



Dawson
Shanahan

Precision Engineering & Cold Forming

SUPPLIER
QUALITY
ASSURANCE
MANUAL



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1. Purpose of the Supplier Guidelines Manual

It is the belief of Dawson Shanahan Wales Ltd that the supply base is a key element to its continued success and therefore it is essential to promote strong, long-term working relationships with suppliers.

Dawson Shanahan Wales will continuously demand more of suppliers in the areas of quality, cost, delivery and lead-times and will focus on developing partnerships with suppliers that can provide quality parts at the right price, delivered on time within the required lead-time.

Therefore, the aim of this manual is to reduce the total acquisition cost of material to Dawson Shanahan Wales through clear and concise instructions to suppliers, thus eliminating unnecessary additional costs of supply through non-conformance.

2. Brief Company History

The company first began manufacturing as part of the GKN group in 1957. The company moved to its Welshpool location in 1967. Dawson Shanahan Ltd purchased the company in March 2009.

Major customers of Dawson Shanahan Wales Ltd include automotive and semiconductor industry.

3. Purchasing

3.1 Mission Statement

To procure services and parts to the highest standards of Quality, Cost, Delivery and Environmental performance from a supplier base that offers the very best in value for money, along with providing commercial and engineering support from concept design through to full production.



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3.2 Organisational Structure



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3.3 Terms and Conditions of Supply

Dawson Shanahan Wales enters into contracts of sale based only on the Terms and conditions as agreed.

3.4 Communication

Good communication is a key element required of suppliers to Dawson Shanahan Wales. There are many methods of communication available today which can be utilized effectively. A Dawson Shanahan Wales supplier is expected to be proactive in communicating when problems arise or when deliveries cannot be met. If Dawson Shanahan Wales is made aware early enough, effective steps can be taken to combat or avoid problems, and thus reduce excess cost and/or delays. Suppliers to agree method of communication with Dawson Shanahan Wales.

4. General Requirements

4.1 Total Acquisition Cost

On receipt of quotation Dawson Shanahan Wales will make a decision on which supplier to use based upon acquisition cost (quality, cost, delivery); Dawson Shanahan Wales is not bound to accept the lowest quotes. suppliers are selected based upon criteria of quality accreditations, current customer base, technical ability, strategic fit, market position, and competitiveness. When submitting a quote, the supplier is asked to quote unit price (including carriage charge) and expected lead-time. Failure to quote additional costs, which the supplier subsequently charges to Dawson Shanahan Wales, can result in delays to Invoice payment.

Suppliers should note the request for a full ISIR and Certificate of Conformity (where applicable) to be supplied with all parts included



within the piece cost. Suppliers are expected to carry out a feasibility and contract review prior to quotation and identify any issues at this stage.

4.2 Advanced Product Quality Planning (APQP)

This process provides a structured method of defining and establishing the steps necessary to assure that a product satisfies quality, cost and delivery aspirations. Suppliers will use APQP where applicable. This should include contract review, feasibility studies, design specification reviews, regular project meetings, timing plan reviews and packaging concepts.

4.3 Production Part Approval Process (PPAP)

The supplier is expected to submit samples in accordance with PPAP level 3. A minimum of 5 sample parts will be required with each submission.

Dawson Shanahan Wales may request a 2 day production run audit to assess the production process capacity and capability (run at rate)

The expected initial capability values for production processes are 1.67 (Ppk). Ongoing capability is expected to be a minimum of 1.33 (Cpk). Dawson Shanahan Wales may request the supplier to provide a current capability summary at any time during the part life.

4.4 Initial Sample Inspection Report (ISIR)

A supplier is responsible for the quality of all products manufactured within its facility and any necessary subcontracted processes. The supplier must ensure its product meets agreed drawing requirements, engineering specifications and the requirements of the Purchase Order. Initial Sample Inspection Reports (ISIRs) are used as confirmation that a part has met all requirements outlined by Dawson Shanahan Wales. The report will outline that the part meets all dimensional requirements, material requirements, and performance requirements where applicable. An ISIR is required for every initial manufactured batch. A supplier may use its own forms for dimensional, material test and performance results but they must contain the required information.

All ISIR documentation shall be included in an envelope and delivered with the manufactured batch.



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In addition to the ISIR some components may be subject to Critical and Significant Characteristics 100% inspection. Dawson Shanahan Wales and the supplier will agree this at APQP stage.

If at any time a defect is found, either by ISIR or Critical/Significant Characteristics features inspection, the supplier must 100% inspect for that defect. Dawson Shanahan Wales Engineering and Quality approval is required for each defect out of specification prior to shipment.

