Warehouse & Distribution Services
Procedure
1.0 PURPOSE AND SCOPE

1.1 Purpose
1.1.1 The purpose of this procedure is to define methods for Warehouse & Distribution Services process at our Company.

1.2 Scope
1.2.1 The scope of this procedure is applicable to personnel performing the activities described in this document and where a customer requires the activities to be performed.

2.0 APPLICABLE DOCUMENTS
The following documents are applicable to the extent as specified here in:

Industrial/Commercial/Government Documents
ISO 9001 Quality Management System - Requirements

Internal Document(s)
ATS-CGP-1001 Contracts Documentation System
ATS-DCP-1001 Document Control
ATS-HRP-1001 Training and Certification
ATS-PGP-1001 Purchasing System
ATS-PGP-3001 Receiving Inspection
ATS-QAP-1004 Quality Records
ATS-QAP-1005 Nonconforming Material System
ATS-QAP-1008 Internal Audits
ATS-QAP-1010 Validation of Processes
ATS-QAP-1011 Analysis of Data
ATS-QAP-1017 Customer Property
ATS-SOP-1002 Safety Precautions and Hazards Prevention
ATS-SOP-1006 Materials Handling and Preservation
ATS-SOP-1007 Limited Shelf Life Material Control
ATS-SOP-1010 Stockroom Material Control
ATS-SOP-1017 Product Identification and Traceability

Form(s)
FORM ATS11-1069 Defect Report – Material
3.0 RESPONSIBILITIES

3.1 General

3.1.1 Production Operations management/Technical Management – is also responsible for preparing and maintaining this procedure. In addition, shall support the process as defined in this procedure.

3.1.2 Operator’s – (Technician; Assembly & Test and Inspection personnel) shall be responsible for supporting the process as defined in this procedure.

3.1.3 Warehouse/Stockroom Personnel – shall be responsible for supporting the process as defined in this procedure.

3.1.4 Quality Assurance – shall be responsible for supporting the process as defined in this procedure.

4.0 PROCEDURE

4.1 General

4.1.1 The Warehouse & Distribution Services approach is defined as the process of managing and performing Warehouse and Distribution Center processes in an effective manner to ensure the timely distribution of need parts/materials/products to fill Customer orders.

4.1.2 The standard "best practices" applied to Warehouse & Distribution Services by Production Operations (Receiving, Receiving Inspection, Stockroom and others) personnel at our company are as follows:

- **Purchasing & Inventory Re-Order Points** - Ensure timely and proactive ordering of required parts/materials/products to prevent delays to user's when the items are needed; establish minimum inventory levels and re-order points for items requiring frequent use or have long purchasing lead times that may impact customer services per ATS-SOP-1010, Stockroom Material Control and ATS-PGP-1001, Purchasing System

- **Cleanliness and Organization** - Maintain Warehouse Stock and Floor Stock location(s) in a clean and organized manner per ATS-SOP-1010, Stockroom Material Control

- **Safety & Hazards** - Maintain Warehouse Stock and Floor Stock location(s) in safe and hazard free environment. Avoid stacking or storing items in a manner where they can fall causing injury or damage. Avoid picking up parts/materials/products in a manner where personal safety is an issue per ATS-SOP-1002, Safety Precautions and Hazards Prevention
• **Preservation** - Ensure Warehouse Stock and Floor Stock parts/materials/products are stored in a manner to prevent damage and degradation per ATS-SOP-1006, Materials Handling and Preservation. Ensure parts/materials/products are not placed directly on the floor, avoid direct stacking of complex and/or expensive items, avoid placing items with surface finish requirements (i.e. painted or placed surfaces, etc.) directly on metal or other surfaces that may cause damage.

• **Identification & Traceability** - Ensure Warehouse Stock and Floor Stock parts/materials/products are identified (i.e. marked, labeled or tagged) with item part number or unique description and other information as required by ATS-SOP-1017, Product Identification and Traceability and Customer order. Where traceability information (i.e. PO #, Date Code, Lot Code, etc.) is required by Customer order, the item's placed in stock shall also be identified with this information. The Identification and Traceability also applies to item(s) being picked/pulled from stock and issued to users.

