

James Walker	Supplier Approval & Supplier Rating System	Date: Nov 07, 2024	Rev: 14	Page: Page 1 of 5	Document No: OPI 28 Approved by: UK Procurement Manager
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REASON FOR UPDATE: Section 4.5.7 updated to cover API requirement for critical strategic suppliers

ASSOCIATED DOCUMENTS: **FMP Ref:** FMP23 **QPD Ref:** QPD49 **Form Ref:** F018A, F018B, F666, (applicable to JW&Co)
SOP2.01 & 2.01A **QAP 4.4** (applicable to James Walker Moorflex)

1. **PURPOSE**

1.1 To document the processes around Supplier approval and rating at James Walker & Co Ltd, James Walker Moorflex Ltd, James Walker Devol Ltd & James Walker Rotabolt.

2. **SCOPE**

2.1 This document applies to all Suppliers as outlined in para 4.2

3. **RESPONSIBILITY**

3.1 The UK Procurement Manager is responsible for updating and communicating the details within this procedure.

4. **PROCEDURE**

4.1 **Supplier Management.**

4.1.1 **Supplier Management Database.**

Documented Supplier Information, such as; Approved Supplier List (ASL), Appraisal Questionnaires, Quality, Health & Safety and Environmental Accreditations, Customer Approvals, etc are stored and managed from a Supplier Management Database which, is maintained on a regular basis by the Purchasing Department.

4.2 **Supplier Categories**

4.2.1. **Establishing Supplier Categories.**

Before beginning the Supplier Approval Process, it is helpful to establish and categorise what type of a Supplier we will be dealing with. This will also dictate the qualification criteria we employ during the review process. The table below provides a list of Supplier categories alongside which is a definition of the category.

Supplier Type	Definition
Direct	Materials that are used in the creation of JW Products
Indirect	Material that is included with the product sold by James Walker but is not considered part of the product itself.
Strategic-Critical *Critical Strategic	Any Supplier that a JW Business Unit deems critical to the production of JW Products or are vital to the day to day running of the business
Distributor	Any Supplier that buys products from many manufacturers, stores the products, and then sells it to JW for use in production. Distributors can provide direct and indirect material for production but generally have little control over the quality of the materials they sell
Bought In For Resale (BIFR) – (Traded)	This category is for any Supplier that buys finished products from many manufacturers', stores the finished product and then resells it to JW for further resale to JW customers
Special Services *Non Critical	Any Supplier that provides products & services to JW that has no direct interaction with the manufacture of JW Products. This category will also include Expense type items.
Maintenance, Repair & Operations (MRO)	Suppliers who provide items and/or equipment that are necessary to produce JW Products. This category will also include Consumable type items
*Critical Customer Specified	Customer Approved Suppliers have been specified by the JW customer for certain products, materials or types

It is quite common for some Suppliers to belong to more than one of the above categories. This being the case, they are identified as such in the Approved Supplier List (ASL).

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4.3 Qualification Criteria

4.3.1 Establishing the Qualification Criteria

The following matrix outlines the Supplier Qualification Criteria to apply against each of the Supplier Categories described in section 4.2.

Supplier Type	Environmental ISO 14001	Quality System ISO 9001, IATF16949, AS 9100, etc.	Health & Safety ISO 45001
Direct	Preferred	Yes	Preferred
Indirect	Preferred	Preferred	Preferred
Strategic – Critical *Critical Strategic	Preferred	Yes	Preferred
Distributor	Preferred	Preferred	Preferred
BIFR (Traded)	Preferred	Preferred	Preferred
MRO	Preferred	Preferred	Preferred
Special Services *Non Critical	Preferred	Preferred	Preferred
*Critical Customer Specific	Preferred	Preferred	Preferred

4.4 Supplier Approval Process

4.4.1. Supplier Appraisal Questionnaire

With the exception of expense type suppliers, new suppliers are invited to complete a Supplier Assessment Questionnaire. However, consideration will be given to Supplier Corporate Responses and information that can be pulled directly from the official Supplier Websites. The results will be reviewed against the following criteria:

