Supplier Non-Conformance Procedure

Number	WCEF-PD-SUP-0013				
Reasons for Creating or Amending Document	New or Amended Process				
Actual Change Details	addition of Cintellate wording and rating				
Version	2.0.0	Published	06/01/20254	Review Date	27/11/2025

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1. Introduction

1.1 Purpose Statement

This procedure describes the process for identification and management of Supplier non-conformances.

This integrated process ensures a comprehensive and compliant approach to managing quality non-conformances, incorporating the 8D methodology for effective problem solving and alignment to WesCEF requirements.

1.2 Scope

This procedure covers the quality non-conformances identified by the Supplier and/or WesCEF with the performance of the supply of Goods or Products and the performance of the Services provided by the Supplier.

This procedure does not cover HSE and non-conformances raised through assurance activities. These are available in *WCEF-PD-ASR-0001 Audit Non-conformance Procedure*.

2. Definitions

2.1 Cintellate

Refers to the WesCEF QA/OC management system.

2.2 Non-conformance

Refers to any deviation from the requirements of Contract, including specified requirements in the quotation, specification, Master Scope of Work, Individual Scope of Work, WesCEF Standards, Good Industry Practice, Design Documentation, Wesfarmers Policies and/or processes affecting time, quality, or cost.

2.3 Non-Conformance Report

WCEF-FORM-SUP-0005 Supplier Non-Conformance Report which is the form issued from WesCEF to the Supplier.

3. Responsibilities

3.1 Procurement Team

The Procurement team member is responsible for:

- Consulting with the Responsible Officer (**RO**) to enable the preparation of *WCEF-FORM-SUP-0005 Supplier Non-Conformance Report.*
- Issuing and managing the progress of the *WCEF-FORM-SUP-0005 Supplier Non-Conformance Report* between the RO and the Supplier.
- Facilitation of the Supplier Relationship Meetings (**SRM**).

3.2 Responsible Officer (RO)

The Responsible Officer is responsible for:

- Raising to the attention of the Procurement team a potential or realised non-conformance.
- Managing the operational activities of the Supplier on a daily basis.

- Liaising with the Procurement team to ensure the correct information is detailed on the *WCEF-FORM-SUP-0005 Supplier Non-Conformance Report.*
- Correctly raising the Quality incident relevant to each non-conformance in Cintellate.
- Adjustments and re-rating to the original raised Quality incident following outcomes from Root Cause analysis.
- Providing key input and information for the SRM.

3.3 Supplier

The Supplier is responsible for:

- Alerting the RO to the potential or realised non-conformance at the earliest opportunity.
- Ensuring the non-conformance is addressed where practicable in the agreed timeframes.
- Participating pro-actively in all SRM.

4. Non- Conformance Management Process

A Supplier non-conformance will typically be identified as either:

- Quality.
- Service.
- Late delivery (DIFOT).

Health, Safety, and Environmental (HSE/ENV) incidents and will be tracked separately.

4.1 Identification and Initial Response

4.1.1 Identification

Non-conformances can be identified by either WesCEF personnel and/or the Supplier. It is expected that all nonconformities identified at Supplier or sub-Supplier sites are raised by the Supplier using their own NCR management process and the information is immediately provided to their representative and our Responsible Officer (RO). If the Supplier does not have their own non-conformance process, then the information relevant to the non-conformance will be emailed to the RO.

Once identified it is expected that the WesCEF RO will discuss the non-conformance with the Procurement team and will commence the non-conformance process documented in this procedure.

4.1.2 Initial Action

Upon identification of the non-conformance, the WesCEF RO will register the non-conformance in Cintellate as a "**Quality**" incident (Please refer to Appendix A Cintellate Process Raising). The **Primary Consequence** selected by the RO **must** be **Quality**. Based on the information raised in the Quality incident, The WesCEF Procurement team will prepare (in consultation with the RO) and manage the progression of the *WCEF-FORM-SUP-0005 Supplier Non-Conformance Report* with the Supplier. The non-conformance will also be rated on the *severity* of the associated identified risk as per below.

Non-conformance Rating	
HIGH	A critical quality non-conformance that, if not addressed immediately, poses a significant risk to the quality, performance, or delivery of goods and services.

