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1.0 Purpose:

- 1.1 This procedure has been developed to identify and control the commercial warehouse operation.

2.0 Scope:


- 2.1 This operating procedure applies to the Commercial Business Units (AAR Aircraft Turbine Center, AAR Allen Asset Management and AAR Distribution) at the Wood Dale, IL facility.

3.0 Responsibility and Authority:

- 3.1 The responsibility and authority for the implementation and maintenance of this procedure is assigned to the Vice President of Corporate Quality and Business Systems Compliance and the respective Operations Managers for AAR Supply Chain, Inc.
- 3.2 Product Line Managers and Buyers, and Sales Teams are responsible for acquiring the necessary information to verify the identification of product and its associated traceable paperwork prior to conducting any processing.
- 3.3 The AAR Commercial Operations Manager is responsible for ensuring the handling, storing, packaging, contamination prevention, and protection of products shall be carried out in accordance with this Procedure.

4.0 Forms and References:

- 4.1 This Operating Procedure is intended to work in conjunction with the following Accounting, Product Line, Order Management, Warehouse and QC Operating Procedures, Process Flow Charts, BMS Forms, Manuals and Corporate Inventory Management Procedures / Policies:
 - 4.1.1 AAR Policy and Procedure Manual - Policy Number 3.05.002 - Verification of Inventory Existence
 - 4.1.2 ASC OP-07.1.3 - Powered Industrial Truck
 - 4.1.3 ASC OP-08.7.1 - Scrapping of Material
 - 4.1.4 ASC-WDL-PFC-4.8-3 - Commercial Final Operations (W/H, Inspection, & Shipping functions)
 - 4.1.5 ASC-WDL-PFC-4.8-4 - HAZMAT, ESD, Shelf-Life Program and AD Processes (H.E.S.A)
 - 4.1.6 ASC-WDL-PFC-4.13-1 - Handling of Scrap Material from Supplier or Customer.
 - 4.1.7 ASC-WDL-PFC-4.15-3 - Items Not on Shelf (NOS)
 - 4.1.8 ATA Specification 300
 - 4.1.9 OP-07.5 - Control of Documents and Records
 - 4.1.10 OP-08.4.2 - Product Configuration Management and Verification of Purchased Product
 - 4.1.11 OP-08.5.2 - Identification and Traceability
 - 4.1.12 OP-08.5.3 - Customer Property or Property Belonging to External Providers (Consignment, Repair Management & Government Property)
 - 4.1.13 OP-08.5.4 - Preservation of Product Infrastructure and Work Environment
 - 4.1.14 OP-08.5.5 - Foreign Object Debris Prevention Program
 - 4.1.15 OP-08.7 - Control of Nonconforming Product Suspect Unapproved Parts and Counterfeit Parts
 - 4.1.16 OP-08.7.2 - Handling of Electro-Static Discharge (ESD) Sensitive Components

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5.0 Procedure:

5.1 Warehouse Stocking and Storage

- 5.1.1 Handling, Storing, Packaging, Contamination Prevention, and Protection of Product shall be in accordance with OP-08.5.4 - Preservation of Product Infrastructure and Work Environment and OP-08.5.5 - Foreign Object Debris Prevention Program.
- 5.1.2 The National Fire Protection Association (NFPA) defines flue space as clear vertical openings from the floor up to the ceiling within rack storage areas. Flue spaces are a Fire Code requirement because they reduce the damage from a fire delay by allowing heat to ventilate upward and activate the sprinkler systems quicker. They also allow the water to penetrate down throughout the racking system.
- 5.1.3 In the high bay pallet racking areas, an adequate flue space of 3 inches must be maintained on each side of the uprights to allow heat to promptly vent vertically in accordance with FM Global guidance. This allows for sprinklers to operate as quickly as possible and reduces horizontal fire spread.
- 5.1.4 Personnel will follow the operating procedures in ASC OP-07.1.3 - Powered Industrial Truck, for products that require the use of a forklift / powered industrial truck to move / retrieve.