4.5 Purchase Order

No goods or services shall be supplied to Dawson Shanahan Wales without the supplier having received a signed copy of the Purchase Order. Failure to quote a Purchase Order when invoicing may result in an invoice being returned unpaid.

If a Purchase Order cannot be raised a letter of intent, undersigned by the authorised buyer will be issued.

The Terms and Conditions of Supply will bind all Purchase Orders raised by Dawson Shanahan Wales Ltd. Prices and delivery dates displayed on the Purchase Order will be based on the quotations completed by the supplier, and the supplier will be expected to supply based on this information.

As well as the supply of a Purchase Order, Dawson Shanahan Wales Ltd will also ensure that all necessary drawings, specifications and related information are sent to suppliers, either in electronic: or hard-copy format. Should a supplier find it requires additional information, it should contact the relevant buyer as soon as possible.

4.6 Shipping & Packaging

The supplier is responsible for delivering the agreed quantity at the agreed time. All delivery promises must be adhered to unless the buyer approves other dates. In the event of a supplier delay, the supplier will be responsible for all premium charges, including premium freight charges in order to meet the agreed delivery promise.

- ❖ All parts supplied to Dawson Shanahan Wales should be packaged in a suitable manner, to maximise protection from all damage and the environment.
- ❖ All packaging should be clearly labelled with the following information:



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- ❖ Reference to Purchase Order Number
- ❖ Part Numbers/Quantities
- ❖ Reference to Delivery Note Number
- ❖ Approved concession number, if applicable.

Packaging supplied to Dawson Shanahan Wales, if required must comply with Directive 2000/29/EC, this states that: ‘Susceptible wood originating in Canada, Japan or the United States of America’, shall be heat treated or kiln dried to a minimum core temperature of 56 deg C for at least 30 minutes in a closed chamber or kiln which has been tested, evaluated and approved officially for this purpose. In addition, the susceptible wood shall display an officially approved heat-treated or kiln-dried marking enabling the identification of where and by whom the above treatment has been carried out; or shall have been pressure (impregnated) treated with an approved chemical in accordance with an officially recognised technical specification. In addition, the susceptible wood shall display a marking enabling identification of where and by whom the above treatment has been carried out; or shall have been fumigated with an approved chemical in accordance with an officially recognised technical specification. In addition, the susceptible wood shall display B marking enabling the identification of where and by whom the above fumigation has been carried out.

4.7 Invoicing

All invoices submitted to Dawson Shanahan Wales Ltd for payment must quote a Purchase Order Number otherwise invoices will be returned unpaid. The following information is also required where applicable:

- ❖ Dawson Shanahan Wales Ltd Part Number
- ❖ Clear Description
- ❖ Delivery Note Number
- ❖ Quantities

All invoices will be paid as per agreement.

A delay in payment will also occur where invoice details do not match the details stated on the Purchase Order. It is the supplier’s responsibility to query discrepancies on a Purchase order prior to goods shipment and/or invoicing.



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5 Continuous Improvement

Dawson Shanahan Wales Ltd expects all suppliers to continuously improve their systems and processes and encourages reinvestment for mutual benefit. Dawson Shanahan Wales will actively support a supplier in achieving their improvement goals, through regular reviews, constructive project meetings, changes to working practices/methods and quality improvements through either certification or product.

6 Return to Vendor

Dawson Shanahan Wales will raise a defective Goods Report (DGR) where parts/goods are found to be unacceptable for use. The supplier is asked to respond within 24 hours making one of the following responses;

- ❖ Supplier to arrange collection of the parts/goods
- ❖ Supplier to visit Dawson Shanahan Wales Ltd to view the parts/goods
- ❖ Request Dawson Shanahan Wales Ltd to dispose of the parts and debit the suppliers account.

If the supplier fails to respond within 5 days, Dawson Shanahan Wales Ltd will dispose of the parts/goods and debit the suppliers account accordingly.

7 Concessions

In the course of processing an order the supplier may find that it cannot meet a specification as detailed by Dawson Shanahan Wales Ltd. In this instance, it is essential that the supplier contacts the buyer as soon as possible explaining the situation and request a concession form. Once Dawson Shanahan Wales has received and assessed the concession form, if accepted it is progressed through the approval system. On final approval the supplier is notified and sent a copy of the approval. The supplier must then ensure that all parts are identified using an appropriate concession label. If a supplier concession is rejected, it is the



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responsibility of the buyer to inform the supplier so that immediate action can be taken on the suspect parts.

