



Supplier Guidance

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1.0 Overview. This Supplier Guide is provided to our supplier partners so that D&D Machinery and Sales, Inc. requirements and expectations are understood. This guide:

- Forms a part of the D&D Purchase Order, unless otherwise specified on our Purchase Order;
- Identifies specific quality requirements expected;
- Provides helpful general information to the supplier.

This document is applicable to all D&D purchase orders for raw stock, supplies, parts, assemblies, special processes and outsourcing of contract deliverables including tooling and templates.

2.0 Methods, Processes, Products and Services to be Provided. Supplier selection, review and re-review are based on supplier performance. On-time-delivery and purchase order line item acceptance/rejection are the basis for evaluation. Risk assessment of the supplier is based on the supplier's evidence of a quality system in place as well as supplier performance. Periodic review of supplier's quality system may be performed at the option of D&D. Objective evidence of supplier performance and evidence of a third-party accreditation are acceptable for the purpose of re-survey, but will not preclude optional on-site evaluations or other review methods.

2.1 Methods

2.1.1 Non-Conforming Product (NCP) Control.

- Product that is delivered and is NCP will be rejected and dispositioned as needed to satisfy PO requirements.
- Supplier manufactured product rejected by D&D shall require a response from the supplier documenting actions taken to correct the product (if applicable) and actions taken to prevent recurrence of the nonconformance. D&D may issue a formal Supplier Corrective Action Request (SCAR) containing a timeframe for supplier response and completion.
- In the event a supplier does not accept the responsibility for a discrepant condition, the supplier shall initiate a letter of exception to the D&D Quality Manager. The letter shall make full reference to applicable documents, and be specific and clear in defining the area of exception.
- The Supplier's disposition authority of NCP is limited to:

Rework to Specification: Restore material to specification compliance in accordance with required process and addressed by governing process specification.

Scrap: Permanent removal from production and destruction of product found to be unfit for use. Scrapped product shall be controlled (i.e. quarantined) until destroyed.

All other dispositions: Submit to D&D for material review.

2.1.2 D&D Proprietary and Customer Designed Product. Suppliers do not have Material Review authority for items that are proprietary to D&D or designed by its customers. The supplier shall not perform any disposition on any nonconformance to customer requirements that affect form, fit, function, weight, interchangeability, maintainability, reliability, safety, or any key characteristic. Product nonconformance affecting these parameters shall be submitted to the D&D Quality Manager for consideration and disposition.

2.1.3 Notification/ Disclosures and Recall Control. Suppliers shall provide reporting of nonconformities that may affect already delivered product as soon as the nonconformity is discovered. Should a recall of product be required that affects D&D Purchase Orders, notify

D&D immediately. Include a clear description of the discrepancy as well as parts affected, customer and/or supplier part numbers, quantities, and date(s) delivered.

2.1.4 Actions at Supplier/Sub-Tier Suppliers Facilities. D&D, our Customer and regulatory authorities reserve the right to visit the supplier's facilities and/or Sub-Tier Suppliers facilities to determine purchase order compliance.

2.1.5 Record Retention. The supplier maintains Quality records in accordance with the applicable Quality System standard (i.e. ISO9001, AS9100, CFRs). The records of business with D&D shall be retained.

2.2 Release of products and services. Suppliers shall provide verification of product ordered via a packing slip, Certificate of Conformance or material composition for each line item or shipment. Flow down instructions are indicated on our Purchase Order.

2.2.1 Age-Sensitive Materials. Age-dated materials shall display original manufacturing/cure date, lot number(s), expiration date or length of shelf life. Shelf life expiration ends on the last day of the month the product expires. In addition, forward any special storage/handling instructions. Supplier is responsible to determine if acceptance test report submittal is required in accordance with applicable material specification. The supplier shall physically identify the shelf life expiration date on the deliverable product or the unit packaging according to the applicable standard.

2.2.2 Raw Material. Metallic raw materials shall be identified in accordance with Federal Standard 184, or ASTM B666, as applicable. The supplier will provide a certification that includes physical properties, chemical analysis, and heat-lot number. Non-metallic raw materials shall also include material specifications, and certificates of conformance.

2.2.3 Special Processes. Where required D&D will use Customer approved special process sources. Customer Approved Suppliers are obligated to provide D&D the appropriate C of C for all special processes. Additionally, Supplier shall maintain copies of all sub-tier supplier special processes. D&D Purchase Order will state the requirement for a C of C. Supplier's special process and sub-tier processor certifications and test results shall be made available upon request.

2.2.4 Mil-Spec and COTS Products. Mil-Spec hardware shall either be received with Manufacture Certs or a Certificate of Conformance statement on the packing slip identifying Mil-Spec items. Commercially off the shelf products will be identified as such on the packing slip to allow for proper receiving inspection at D&D.

3.0 Supplier Competence and Qualifications. It is the supplier's responsibility to ensure all items, services rendered conform to all requirements of the D&D purchase order and D&D's customer requirements. Supplier qualification will be based on risk and performance. It is the supplier's responsibility to ensure personnel providing product and services to D&D are qualified in their respective positions.

4.0 Supplier Interactions. The D&D numbered purchase order provides all guidance and flow-down information to fulfill the requirement. If the supplier has any questions or problems meeting the PO requirements, they should contact D&D for clarification.

5.0 Control and Monitoring of Supplier Performance. The Company maintains a register of all suppliers. The register contains the approval status and product scope for all suppliers that affect conformity of product. Registered suppliers are evaluated each time a PO is received as part of the receiving process. The supplier products, goods and services will be verified against the PO and

reviewed through receiving inspection. This review is used as a basis for establishing the level of control on the supplier. Suppliers will be evaluated by the criteria below.

5.1 Evaluation Criteria. Suppliers will be monitored for on-time delivery (OTD) and acceptance of POs based on line item counts. The following Supplier Status can be assigned:

- **Approved:** D&D expects all suppliers to strive for superior on time delivery and acceptance rates. To remain an approved status, an on-time delivery of 95% or better and a PO line item acceptance rate of 95% or better for the calendar quarter must be maintained.
- **Conditional:** Suppliers who have not met or maintained **approved** status or have incomplete records on file with D&D. Conditional status will remain with the Supplier until improvements are noted and/or records are current.
- **Inactive:** Suppliers who have not received POs from D&D for a period of 12 months or more. In the event a new PO is issued, the Supplier will be re-evaluated based on the outcome of the OTD and accept/reject of the PO issued.
- **Disapproved:** Suppliers who have failed to meet D&D evaluation criteria after sufficient time has passed and given the opportunity to improve. Disapproved Suppliers will remain on the Registered Supplier List. Suppliers in this status will not receive POs from D&D without management review and approval.

5.2 Procedure. Suppliers OTD, PO Line Item Acceptance will be reviewed quarterly. If the review finds less than acceptable scores the Supplier will be notified that their status has been downgraded to **Conditional** and the Supplier will be given an additional quarter to correct or improve their status.

If no improvement is noted within the additional quarter, the Supplier will be sent a Supplier Corrective Action Request (SCAR). The SCAR will require root cause analysis and corrective action to resolve the nonconformity. The SCAR must be answered within 90 days. If no action is taken, the Supplier will be identified as a **Disapproved** supplier.

6.0 Verification/validation activities of the supplier. D&D and/or our customer/s reserve the right to validate/verify suppliers on their premises as it deems necessary. Suppliers are encouraged to contact the D&D Quality Manager anytime regarding supplier status. The business line is 830-438-2309.