



SUPPLIER QUALITY MANUAL

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UCC Supplier Quality Manual

1. Purpose

The purpose of this manual is to communicate United Conveyor Corporation's quality requirements and expectations to Suppliers. It is the intent of UCC to do business with Suppliers who are able to provide parts, material, processes, and services consistently to specifications, at a competitive price, and in accordance with the defined delivery schedule. This manual is intended to assist Suppliers in their understanding of requirements regarding specific management, communication, and reporting processes.

If conflicts arise in UCC communications, the following order of precedence applies:

- a. Supply and Purchase Agreement and/or Purchase Order
- b. Specification and/or Drawing
- c. Supplier Quality Manual

Social and Environmental Responsibility -

UCC is committed to operate in an environmentally, ethically, and socially responsible manner. Our Suppliers play a key role in this commitment. We expect our Suppliers to operate in a similar manner and to pass these expectations down to their sub-Suppliers, ensuring conformance throughout the UCC supply chain.

2. Scope

The contents of this manual apply to all UCC Suppliers of production material and services both domestic and international.

UCC's Global Procurement and Quality Assurance and Manufacturing Engineering Departments are responsible for implementation and have authority to ensure all Suppliers meet and fulfill requirements.

Continuous Improvement –

As part of UCC's Continuous Improvement efforts, the UCC Supplier Quality Manual will be updated periodically as required. Suppliers are responsible for obtaining and using the current revision of this document. The latest version of the UCC Supplier Quality Manual can be downloaded from UCC's web site at Unitedconveyor.com (link located on the very bottom line of the UCC web page) or have it emailed with a request to the UCC Purchasing Department.

Sub-Suppliers -

It is the Supplier's responsibility to ensure and control the quality of all components and raw materials (Customer supplied or purchased), used to manufacture product for UCC.

Sub-Suppliers must be **PRE-Approved by UCC in writing** before they are allowed to do any work or step on UCC Properties or any Sites that UCC is already contracted to do work with. Sub-Suppliers must provide Certificate of Insurance and other documents as necessary prior to any engagement. The Primary supplier must pay Sub-Supplier in full and obtain a written release and submit to UCC before Primary will be paid. It is the responsibility of the Primary Supplier to indemnify UCC against any liens filed by the Sub-Supplier.

Each Supplier is fully responsible for the control and continuous improvement efforts of their sub-Suppliers. Sub-Suppliers that furnish products affecting UCC designated characteristics, must implement appropriate controls as specified in this manual. The Supplier will review sub-Supplier controls and quality management systems, and should require their sub-Suppliers to conform to the requirements specified herein.

UCC reserves the right to verify and approve purchased products at the Supplier and sub-Supplier's premises to ensure that contracted products conform to specified requirements.

Expectations -

UCC has the following expectations of all Suppliers. The Supplier shall:

- a. Provide 100% quality parts/services with 100% on-time delivery.
- b. Continually strive to enhance product quality and manufacturing productivity to meet increasing competitive pressure in our global markets.
- c. Ensure confidentiality of UCC product information and intellectual property.
- d. Follow the laws and security guidelines of other countries as applicable.
- e. Support UCC in addressing non-conformances related to the Supplier's product/service to include financial reimbursement and providing assistance to the Customer.

Supplier Receipt and Acceptance of the Supplier Quality Manual -

Prior to being awarded business from UCC, all Suppliers must read the UCC Supplier Quality Manual and then confirm agreement that they will comply with its content and requirements by returning a signed copy of the Supplier Quality Manual Compliance Agreement provided at the end of this document.

3. Quality System Requirements

Each Supplier is responsible for ensuring that products and/or services provided meet established requirements and assume full responsibility for the quality thereof. Approval and verification by UCC of

Supplier's facilities, quality systems, records, and product does not absolve the Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by UCC or its Customers.

