



Supplier Quality Manual

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Quality Policy

Duggan Manufacturing is committed to customer satisfaction by providing top quality products and services at competitive pricing that meet or exceed customer requirements working together in a spirit of teamwork and continual improvement.

A major part of the goals of Duggan Manufacturing is to provide *cost competitive products, on-time, with 100% quality*, and we engage our supply base to help further the reach of our goals.

To help facilitate this, the organization has adopted this supplier quality manual.

Definitions: Duggan, Duggan Manufacturing – used interchangeably.

1.0 Introduction

This Supplier Quality Manual (SQM) has been created to assist our suppliers in understanding the purchasing expectations and quality requirements for products and/or services supplied to Duggan Manufacturing. This Supplier Quality Manual will communicate the operating principles, general expectations, and procedures of Duggan Manufacturing, as they relate to the procurement of goods and services.

Adherence to the guidelines described in this manual is required by all Duggan Manufacturing Suppliers. Acceptance of any and/or all purchase orders constitutes acceptance and commitment on behalf of the recipient to comply with this manual's content.

These guidelines are provided as supplement to, and do not replace or alter, any purchase agreement terms and conditions which are included as requirements of applicable drawings, specifications and other contractual documents. This manual describes the minimum requirements for which the supplier has responsibility. However, system improvements that exceed the requirements specified within this manual are always encouraged.

Supplier Types

Direct – Suppliers that provide goods or services that will be part of a finished product. This includes Raw materials, special processes, various machining operations, certified fasteners (or other associated hardware that must be certified), certified testing/NDT processes, and calibration.

Support / Indirect – Uncertified fasteners or miscellaneous hardware, logistics (packaging, handling), building maintenance supplies, business management expenses.

2.0 Quality system overview

Duggan Manufacturing has designed a Business and Quality Management model that optimizes our value to the customer. As with any organization that relies upon a comprehensive Quality Assurance system, we work diligently to bring our trusted supply base in-line with our core values. It starts with the basics.

Duggan Manufacturing follows the standards and guidelines set forth in ISO-9001, IATF-16949 and SAE AS-9100. It is our mandate, and it is flowed-down from our customers, that all suppliers to Duggan will have a similar level of commitment to Quality. All suppliers to Duggan Manufacturing must at a minimum, demonstrate compliance to ISO-9001.

3.0 The Start of the Process

Our relationship with our best suppliers starts with your reputation in the industry and on your own shop floor. That is why we developed our ***New Supplier Standards Questionnaire***. We know that your 3rd party registration doesn't answer all of the real-world questions that we have. Emailing or faxing a certificate to someone doesn't explain the ideals that make your business a success.

Any successful business should be able to convey their core values to their employees and their customers, as well. The goal for our Supplier Quality system is to engage those companies, bringing dialogue, successes, and lessons-learned to the forefront.

If you want to be considered as not just a supplier but a working partner with Duggan Manufacturing, please download the *New Supplier Standards: Questionnaire* from the Duggan Manufacturing Website (www.dugganmfg.com).

Prior to starting a job for us:

1. We must have a completed "*New Supplier Standards Questionnaire*" on file for your company.
2. Your company shall inform *Duggan* what you will check, how often will you check it, and whether or not you will be recording and retaining the results of those checks.
3. If there are relevant special characteristics the drawing or purchase order indicates, your company's method for controlling those characteristics shall be communicated.

4.0 Supplier Selection and Performance

Duggan Manufacturing's supply base will consist of organizations supportive of our business needs. Criteria for evaluation and selection of suppliers for placement on Duggan Manufacturing's Approved Supplier List is based upon the suppliers' abilities to consistently deliver quality products and/or services, meet our delivery requirements, be cost competitive and be responsive to our needs.

Supplier performance measure and rating system procedure

Supplier Ratings

5 Blue - Benchmark

These are the suppliers that are the top of their segment/class as far as Duggan is concerned. They have risen above the need for risk assessments due to their history of impeccable quality and their status as our best supplier in their manufacturing or processing segment.

Example Traits of a Benchmark Supplier:

Zero nonconformances over a 6 month period (from a minimum of 5 purchase orders)

4 Green – Good status

These are the suppliers that have emerged from a new, probationary, or development status, and they have a history of conforming products and/or services.

3 Yellow – Probationary or Development Status

All new suppliers, or those that haven't been used in the past 2 years, are rated Yellow. This includes suppliers that have dropped down from a better rating, those that are interested in supplier development work, etc.

2 Orange – Must receive special permission to use

Orange-rated suppliers have a history of problems. Special permission from the Quality Department must be obtained prior to use, and a justification must be made as to why a better-rated supplier cannot be used for the particular project.

1 Red – Banned – cannot be used

Red-rated suppliers cannot be used. Gross negligence that lead to a serious Quality concern or horrible customer service are two examples of conduct that can lead to a RED status. Red-ranked suppliers cannot be used unless they take significant measures to improve all areas of their Quality and business management system.

5.0 Non-conformances, corrective action procedures, and supplier detected non-conformances.

In the event that there is a non-conformance from a supplier, the supplier will be informed by Duggan of this non-conformance. The supplier will have 24 hours to submit an interim corrective action and containment response to Duggan. The supplier can choose to use the Duggan form, or equivalent from your own quality system. Excessive non-conformances can lead to remedies that include a quality hold (a stop of all financial processing until an agreed-upon improvement solution and mistake-proofing efforts), removal from the Approved Supplier List, charges for rework, downtime, travel, sorting, or other extraneous expenses.

If the supplier detects non-conforming material prior to it leaving their facility, the supplier must immediately notify Duggan of the finding, and await disposition instructions from Duggan. If the supplier determines that Duggan has received or is about to receive non-conforming material, the supplier must inform Duggan.

In the event that either the survey or the evaluation show evidence for concern, Duggan Purchasing or Quality has the right to call for a review of that supplier where at that time they may be taken off the Approved Source List.

6.0 Drawing, Engineering Changes and Document Control

The supplier is expected to establish and maintain procedures to control all documents that define process requirements. These procedures must support the following:

- a. Revision control
- b. Review and approval prior to use
- c. Prompt removal of obsolete documents
- d. Record retention – Minimum 7 years
- e. Duggan Manufacturing requires all suppliers to seek written acknowledgement /approval from Duggan if there is a change in the process.

A waiver may be requested for the requirements of section 6.0. The request must be in writing and it will be considered on a case-by-case basis.

7.0 Purchase orders

To proceed with work for Duggan Manufacturing, you must have a purchase order from us, or at minimum, a signed letter of intent. Duggan will supply the following within the purchase order:

- a. Description of expected purchase
- b. Revision level, if applicable
- c. Date delivery is expected
- d. Pricing – itemized accordingly
- e. Any requirements for approval of product, procedures, processes and equipment
- f. Any special requirements for qualification of personnel
- g. Any quality system, statutory and/or regulatory requirements
- h. A reference to applicable specifications, drawings, process requirements, inspection instructions and other relevant technical data
- i. Any requirements for design, test, examination, inspection and related instructions for acceptance
- k. References to applicable Quality Clauses that may cover each of the above-mentioned bullet points.

It is acceptable however, to reference a supplier's quote (dated or with a revision level) to cover some or part of the above mentioned purchase order requirements.