Area	Examples
Company Data	<i>Company Names, Addresses, Bank & Contact Details. Payment Terms</i>
Quality Management	<i>Quality Systems, Accreditations etc</i>
Supply Chain Management	<i>How does the Supplier measure their Supply base</i>
Health, Safety & Environmental	<i>Accreditations, Policies & Statistical Data</i>
Ethical Procurement & Supply	<i>Code of Conduct, Sustainability, Bribery & Corruption, Modern Slavery Act</i>
Operational Results	<i>Delivery (OTIF), Quality Records, Continuity Plans</i>
Credit Rating	<i>Credit Checks with a recognised Credit Referencing Agency</i>

4.4.2. Evaluation.

On receipt of the data that has been collected from the Supplier, the results will be evaluated by the Purchasing and/or Quality Department, whereupon an initial Supplier Grading is allocated. This grade will form part of the overall Supplier Grading Classification as detailed in section 4.5.5. These gradings will be based on the following criteria (see **QPD 49**).

Grade	Qualification Criteria
1	<ul style="list-style-type: none"> ISO 9001 + ISO 14001 + ISO 45001. ISO 9001 + IATF16949 ISO 9001 + AS9100 (EN9100)
2	<ul style="list-style-type: none"> ISO 9001
3	<ul style="list-style-type: none"> Industry based 3rd Party Accreditation only JW Customer Approval.
4	<ul style="list-style-type: none"> 2nd Party Approvals/Documented Quality System
5	<ul style="list-style-type: none"> No Approvals/No Documented Quality System or No Response.

If the data collected from the supplier is not to an acceptable level, or is insufficient for our purposes, further checks maybe required to mitigate any perceived risks that maybe associated in trading with the supplier in question.

4.4.2.1 Risk Assessment

The electronic format is the official master version. Verify hard copies against the electronic version.
JAMES WALKER.

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The data submitted by the supplier will form the basis of an initial Risk Assessment. Where applicable, Suppliers that are identified as being of "Critical-Strategic" importance to the business, will be allocated a Risk Score and entered into the Risk Management Database. The categories are detailed below:

Score	Risk Factor
1-7	Minimal risk, no actions necessary (monitor only)
8-14	Low risk, monitor frequently and act as necessary - appropriate risk controls in place
15-21	Medium risk, risk mitigation partially effective, or incomplete. Apply risk management to reduce risk further
22-25	High risk, No, or ineffective, risk controls in place. Urgent risk mitigations required.

4.4.3 Approval Categories

A Supplier is approved in accordance with the criteria detailed below:

Approval Category	Sub-Category	Criteria
Full	None	Is reserved for Suppliers who consistently demonstrate high levels of customer service and compliance to JW Supplier expectations. Full approval status enables JW to contract with a Supplier at any time within the capabilities or categories listed in the JW ASL. (See Clause 4.4.4)
Conditional	In Review	Is reserved for identifying Suppliers who are at the end of their 3 year Review Period and are currently being re-evaluated (See Clause 4.4.5 Re-Evaluations).
Inactive	None	Is used to identify Suppliers when there has been no Purchasing Activity during the applicable Review Period (3 years). Suppliers who fall into this category are automatically made INACTIVE in the ERP System to prevent accidental use. Should a situation arise whereby it becomes necessary to use the Supplier again? A Full Supplier Appraisal of the Supplier is required. (as per Clause 4.4.1).
Disqualified	None	Is reserved for Suppliers who did not meet JW expectations during the approval process or have experienced significant issues and have not provided any satisfactory corrective actions. Materials are not to be purchased from disqualified suppliers.

4.4.4 Approved Supplier List

JW will maintain an Approved Supplier List (ASL) which lists all evaluated and approved Suppliers. In addition, the list shall also give details relating to the Supplier's ERP Account No (Purchasing system), Supplier Type, Approval status (Approved, Conditional, Inactive, Disqualified) and the scope of approval (typically commodity type or product family).

Suppliers, who have met the evaluation criteria, may then be entered into the purchasing system and items may be purchased.

4.4.5. Re-Evaluations.

To maintain the integrity of the Supply Base, Suppliers will be re-evaluated at least once in a 3 Year cycle to ensure that the data held on file is both valid and accurate.

To facilitate this, existing supplier assessment data, including any accreditations that the supplier holds is reviewed and updated, where applicable.

The Purchasing and/or Quality Department will evaluate any new data in accordance with Clause 4.4.2, before the re-grading (if applicable) and re-approval of the supplier in the ERP System, Approved Supplier List and Risk Assessment Database (if applicable).