To further clarify the above paragraph and expand upon the details so as the Supplier fully understands their responsibility, Supplier hereby acknowledges and agrees to:

- a. UCC personnel, as well a UCC Customer's personnel, may make a number of visits/inspections at the Supplier's facility. These visits do not relieve the Supplier of responsibility for delivery of quality, functioning product. The full burden of providing quality product that meets UCC's requirements remains with the supplier.
- b. UCC Engineers may review several iterations of Supplier's drawings. The Engineer's review of shop drawings shall be for conformance to the design intent of the contract drawings and shall not be construed as a complete dimensional check, and shall not relieve the Fabricator/Detailer from his responsibility for the accuracy of detail dimensions and completeness of these shop drawings, nor the general fit-up of parts to be assembled in the field. The full burden of providing quality product that meets UCC's requirements remains with the Supplier.

Relevant to the above Section 3, each Supplier is hereby responsible for any costs associated with any quality issues that surface. This includes, but is not limited to, repair that is performed at Customer's physical location and includes, but is not limited to, Customer's Work Crew, Supplier's Work Crew or an outside contracted Work Crew, based on the urgency and skill sets required to satisfactorily address the quality issue.

At a minimum, UCC requires that Suppliers shall:

- a. Have a formal quality assurance program in place that includes:
 - 1) Written quality systems manual with documented inspection procedures in place.
 - 2) QA representative who is responsible for supplier's daily quality program.
 - 3) QA representative who is a single point of contact for UCC.
 - 4) Proper inspection / test equipment is available along with a proper calibration process.
 - 5) Providing QA deliverables such as material certs, inspection reports, run tests, etc.
- b. Have a documented welding program that includes: (Fabricators)
 - 1) Welding by AWS qualified welders with documented Procedure Qualification Record (PQR) and Welding Procedure Specification (WPS).
 - 2) Welder records.
 - 3) Weld machine calibration, etc.
 - 4) Welds reviewed by personnel with valid CWI certification.

Suppliers must provide a copy of their internal inspection reports for all UCC products upon request or per commercial requirements. If the Supplier does not have an inspection report format of their own, UCC Quality Assurance and Manufacturing Engineering can provide a form for their use.

ISO-9001 certification is preferred, but not required.

UCC encourages Suppliers to develop a quality management system that provides for continuous improvement and emphasizes defect prevention while reducing variation and waste.

Future enhancements –

Upcoming modifications to be rolled out in future revisions of the Supplier Quality Manual include:

- a. Conducting regular ongoing UCC-QA Inspection audits of Supplier's QA program.
- b. Establishing Supplier's metrics such as:
 - 1) Quality performance.
 - 2) On-time delivery performance.
 - 3) Repetitive annual 12-month quality score and rolling average.
 - 4) Supplier's efforts toward improved quality and continuous improvements.
 - 5) Standardization of QA deliverables, packaging, marking, etc. for contract, 1st Article, and production scenarios.
- c. UCC's Approved Supplier List evaluation criteria and periodic reassessment.

4. Supplier Assessments

With prior notification, UCC may conduct Quality System audits at Suppliers' facilities. The goal of the audits is to understand the Suppliers' capabilities and quality systems and identify continuous improvement opportunities.

Potential Suppliers may be audited as part of the UCC sourcing process. Current Suppliers may be audited if there are ongoing quality problems.

Moving UCC's tooling to a different Supplier's facility or a new sub-Supplier may require a Quality System audit of the new facility. Suppliers are prohibited from moving tools to a sub-Supplier without prior notification and approval from UCC.

Following the audit, UCC will forward the findings and any needed corrective actions on the part of the Supplier. A copy of the UCC Supplier Survey and Audit form can be provided for reference before a scheduled audit. Contact the UCC Quality Assurance and Manufacturing Engineering Department.

5. First Article Submission Process

A full dimensional 1st Article Inspection by the supplier is defined when an item is: new, prototype, revised, new or revised tooling, and/or involves a new or change-in supplier(s). A 1st Article item will be identified to the supplier through the Purchase Order/UCC Buyer.

The full dimensional 1st Article Inspection is to validate the 1st Article item matches the drawing or specification. QA deliverables from the Supplier or Sub-Supplier relating to the 1st Article item should include: 100% dimensional report accompanied with a ballooned drawing (including verification of manufacturing note requirements), material report, performance reports, finished item/packaging photos; blast, paint, plating certifications, etc.