8 Supplier Monitoring

Suppliers are monitored utilizing the principles of, Quality Performance, and Delivery Performance.

The frequency of the assessment is carried out to an annual plan.

Suppliers not reaching a suitable rating will be advised in writing by the buyer, detailing the areas in which they are underachieving. If possible suggesting corrective actions that could improve their rating.

9 Contingency Plan

Suppliers must have a contingency plan in place to ensure continuity of supply in the event of an emergency such as utility interruptions, labour shortages, key equipment failure and field returns.

10 Environmental

Dawson Shanahan Wales Ltd holds the following accreditations:

ISO 14001

The following materials are prohibited in the manufacture and supply of components into Dawson Shanahan Wales without prior written consent:

- ❖ Lead
- ❖ Mercury
- ❖ Cadmium
- ❖ Hexavalent Chromium (Electroplating process/Acid anodising)

Dawson Shanahan Wales is driven to make environmental improvements by the following factors:

- ❖ Legislation
- ❖ Suppliers
- ❖ Employees
- ❖ Shareholders



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- ❖ Customers
- ❖ Financial Benefits

Dawson Shanahan Wales would encourage its suppliers to seriously consider making environmental improvements so that they too can share in the financial and environmental benefits we enjoy.

Suppliers subject to regulatory control may be requested to supply evidence of compliance to Dawson Shanahan Wales Ltd as part of the supplier evaluation process.

11 Conflict Minerals

“Conflict Minerals” refers to certain minerals and their derivatives mined in the eastern province of the Democratic Republic of the Congo (“DRC”) and in the adjoining countries (“DRC Region”) where revenues generated by their sale may be directly or indirectly financing armed groups engaged in civil war resulting in serious social and environmental abuses. In July 2010, the United States passed the Dodd -Frank Financial Reform Bill. Section 1502 of this bill requires all U.S. stock listed companies and their suppliers to disclose the chain of custody usage of Conflict Minerals (Tin, Tantalum, Tungsten, and Gold).

In 2017, Regulation (EU) 2017/821 of the European Parliament and of the European Council of 17 May 2017 was passed concerning supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

Dawson Shanahan supports this legislation and supports efforts to eliminate the use of Conflict Minerals.

Dawson Shanahan does not procure Conflict Minerals directly from suppliers.

Our sub suppliers are expected to have undertaken due diligence to ensure that any minerals purchased by them originate from outside of the Conflict Region

Suppliers must pass this requirement through their own supply chain and determine the source of specified minerals ensuring that minerals are only sourced from responsible sources.



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12 Code of Conduct

The basic principles described here constitute a minimum standard for us and do not affect country-specific additions that are based on the relevant cultural circumstances.

Human Rights

We undertake to observe the internationally proclaimed human rights in our sphere of influence.

Forced Labour

We will not engage in or associate ourselves with use of any forced labour.

Child Labour

We will not engage in or associate ourselves with use of child labour in our operations.

Discrimination and respect of others.

We mean to provide a workplace free of discrimination and harassment on the basis of gender, race, skin colour, religious beliefs, age, national origin, handicap, or sexual orientation. Employees in our workplace deserve each other's respect.

Compensation and working Hours

We recognise workers needs for adequate remuneration and observe the legally guaranteed minimum wages in the respective labour market. We observe the rules that apply to working hours in each of our operations.

Relationship with employees and employer representatives

We respect our employees' voluntary freedom of association. Independent of this, we also enable our employees to express their interests directly to management on a continual basis.

Health and Safety

We mean to provide a safe and healthy working environment that meets or exceeds applicable standards for occupational health and safety. We will take steps to prevent injuries and occupational illnesses caused by workplace conditions.



Workforce Development

We see the development of our employees as an essential investment in the future of our company. We also value the development of social and technical expertise.

Suppliers

We encourage, where practicable, our suppliers to introduce and implement similar principles of social responsibility within their companies.

Environmental responsibility

We maintain an environmental management system, which we continuously improve. Local environmental protection laws and the specifications of the environmental protection system must be observed as a minimum. We collaborate with our business partners and suppliers in exercising our environmental responsibility.

Conflict of interests, gifts and attempted bribery

We shall neither accept nor distribute any gifts that may lead to a conflict of interests. In particular, neither bribes nor any other illegal payments may be made or offered to government officials or other persons.

Responsibility

We believe each of our employees has an individual responsibility to follow this Code of Conduct and encourage co-workers to abide by it as well. Management is responsible for enforcing principles that become part of our rules or principles.