	These issues may result in disruption to production, operational delays, or non-compliance with contractual or regulatory requirements. They often involve defects or failures that directly compromise the intended use or function of the good or service. Examples may include (but are not limited to): • Delivery of non-functional or hazardous products. • Major deviations from contractual specifications. • Delays that jeopardise key milestones or client satisfaction.
MEDIUM	A moderate quality non-conformance that highlights deficiencies in meeting agreed contractual criteria or performance standards. These issues, while not immediately critical, indicate gaps that could lead to inefficiencies, increased costs, or reduced customer satisfaction if not addressed quickly. Resolving medium-level non-conformances can prevent operational risks from escalating and ensure continuous improvement in goods or service delivery. Examples may include (but are not limited to): • Goods or Services delivered with minor but correctable defects. • Partial compliance with agreed quality or delivery standards. • Delays or issues causing inconvenience without significant operational impact.
LOW	A minor quality non-conformance that presents minimal risk to the functionality or performance of goods and services. These issues typically have limited immediate impact but could accumulate to affect overall quality or efficiency if left unchecked. Addressing low-level non-conformances helps maintain consistency, fosters attention to detail, and supports a culture of continuous improvement. Examples may include (but are not limited to): • Minor cosmetic defects in products. • Slight delays that do not affect downstream processes. • Minor errors or administrative oversights.
PIO	This is not a non-conformance but an idea or observation that may improve the efficiency of, or all value to the work undertaken.

When the non-conformance has been raised in Cintellate a minimum of two actions must be created and assigned in Cintellate:

- Firstly, to ensure that the non-conformance has been issued to the Supplier.
- Secondly, to close out the non-conformance following receipt of the required completed non-conformance form.

The Supplier is responsible for responding to and addressing non-conformances as determined by WesCEF within the designated timeframes.

4.1.3 Timing Requirements

Due to the criticality of the processes that could be impacted by a Supplier's non-conformance the following timeframes must be adhered to for corrective and preventive actioning.

- **Immediate**: Acknowledge receipt of the *WCEF-FORM-SUP-0005 Supplier Non-Conformance Report* and initiate containment activities.

- **24 Hours**: Begin containment activities, including sorting internally, in-transit, and at WesCEF facilities. Start problem analysis and identify other at-risk sites.
- **48 Hours**: Complete containment and implement short-term corrective actions.
- **10 Working Days**: Complete cause analysis and implement permanent corrective actions.
- **20 Working Days**: Verify the effectiveness of permanent corrective actions and prevent recurrence.
- **Extended Time**: If resolution exceeds 20 days, coordinate with the concerned SQE-SDE or SQP for an extended timeline.

4.1.4 Documentation

All completed *WCEF-FORM-SUP-0005 Supplier Non-Conformance Report* Forms must be recorded in the Master Document Register (MDR), if Project related and raised as a Quality incident in the Cintellate system (WesCEF HSEQOC management system).

4.2 Non-Conformance Details and Reporting

4.2.1 NCR Content:

Each NCR should include:

- Description and details of the non-conformance.
- Correction and/or disposition to address the non-conformity.
- Cintellate incident number
- Root Cause Analysis (RCA).
- Corrective actions to eliminate the root cause.
- Verification of the effectiveness of implemented actions.

4.3 Response Methodology for the Supplier

All NCRs will be addressed following the 8D Methodology which is outlined on the *WCEF-FORM-SUP-0005 Supplier Non-Conformance Report.*

D1: Establish a Team

- Assemble a cross-functional team with the necessary knowledge and expertise to address the non-conformance. Include representatives from relevant departments (e.g., quality, engineering, production).

D2: Describe the Problem

- Provide a detailed description of the non-conformance, including what the issue is, where and when it occurred, and its impact. Use clear and specific terms to define the problem.

D3: Implement Containment Actions

- **Immediate**: Initiate containment actions to prevent the issue from affecting further production or deliveries. This may involve isolating affected products, halting production, or notifying affected parties.
- **24 Hours**: Begin internal sorting, in-transit inspection, and containment at Principal facilities. Engage in problem analysis and identify other at-risk sites.

D4: Identify and Verify Root Causes

- Conduct a thorough Root Cause Analysis (RCA) to determine the underlying causes of the non-conformance. Use tools like the 5 Whys, Fishbone Diagram, or Fault Tree Analysis.

D5: Develop and Implement Corrective Actions

- Define and implement corrective actions to address the root causes identified. Ensure these actions are effective and prevent recurrence of the issue. Document these actions and their implementation.

D6: Verify Effectiveness

- **10 Working Days**: Check and verify the effectiveness of the corrective actions. Ensure that the measures have successfully resolved the non-conformance and that similar issues are not recurring.

D7: Prevent Recurrence

- Implement preventive measures to avoid the recurrence of similar non-conformances. This may involve updating processes, revising procedures, or training staff.

D8: Recognize and Congratulate

- Acknowledge and celebrate the efforts of the team in resolving the non-conformance. Recognize their contributions and share the lessons learned with the broader organization.

