

Supplier News

V.004

2018

Highlights

Welcome

VMI

Commodity Team

Supplier Conference

Country Sourcing



Hello
Bonjour
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Hello and welcome to the Autumn edition of the Pattonair Supplier Newsletter.

I am sure you'll all agree that there is lots going on in Pattonair's supply chain and in this newsletter we will give an update on a range of subjects in preparation for this year's Supplier Conference on 1st November.

As a supply chain, we are in the process of implementing our Vendor Managed Inventory Programme and we now have parts live with a large number of our suppliers. The Pattonair Gold Standard Programme continues to make progress and the addition of AS13003/4 to our requirements provides tools that can be used to proactively improve performance and achieve the Zero Defects performance that our customers demand.

As a business, we continue to grow and have recently taken additional office space in Derby and are investing considerably in our Longbridge Lane facility to increase the site's capacity. In addition our Polish Shared Service Centre continues to expand and we now have a Commodity Team in this region.

Our new business opportunities are at record levels and this year we have bid over \$100m of new business. In 2019, our global footprint is likely to further grow as we expand our global sourcing activity and service new customer facilities.

Corporate Social Responsibility and Ethics remain high on our agenda and we have made a positive impact on people in our local communities through our workforce's activities and our second charity ball which was well supported by our Suppliers - Thank you!

To close I would like to thank you all for your continued support to all our initiatives and I look forward to seeing you all at the Supplier Conference.

Andrew Jones

VMI

We are pleased to announce the launch of our re-engineered VMI process that has significantly improved the minimum and maximum control limits for stock replenishment by our suppliers through the replenishment process. We now have over 25 suppliers piloting the new process with many more planned to join the programme over the coming months.

The new process gives much clearer and more frequent signals around forecast and stock availability to enable suppliers to better plan their capacity. Phase 2 of the programme is in development this will further enhance the process by giving forward supplier visibility and link the process to the supplier portal; giving suppliers more open access to the planning schedules and Pattonair visibility of production in the supply chain over the maximum stock levels.

Supplier Gold Standard

It's now been 18 months since we launched our Supplier Gold Standard programme. We continue to work with 39 of our most important strategic suppliers on this programme, collectively driving towards perfect Quality and Delivery performance along with world class Cost and Management capabilities. Earlier this year, we modified our requirements for achieving, gold standard with the addition of various tools to support our suppliers in achieving perfect performance. These new requirements being PFMEA, MSA, VMI and load capacity planning. These additions aim to help suppliers reduce risk within their manufacturing and support processes. The level of performance expected by ourselves and our Customers cannot be sustained without rigorous application of these tools, and hence they are critical to any improvement journey to Zero Defects and Perfect Customer Performance.

Supplier Gold Standard continues to be an industry leading programme and we continue to work collaboratively with our strategic suppliers, including Zero Defect Leadership training and ongoing workshops to align our expectations and to deliver real change across our end to end supply chain. We look forward to celebrating success with our first suppliers achieving this very significant standard during our Supplier Conference in November.

Pride Park new location

This summer, Pattonair further expanded its footprint in Derby, occupying a new office building on Pride Park; this new location is now the home of the UK-based Commodity and the Strategic Bids teams. The move has provided opportunities for improved cross-functional working alongside other core functions and Pattonair's senior leadership who share our new home, while releasing office space at Longbridge Lane in support of significant growth plans.

Commodity Team in Wroclaw

In the second half of 2018 a new Global Commodity team was set up in Wroclaw, Poland.

The Commodity team is responsible for global strategy creation and execution in the Fabrications, Clamps and Distributions commodities

The team currently consists of: 1 Commodity lead, 2 buyers and a Technical Engineer Procurement and will manage their commodities and explore and identify local, Central and Eastern European vendors capable of becoming Pattonair Partners. This activity being developed in consultation with local aviation clusters.

RoW and US organisations

The Pattonair Strategic Procurement and Bids team is now located across three countries. In Fort Worth, TX the team is responsible for in-region strategic procurement activity including commodity sourcing for Machined Parts (US), Seals and Bearings, as well as US-customer focussed bid sourcing support. Derby, UK is the base for the global Strategic Bids, global Fasteners Commodity, Machined Parts Commodity (Rest of World), and the Procurement Programmes teams. Going forward, as our strategic supply base extends, in particular into Asia, we expect to establish further teams elsewhere.



Supply Chain Excellence.

Supplier Conference

This year marks a milestone in Pattonair's Supplier Conference history: it is our 10th year of running this increasingly prestigious and important event. This significant anniversary will be recognised at this year's global event which will return to being held in the UK after being hosted in Dallas, Texas last year. The Pattonair Supplier Conference 2018 will take place on November 1st and will be principally attended by our Pattonair Gold Standard Programme Suppliers.