• **Limited Shelf Life Material Control** - Ensure Warehouse Stock and Floor Stock parts/materials/products that perishable (i.e. epoxy, paints, brake values, air brake hoses, batteries, etc.) are identified, processed and maintained in accordance with ATS-SOP-1007, Limited Shelf Life Material Control.

• **Inventory Accuracy & Cycle-Counting** - Stockroom personnel measure Inventory Accuracy by conducting Cycle-Counts as described in per ATS-SOP-1010, Stockroom Material Control. The Goal for Inventory Accuracy is 98.5% average minimum. It is preferred to Cycle Count all stock locations once per year. Cycle Counting includes the concept of ranking inventory such as A = Expensive (over $10K) or High use Items, B = Intermediate Less than $10K and greater than $1K) expense or medium use, and C = Low cost (Less than $1K) or low use. The results of Cycle Counting are maintained by Production Operations management/Warehouse/Stockroom person using the Cycle Count Summary form. The Cycle Count data is collected by the Warehouse/Stockroom person using the printed Inventory Location sheets (i.e. Excel Spreadsheet or equivalent) with "stock location", "part number " and "quantity in stock" information where the Warehouse/Stockroom person records the actual results and submits to Production Operations management/Warehouse/Stockroom person to update the Cycle Count Summary form. Production Operations management person plans the frequency of Cycle Counting as required - it is preferred that cycle counting be conducted weekly.

• **On-Time Delivery; Stockroom** - Stockroom personnel shall ensure all requests for parts/materials/products that are standard inventory items maintained in the stockroom are "picked/pulled from stock" and "delivered to the user" the same day when received before 12:00 PM noon daily. High use and low cost items are made available via planned Floor Stock locations ready for use by Production Operations personnel. The Goal for Stockroom On-Time Delivery is 95% average minimum for standard inventory items maintained.
4.1.3 Parts/Materials/Products stored in Warehouse Stock and Floor Stock areas are identified as a minimum with the item's part number or unique stocking ID unless otherwise directed by the Customer's order. It is preferred that an Inventory Tag form or equivalent be used as follows:

4.1.3.1 The identification tag, label or marking shall including the following information:

- **Part #:** Required
- **Description:** Optional, but preferred
- **PO #:** Optional, but preferred
- **Location:** Optional, but preferred

4.1.3.2 When deemed necessary by Production Operations management, Stockroom personnel may apply different color stickers to inventory identification tags for tracking annual inventory counting efforts (what has and has not been counted). Examples:
4.1.4 The Warehouse & Distribution Services process steps are as follows:

<table>
<thead>
<tr>
<th>Step</th>
<th>Process Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Program Management</strong> - Assign Production Operations management/Technical Management person manages the Warehouse and Distribution process.</td>
</tr>
<tr>
<td>2</td>
<td><strong>Requirements Validation &amp; Planning</strong> - Examine Customer order requirements for managing the Warehouse &amp; Distribution Services per ATS-CGP-1001. Hire and/or assigned qualified personnel per this procedure.</td>
</tr>
<tr>
<td>3</td>
<td><strong>Purchasing</strong> - Purchasing ensure item's required by the Customer order are purchased in accordance with ATS-PGP-1001, Purchasing System. &lt;br&gt;&lt;br&gt;<em>Inventory levels and re-order points</em> - Production Operations management/Technical Management person establish minimum inventory levels and re-order points for items requiring frequent use or have long purchasing lead times that may impact customer services. Input from the customer is utilized when provided or requested. The minimum inventory levels and reorder points information is periodic updated and maintained as required by the Customer order and/or ATS Production Operations management/Technical Management person.</td>
</tr>
<tr>
<td>4</td>
<td><strong>Receiving Inspection</strong> - Warehouse/Stockroom personnel shall receive and conduct Receiving Inspection per ATS-PGP-3001, Receiving Inspection.</td>
</tr>
<tr>
<td>5</td>
<td><strong>Stockroom Management</strong> - Warehouse personnel shall place &quot;Accepted&quot; Receiving Inspected items in to the stockroom per ATS-SOP-1010, Stockroom Material Control. &lt;br&gt;&lt;br&gt;<em>Inventory Accuracy &amp; Cycle Counting</em> - Warehouse/Stockroom personnel shall perform Cycle Counting as directed by ATS-SOP-1010, Stockroom Material Control and paragraph 4.1.2 of this procedure. &lt;br&gt;&lt;br&gt;<em>Stockroom Best Practices</em> - Warehouse/Stockroom personnel shall comply with Stockroom Best Practices as directed by ATS-SOP-1010, Stockroom Material Control and paragraph 4.1.2 of this procedure.</td>
</tr>
<tr>
<td>6</td>
<td><strong>Issuing Items from Stock</strong> - Upon receipt of the Customer order or Other Request, Stockroom person shall pull the correct part number and quantity items specified per ATS-SOP-1010, Stockroom Material Control. General Admin./Purchasing/Stockroom person shall arrange shipping and preparing required Packing Slip/Invoice for the order.</td>
</tr>
<tr>
<td>7</td>
<td><strong>Shipping Inspection</strong> - Stockroom person or other trained person shall perform Shipping Inspection per ATS-QAP-1406.</td>
</tr>
<tr>
<td>8</td>
<td><strong>Packaging and Shipping</strong> - Stockroom person performs Packaging and Shipping in accordance with ATS-SOP-1020, Packaging and Shipping.</td>
</tr>
<tr>
<td>9</td>
<td>Retain Project documentation as Quality Records per ATS-QAP-1104</td>
</tr>
</tbody>
</table>
4.2 Measurement