The QA deliverable data (reports, inspection results, testing, etc.) is to accompany the part(s) by being securely attached to the item for the UCC QA Department to easily identify and review.

6. Temporary Deviations

If a Supplier manufactures product that does not conform to UCC specifications and lead-time does not allow permanent corrective action due to UCC's production requirements, a temporary deviation request must be submitted in writing to the Buyer and approved by UCC Engineering prior to shipping any known non-conforming material. Deviation requests must include UCC part number, description, PO number, reason for and details of the non-conformance, proposed solution and the quantity of parts affected.

UCC Engineering approval will be based on how deviation might impact the form, fit and function of the known assembly. A copy of the UCC Engineering approved deviation must be included in the shipment with the non-conforming product and the UCC Engineering Deviation Request number noted on the packing slip.

7. Engineering Change Request

Should a Supplier wish to make a permanent design change to a part or correct an error on a drawing, an engineering change request must be submitted in writing with a redline marked up drawing, to the Buyer and approved by UCC Engineering prior to any change in production.

UCC encourages our Suppliers to propose to the Buyer any product and process improvements to improve manufacturability, quality, delivery lead time and costing.

8. Non-Conforming Materials Process

Suppliers must perform their own internal quality inspections on all product to insure conformity to UCC specifications and requirements, and those of our Customer, prior to shipment.

Upon receipt of nonconforming material UCC will issue a Non-Conformance Report (NCR). Non-conforming material may be found during incoming inspection, audits, at assembly, or through field returns. An example of an NCR form may be found at the end of this document.

A Supplier Return Material Authorization (RMA) must be provided to UCC for material that is defective or considered suspect and needs to be returned to the Supplier. The method for returning defective materials will be determined between the Supplier and the Buyer.

UCC reserves the right to sort or rework non-conforming material at the Supplier's expense to meet lead time requirements or avoid liquidated damages imposed by our Customers.

Within one business day of notification of defective parts through the NCR process, the Supplier must institute immediate containment actions to insure that no more defective product is being produced or shipped, and all product produced before and after the notification are segregated with 100% inspection for the identified defect. Product found non-conforming at the Supplier, in receiving or in inventory, is to be quarantined until disposition is made to accept, rework, or scrap.

The Buyer and Supplier must determine disposition and either return for rework or replacement of all the defective product. UCC may direct a third party to sort or rework any or all defective product at the Supplier's expense if lead time will be impacted or if liquidated damages may be incurred.

The Supplier will investigate and report back to the Buyer in writing the Root Cause for the non-conformance and propose a written corrective action that will prevent recurrence of the non-conformance on future orders. Multiple NCR's on the same part or for the same defect may be sufficient reason for UCC Quality Assurance to place the Supplier on a development program, undergo surveillance, or withhold future business until improvement is shown.

UCC also reserves the right to recover from the Supplier any administrative costs associated with creating and processing non-conformance reports.

9. Supplier Surveillance

In the event a Supplier has repeat NCR's for the same reason, they may be placed on surveillance requiring UCC to approve future shipments. To receive shipping approval the Supplier must submit the requested inspection reports, documentation and/or photos to the assigned UCC Quality Assurance and Manufacturing Engineer and Buyer for review prior to shipment of the product.

Suppliers on surveillance will undergo an on-site Supplier Assessment to measure improvement before being taken off surveillance status. In the event that the Supplier does not improve their quality level within an acceptable period, UCC may take actions up to and including removal from the approved UCC Supplier list.

10. Supplier Development

UCC Quality Assurance and Manufacturing Engineering will provide assistance to Suppliers requiring Supplier development. UCC will assist as needed with:

- a. Resolution of critical issues.
- b. Continuous Improvement activities.
- c. Improvement of manufacturing capabilities.
- d. Training when a need has been identified.

11. Tagging Requirements

When applicable, UCC will provide the Supplier with stainless steel tags to attach to equipment. The Supplier will be notified by the Buyer if tagging is required.