A returning key theme this year will be our collaborative journey toward Zero Defects through the Supplier Gold programme. The conference will provide a fantastic opportunity to network while sharing experiences and progress in these areas and learning more about Pattonair's plans for the future within a broader industry context.

Strategic Bids / Business Growth

Pattonair's Strategic Bids team has been busy supporting the organisations global growth objective, having submitted bids year to date (Jan 18 - Aug 18) valuing greater than \$100m in expected annual revenue. Our recent successes include the extension of our current Safran Helicopter Engines contract to 2025, for over 6000 part numbers across 16 Safran sites for both their OEM and MRO activities; as well as signing a new contract with Parker's Fluid System Division in the United States for 1500 part numbers.

The level of bidding activity is expected to grow and is currently supported by a pipeline of opportunities from both new and existing customers, across multiple market segments.

In support of Pattonair's Customer Value Creation strategic objective, we are investing significantly in developing a platform that will enable us to streamline and govern the flow of information between our customers and suppliers, ensuring export compliance and sharing of accurate data with all stakeholders during the bid process.

This will improve our ability to be responsive, meet our customers' needs and add value to their organisations. We are currently designing an in-house IT enabled solution and anticipate beginning system developments in January 2019. It will be an extension to the existing RFQ platform and Supplier Portal that was launched in March 2018. We are excited about innovating the way we manage bids to become more effective and accurate.

Corporate Social Responsibility Activities

Pattonair continues to support the local communities remaining conscience on the ever-increasing effect it can have as we continue to grow as an organisation. In August yet another Blood Drive saw several members of staff volunteer with a further donation scheduled for December.

On a larger scale there were cross-functional teams of volunteers who supported a "DIY SOS" style project at 'Stepping Stones', a local nursery in Derby. We managed to transform the children's outdoor area including the building of a bug hotel, mud kitchen, water wall and a bandstand with fairy lights and cushions for the children to play on. This transformation extended into the interior of the building with several play rooms and staff rooms given a complete makeover.

On a smaller scale there was a local RSPCA collection with staff and family members and friends contributing blankets, towels, leads, harnesses, food and money. The next collection will take place in December.

Pattonair Code of Conduct

Throughout our businesses across Europe, the Americas and Asia, Pattonair is committed to the highest standards of ethics and business conduct. We strive to provide a world class service to our global customers by living out our core values: Build with Integrity, Fairness and Trust; Challenge and Innovate; Always Put Outstanding Service First and Make Ambition Work. In abiding by these values we aim to uphold our reputation for being reliable and acting with integrity, respecting the laws, regulations, traditions and cultures of the countries in which our customers, we and our suppliers operate. We pride ourselves on high standards of service and the professional and ethical conduct of all our employees who act on behalf of Pattonair and who are expected to treat compliance to the Pattonair Code of Conduct as a key element of their daily working lives.

Similarly, our suppliers are responsible for ensuring that their directors, officers, employees, representatives and suppliers understand and comply with the expectation in this Code of Conduct. However, this Code of Conduct is not intended to be all inclusive and suppliers are obliged to ensure appropriate compliance to all applicable laws, regulations, traditions and cultures of the countries in which they and their suppliers operate.

Pattonair's Code of Conduct applies to all customers, employees and suppliers and can be found at: <https://www.pattonair.com/page/code-of-conduct> - it sets a minimum standard for expected behaviour and helps to sustain and enhance our joint reputations while contributing to Shareholder long-term value creation. We expect that suppliers will support Pattonair with appropriate data and site access plus the provision of additional data, certificates etc. evidencing compliance and take prompt action to correct any non-compliance.

Best Cost Country sourcing

Pattonair continues to develop its Best Cost Sourcing Strategies.

Having successfully developed and implemented a robust best-cost supply chain within the fasteners commodity, we continue to evolve the strategy, and now have Brazil and Mexico identified to supplement the regions already providing significant value add to our customers. This process is now being successfully deployed within the Machining and Fabrications commodities.

In India, two suppliers have been successfully onboarded in the past nine months with deliveries due this quarter. As these activities continue to grow Pattonair are actively establishing a facility within region. Similar activities are being mirrored in Eastern Europe, primarily driven from our Polish facility. These suppliers now form a key part of our Strategy going forward, attending our supplier conferences in order to understand Pattonair's vision, including the need to be a part of the GOLD programme and drive for Zero Defects.



Head Office

One Pride Park View,
Victoria Way, Pride
Park, Derby
DE24 8AN

01332 886200

www.pattonair.com