4.2.1 The Warehouse & Distribution Services product and process measurements that are used for monitoring, measurement and controlling the delivery of products to our customer are defined in this section.

4.2.2 Shipping Inspection – a trained Shipping Inspection person shall conduct a Shipping Inspection in accordance with ATS-QAP-1406, Shipping Inspection.

4.3 Records

4.3.1 The records prepared, approved, retained and maintained by Production Operations Department personnel to support the Warehouse & Distribution Services process are considered Quality Records and shall be controlled as defined in ATS-QAP-1004, Quality Records.

4.3.1.1 The following Warehouse & Distribution Services records are considered Quality Records and shall be retained and maintained:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Quality Record Type</th>
<th>Minimum Retention Period</th>
<th>Responsible Function and Retention Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shipping Inspection Evidence; Packing Slips/Invoices</td>
<td>3 years</td>
<td>Production Operations/QA/Gen. Admin.</td>
</tr>
<tr>
<td>2</td>
<td>Corrective Action Request (CAR) forms (as applicable)</td>
<td>3 years</td>
<td>QA</td>
</tr>
<tr>
<td>3</td>
<td>Defect Report - Material</td>
<td>3 years</td>
<td>Production Operations/QA</td>
</tr>
</tbody>
</table>

4.4 Support Resources

4.4.1 Our Production Operations management/Technical Management person ensures the appropriate amount of support resources is applied to satisfy customer order and expectation requirements. Our Quality Assurance, Production Operations, Program Management, Document Control and other necessary support functions are responsible for providing timely, efficient, dependable and qualified support services when required by Customer order or requested by Production Operations management.

4.4.1.1 When additional project plans, procedures, instructions or forms are necessary to be used by Production Operations or other support functions, the information shall be documented, assigned a unique document number and revision, approved, controlled and maintained per ATS-DCP-1001, Document Control.
5.0 QUALITY ASSURANCE

5.1 General
5.1.1 Quality Assurance shall ensure this process is audited as scheduled per ATS-QAP-1008, Internal Audits.
**Figure 1 - Typical Warehouse & Distribution Services Process Photos**

<table>
<thead>
<tr>
<th>Figure 1.1 - Warehouse Stockroom</th>
<th>Figure 1.2 - Warehouse Stockroom; Forklift</th>
<th>Figure 1.3 - Warehouse Stockroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.4 - Warehouse Stockroom</td>
<td>Figure 1.5 - Warehouse Stockroom</td>
<td>Figure 1.6 - Warehouse Stockroom; Lift Equipment</td>
</tr>
<tr>
<td>Figure 1.7 - Warehouse Stockroom</td>
<td>Figure 1.8 - Warehouse Stockroom</td>
<td>Figure 1.9 - Warehouse Stockroom</td>
</tr>
</tbody>
</table>
Figure 1 - Typical Warehouse & Distribution Services Process Photos
Continued