- a. Tags should be hung on each individual component of an assembly. Tags may be bundled into groups only on smaller assemblies with limited space.
- b. Tags must be hung with 20 gauge (.032") stainless steel wire unless otherwise specified. Do not use plastic zip ties.
- c. Excess tag wire can cause operating interference and could be dangerous for Service personnel. After tag is placed, excess wire length to be trimmed for safety.

- d. Tags need to be placed such that they are visible.
- e. Tag placement should not interfere with equipment component or assembly operation (e.g. bolt holes, inlet/outlets, flange holes).
- f. Tags should be placed on a permanent stationary component. Do not place tags on moving components.

A copy of the "Work Instruction – Equipment Tagging" is available upon request. A contract specific tag specification will supersede "Work Instruction - Equipment Tagging."

12. Packaging Requirements

Workmanship and all packing material shall be capable of consolidation and reasonable protection of material during transportation and storage. Packaging shall be sufficient to support frequent handling and extended periods of storage.

All containers and packages shall be marked appropriately. Packaging, marking and documentation must meet UCC specifications 98011 and 98037. The most current revisions of these specifications are available upon request. A contract specific packaging specification will supersede one or both of these UCC specifications.

Items that are shipped to our Mishawaka, Indiana, facility must be on a 40" x 40" pallet or box skid. Overhanging material or components must be braced or properly supported to prevent damage in shipping and handling.

Oversize pallets may be used based on the size and shape of the material. When in doubt contact the Mishawaka Shipping and Receiving Department for additional instructions at mishshipping@unitedconveyor.com.

13. Shipping Requirements

Shipping requirements must follow the Purchase Order instructions.

On shipments where it is requested, the Supplier must submit the following information to the UCC Transportation Department contact when product is packaged and ready for shipment:

- a. UCC Purchase order number.
- b. UCC Part number and quantities in this shipment.
- c. Paperwork to identify from PO if items are 1st Article samples.
- d. When applicable, tag numbers in each box or on each pallet.
- e. Weights and dimensions for each shipping unit.
- f. Complete address where material will ship from.
- g. Shipping hours.
- h. Specify special requirements (flat bed, tarps, etc.).

Each item must be marked with its part number prior to shipment. Each shipping container/skid must be clearly marked with its contents to facilitate identification and storage in the field.

On North American shipments where a standard carrier is defined, shipment may be made to Mishawaka/MPP no more than 5 days prior to PO requirement date. Shipments more than 5 days prior to PO requirement date and/or International shipments must be approved for early shipment by UCC Transportation Department.

14. Industry and Government Regulations

The requirements within the UCC Supplier Quality Manual shall not supersede accepted and practiced Industry and Government Regulatory requirements for purchased material, product and service. In some instances national, state, or local codes and laws will take precedence over sections of the UCC Supplier Quality Manual.

15. Reference Documents

Customer specifications supersede UCC specifications unless otherwise defined.

UCC Specification	Title
4505-1	General Painting and Coating Specification
98001	General Fabrication Specification
98002	Structural Steel Fabrication for UCC standard Products
98006	General Fabrication Specification for Electrical Control Enclosures
98007	General Casting Specification
98008	Carbon Steel Piping Fabrication Specification
98009	General Welding Specification for Steel Structures
98010	Quality Assurance Specification
98011	Packaging Specification
98037	Packing List, Marking and Shipping Instructions Specification
98402	Specification – Wiring for Pre-Wired Assemblies
-	Work Instruction – Equipment Tagging
UCC-800	Leak Test, Pneumatic



Vendor ID Number _____
(for UCC use only)

UCC Supplier Quality Manual Compliance Agreement

As an officer of _____

(company name), with main office, distribution center or manufacturing facilities located at:

I hereby acknowledge that we have read and understand all elements of the United Conveyor Company Supplier Quality Manual and agree to insure compliance to all applicable standards, processes, and procedures therein.

Please sign, and return this form to United Conveyor Corporation (UCC) QA representative via e-mail to: dougomachel@unitedconveyor.com or fax to 847-672-5151.

Company Management Representative:

Name: _____ Position: _____

Signature: _____ Date: _____

Company Quality Representative:

Name: _____ Position: _____

Signature: _____ Date: _____

UCC QA Received by: _____ Date: _____