number or different part numbers.

HANDLING UNIT LABEL: a label used to identify logistics units for handling and warehousing. Contains and uses Serial Shipping Container Code (SSCC) identifiers.

MIXED LOAD IDENTIFIER: a label used to identify mixed part numbers in a multiple pack or pallet.

PART LABEL CONTENTS

According to FAD requirements, can require:

- P BRANCO Part Number
- Q Quantity
- V Supplier Number
- K Purchase Order Number
- S Unique Tracking Serial Number – Part Label 2P Revision Level
- O Other

BRANCO Part Number

This is the part number as assigned by BRANCO (must follow FAD requirements).

Serial Number

The serial number is a unique number for both the Part and Master Label assigned by the supplier for each shipping container (e.g. carton, pallet, box, etc.) having identification labels. When required the serial numbers cannot be duplicated within the calendar year for the same supplier number.

Serial Numbers may be assigned by BRANCO for selected items, or supplied by the Vendor, with the approval of BRANCO (confirmed through FAD).

Serial number length and format must be approved by BRANCO to ensure system compatibility and avoid duplication.

Description

This is the product description specified on the part print in the title box and should be in human readable characters (if required on FAD).

Manufacture Date / Lot Number

The manufacture date and manufacture lot of final production or assembly of all the parts in the container in human readable characters only (if required on FAD).

Supplier Location

Supplier name, city, state, and zip code must be shown in the lower left hand corner of the bar code label (if required on FAD).

9.3 LABEL CHARACTERISTICS – see requirements on FAD

QUALITY: Labels are to be wrinkle free and durable to ensure readability at destination. A sample label should be tested to ensure accuracy of readability, printcontrast and all other specification prior to usage.

SYMBOLOLOGY: Bar Codes must comply with FAD requirements.

MATERIAL: Labels can be pressure sensitive or dry gummed type. Adherence to the package must be ensured.

LABEL PROTECTION: Labels must be protected against moisture, weathering, and abrasion. Laminates, sprays, window envelopes and clear plastic pouches are examples of possible protection methods. In choosing any protection method, care must be taken to ensure that labels meet reflectivity and contrast requirements and can be scanned with contact and non-contact devices.

9.4 SAMPLE VERIFICATION

Prior to use, suppliers may be required to submit a Part Label to BRANCO for verification, following all the specifications required by Branco.

9.5 PART LABEL AND LOCATION

Part labels are required on one corner of each shipping package.

SECTION 10: LOGISTICS AND CUSTOMS COMPLIANCE

10.1 LOGISTICS REQUIREMENTS OVERVIEW

We focus on driving efficiencies across our supply chain with improved supplier collaboration and proven standards. Suppliers are required to ship according to the agreed terms on the purchase order and the Shipment of Products/Parts to BRANCO Requirement - BRA-SC-POP-0001:10 (suppliers will receive a copy of this document, together with the Supplier Manual).

Suppliers are responsible to follow all laws for transporting goods including but not limited to; Department of Transportation (DOT), International Maritime (IMDG), International Air Transport Association (IATA) and all local regulations.

Supplier is NOT to prepay and add freight charges to their material invoice if terms are collect. Any freight charges added to your material invoice will be automatically deducted unless previous arrangements have been made with the BRANCO buyer.

10.2 DOMESTIC TRANSPORTATION

BRANCO has contracted with a Third Party Logistics Provider (3PL) to manage the domestic transportation needs. BRANCO's purchase orders specify the IncoTerms and who is responsible for the freight charges. If BRANCO is responsible for freight charges, suppliers are required to coordinate the activity through the contracted 3PL and their transportation management system.

If the supplier's product can ship via: DHL or other courier company, the contracted 3PL will provide you with a Courier Collect account number to charge.

Failure to utilize the specified contracted 3PL and assigned carrier, may result in a fine or debit.

10.3 INTERNATIONAL TRANSPORTATION – IMPORTS AND EXPORTS

BRANCO has contracted with a Third Party Logistics Providers (3PL) to manage its international transportation needs. The BRANCO purchase order specifies the Inco Terms and who is responsible for the freight charges. If BRANCO is responsible for freight, the suppliers are required to coordinate the activity through the contracted 3PL and their transportation management system.

Failure to utilize the specified contracted 3PL may result in a fine or debit.

All global shipments must be made on ISPM15 compliant pallets when freight ships on pallets. A certificate of compliance may be needed. All pallets must have the appropriate heat treat stamp and a certificate of conformance on file.

10.4 SUPPLY CHAIN SECURITY - AEO, C-TPAT and similar Government Supply Chain Security Programs.

BRANCO requires the active participation of our suppliers to ensure a secure supply chain.

BRANCO requires suppliers of all Full Container and Full Truck Load shipments to comply with the international requirements including: securing the loading area from unauthorized access, container inspection prior to loading, sealing containers immediately following loading and limiting access to Customs documentation, among others.

The group's global locations may also participate in the AEO, Authorized Economic Operator program. Suppliers to those facilities must follow the specific requirements of those government security programs. AEO and C-TPAT programs recognize each other and are reciprocal; therefore suppliers should adhere to both program requirements.

10.5 SUPPLIER DOCUMENTATION REQUIREMENTS

BRANCO is committed to compliance with international trade, import and export laws. In order to comply with these laws, we require all suppliers to provide us with the Country of Origin and Harmonized Tariff Schedule number of each part / product supplied. We will request this information initially when a new item is set up and again on a regular basis. The information can be supplied by the use of a WTO qualifying certificate of origin or Free Trade Certificates.

BRANCO may halt purchases from suppliers who fail to provide Country of Origin and Harmonized Tariff information in a timely manner.

All shipments require a transportation document such as a Bill of Lading. Additionally, in order to comply with international trade laws, each shipment must contain proper documentation including a Commercial Invoice, Packing List and Transport Document. Detailed information on how to prepare these documents can be obtained thru the Supply Chain team.

Note: more information on the BEST practices on shipments to BRANCO can be found on the document: BRA-SC-POP-0001:10 - Shipment of Products/Parts to BRANCO.