4.5 Supplier Rating System

4.5.1 Supplier Performance Monitoring System

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A Supplier Performance Monitoring system is in place against Strategic-Critical Suppliers who have been identified by the business as being of Strategic importance.

The performance of other suppliers (excluding those stipulated by our Customers and who are not already Strategic-Critical Suppliers to JW) are also monitored on a regular basis, although this information is not necessarily published.

The Supplier's performance will be monitored and scored in two areas:

4.5.2 Delivery (OTIF).

Deliveries are assessed at quarterly intervals by calculating the number of items that have been delivered on time and in full (OTIF) against the total number of items received in the Review Period. This result is expressed as a percentage and forms part one (1) of a Supplier's Performance Score (SPS).

4.5.3 Quality: Supplier Concerns & Global Supplier Audit Schedule.

Quality is assessed at quarterly intervals by calculating the number of discrepancies recorded against the total number of items received in the Review Period. This result is expressed as a percentage and forms part two (2) of the Supplier's Performance Score (SPS).

Internal supplier concern and external Customer concerns relating to suppliers are logged and coordinated through My Case, which can be found in Apex.

Our Global Supplier Audit Schedule can be located in Docushare/Quality/ Global Supplier Quality/ Global Supplier Audit Schedule. The audit schedule is coordinated by the Supplier Quality Manager.

4.5.4. Supplier Performance Score (SPS)

Is calculated as follows: OTIF Score (%) + Quality Score (%) and then calculated as an Average and expressed as an overall percentage score.

Example:	OTIF	=	97%
	Quality	=	96%
	Supplier Performance Score:	=	96.5%

Supplier Performance Categories are rated against the following criteria:

Supplier Performance Score (%)	Supplier Rating	Criteria
100	A	Exemplary , No Quality or Delivery issues
95 – 99	B	Very good , Minor non-conformances handled promptly & well
90 - 94	C	Acceptable , Minor issues but usually reliable.
85 – 89	D	Below Expectations
81 – 84	E	Unacceptable – Only use if no other alternative exists
	X	No Data

This Supplier Rating will form part of the overall Supplier Grading Classification – see section 4.5.5, for further details.

Supplier Performance Scores are reported back to Suppliers, who are considered to be of Strategic-Critical Importance to the business at the end of every quarter. Suppliers with a SPS of below 90% may be invited to provide an explanation and submit an Improvement Plan clearly detailing the measures they have put in place to improve their SPS. Continued Performance at this level will jeopardise their JW Approved Supplier Status.

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For James Walker Cockermouth, Performance Data will be pulled directly from the Oracle system and is downloaded and calculated via an Excel Spreadsheet.

For James Walker Devol & Moorflex, Performance Data will be pulled directly from the ERP system and reported via a Tableau Report.

4.5.5 Supplier Grading Classification.

The culmination of the Supplier Rating Process is in the allocation of a Supplier Grading Classification. This is made up as follows:

Element	Result
Supplier Grade (as described in Section 4.4.2)	1
	+
Supplier Performance Score (as described in Section 4.5.4)	B
Supplier Grading Classification:	= 1B

4.5.6 Supplier Selection Guide.

Supplier Grading Classification	Guidance
1A, 2A	Preferred
1B, 1C, 2B & 2C	Acceptable
3A, 3B & 3C	Adequate
4A, 4B, 4C, 5A, 5B & 5C	Use with caution.
All other Grades	Do Not Use unless there is absolutely no alternative.

4.5.7 API Q1 Requirement (*applicable to James Walker Moorflex only*).

API requirements Identified with an asterisk (*)

In order to validate the processes and procedures of sub-contracted suppliers of work relating to NDT (Non Destructive Testing), Coatings, Heat Treatment etc. suppliers who are classified as being sub-contractors will be added to the 3 year global supplier audit schedule. Sub-contractor audits will be conducted either as, an onsite supplier visit or as a remote audit via video link.

The Audits will review the following areas:

- Manufacturing
- Personnel qualifications
- Methods of manufacture
- Acceptance criteria
- Recorded results

Critical strategic suppliers have an initial risk assessment completed as part of the initial supplier approval process.

For any new critical strategic suppliers, an onsite or remote audit would be required before the supplier is approved.

For API - Critical Strategic suppliers have been determined and identified as:

- Direct suppliers
- Sub - contractor suppliers
- Service suppliers