5.2 HAZMAT


- 5.2.1 Product identified as Hazmat shall be properly packaged in approved containers and labeled before stocking / storage in approved locations.
- 5.2.2 Squibs / explosive devices not packaged in approved shipping containers shall be stored inside metal ammo boxes and locked inside a Flammable Cabinet.

5.3 ESD

- 5.3.1 Electrostatic Discharge (ESD) sensitive devices must have an ESD label affixed to the packaged item and the carton / box identifying it as ESD for handling purposes.
- 5.3.2 ESD items, protected in shielding bags can be safely handled so long as the shield bag remains closed. Product not in static shield bags must not be handled or packaged unless this process is accomplished at an ESD station.
- 5.3.3 Electronic parts with ESD protective caps installed over the connector pins shall not be handled outside of an ESD safe work area and must be placed in static shielding/dissipative bags in accordance with the latest revision of ATA Specification 300.

5.4 Cycle Counts

- 5.4.1 100% of all AAR-owned inventory stocking locations should be physically counted and reconciled at least once during a fiscal year in accordance with the procedures contained in AAR POLICY AND PROCEDURE MANUAL - Policy Number 3.05.002 Verification of Inventory Existence and OP-08.5.4 - Preservation of Product Infrastructure and Work Environment.

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5.5 Order Picking

- 5.5.1 Warehouse personnel will retrieve pick list documents from the designated printer and process the items as required.
- 5.5.2 Picked parts will be scanned to and staged in the designated holding areas for Quality Control (QC) or Warehouse outbound inspection in accordance with ASC-WDL-PFC-4.8.3 - Commercial Final Operations (WH, Inspection, and Shipping Functions).
- 5.5.3 For parts deemed eligible to bypass QC inspection, the Warehouse outbound inspection is limited to matching part number, serial number, quantity, and condition to the order and paperwork.
- 5.5.4 Personnel will annotate on the pick list with part quantity and initial the pick list document. Processed parts are then routed to shipping, scanned to, and staged in the designated holding areas.

5.6 Missing Product / Not on Shelf (NOS)


- 5.6.1 If a part cannot be located during general warehouse operations the appropriate Warehouse or QC designee shall be notified.
- 5.6.2 If the part cannot be found after deeper investigation, the designee will move the inventory tag to a NOS location in accordance with ASC-WDL-PFC-4.15-3 - Items Not on Shelf (NOS) and notify Order Management if applicable.
- 5.6.3 Items discovered missing during Cycle Count will be reported in accordance with the procedure outlined in AAR POLICY AND PROCEDURE MANUAL - Policy Number 3.05.002 Verification of Inventory Existence.

5.7 Nonconforming Product

- 5.7.1 Products found damaged or suspected to be nonconforming during general warehouse operations shall be routed to QC for inspection / evaluation.
- 5.7.2 Parts that have been determined unsuitable for use are to be rejected by QC and placed in the designated non-conforming area.
- 5.7.3 All nonconforming products shall be segregated through the applicable ERP system to preclude its inadvertent use in accordance with OP-08.7 - Control of Nonconforming Product Suspect Unapproved Parts and Counterfeit Parts.


5.8 Scrap Processing

- 5.8.1 Lists or picks shall be provided to the Warehouse Manager of parts approved for scrap.
- 5.8.2 Warehouse personnel will pick parts and prepare them for shipment in accordance with ASC OP-08.7.1 - Scrapping of Material and ASC-WDL-PFC-4.13-1 - Handling of Scrap Material from Supplier or Customer.

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5.9 Customer Supplied Parts

- 5.9.1 Customer Supplied Parts maintained by AAR shall be stored, processed, and protected under the same conditions as material owned by AAR, except when stated otherwise by the contract per OP-08-5.3 - Customer Property or Property Belonging to External Providers (Consignment, Repair Management, & Government Property).

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6.0 Revision History:

Revision Date:	Revision:	Sections / Page Revised:	Description / Reason for Revision:	Approved by:
27/OCT/2021	Original	All	Initial issuance.	C. Anderson