4.4 Costs

Non-conformances are not considered as lessons learned. They are specific instances of deviation and should be addressed as such. Compliance with a non-conformance is considered a non-reimbursable or non-chargeable activity, indicating that the resources and efforts dedicated to resolving and addressing non-conformance are not billable to WesCEF. This aligns with the understanding that non-conformances are corrective measures.

The Supplier is responsible for all costs related to non-conformances, including sorting, handling, shipping, rework, inspection, and any secondary costs incurred by WesCEF.

Suppliers must:

- Expedite replacement of non-conforming materials.
- Provide resources for sorting or rework.
- Authorize WesCEF to perform third-party sorting or rework if necessary.

4.5 Finalisation and Documentation

All corrections and corrective actions must be completed before issuing inspection release records (IRNs or IRCs).

5. Records Management

All project-related NCRs, including records of correction, RCA, and close-out verification, must be shared with the relevant WesCEF RO as a minimum, and documented in the MDR.

The Quality incident in Cintellate should also have a copy of the WCEF-FORM-SUP-0005 Supplier Non-Conformance Report uploaded and saved to show the progress and provide evidence for verifying close out.

6. Reference Material

6.1 *WCEF-FORM-SUP-0005 Non-Conformance Report*

7. Continuous Improvement and Performance Monitoring

WesCEF is committed to the achievement of continuous improvement and the Supplier is expected to employ best practices in relation to the quality and service provided under the Contract.

The Supplier working in conjunction with WesCEF shall submit KPI initiatives for WesCEF approval and will be expected to continually be vigilant during the Contract to further identify and introduce procedures and processes that will benefit the project in terms of quality, service, and commercial benefits.

All aspects of the Suppliers engagement are monitored throughout the lifecycle of the contract. The contents and respective targets in the scorecard are based on a pre-set range of Key Performance Indicators, which will be formally reviewed

The RO will determine with the Procurement Team the frequency of the SRM. This is likely to be either quarterly, biannually, or annual.

7.1 Scorecard and Performance

WesCEF Procurement Team will maintain a scorecard to monitor and review Supplier performance. Suppliers should review their performance regularly and address any issues proactively.

The SRM is the forum for review of the Quality objectives and evaluation of the Supplier performance.

The Cost of Non-Quality (CNQ) is monitored as a KPI to assess performance and drive improvements.

The typical KPI measurements assigned to a Supplier will be:

- NCR count within a given timeframe (determined based on meeting frequency)
- Time to Close out.
- Review the severity of the non-conformances raised.
- Success of corrective and preventive actions in correcting the non-conformance

Appendix A – Cintellate Process Raising

1. Select Incident

- Navigate to the main page of **Cintellate**.
- **Select** the **Incidents** section.

2. Create a New Incident

- **Select** the **New** button to create a new incident.
- Cintellate will automatically populate your name when the new incident is created.

3. Complete Incident Details

- **Incident Date**: Enter the date of the incident.
- **Incident Time**: Enter the time of the incident.
- **Area**: Select the relevant area from the folder list.
- **Department**: Select the department responsible for resolving the incident.
- **Summary**: Provide a brief summary of the quality incident.

4. Detailed Description

- Provide a **detailed description** of what occurred.
- Include details of the **immediate actions** taken in response to the incident.
- **Consequences**:
    - **Primary Consequence**: the RO **must** Select **Quality**.
    - **All Consequences**: Select this option to enable all aspects of the incident to be selected.
    - **If the primary consequence is not quality, i**.e. its Safety, then this procedure doesn't apply.

5. External Company Selection

- **External Company**: Select **Yes** if the incident involves an external company.
- Search through the list for the external company's name.
- If the company is not available, select **Other** and type in the Supplier company name.

6. Responsible People

- Select the **relevant responsible people** for this incident. This will send email notifications to the involved parties and enable them to take actions and access the incident for further sections.

7. Save Incident

- **Save** the new incident, which will generate an incident number.

8. Quality Tab Details

- **Select** the **Quality** tab to enter relevant information about the quality incident.
- **Quality Incident Type**: Choose one of the following:
    - Non-conformance
    - Opportunity for improvement
    - Observation
- **Source**: Select one of the following:
    - Customer
    - Internal detection
    - External detection
    - Audit or assurance activity
    - Supplier
    - Other
- **Incident Type**: Select the type of quality incident from the provided list.
- Fill in as much detail as possible in the relevant sections.

9. Save Quality Incident Details

- **Save** the entered quality incident details.

10. Actions Tab

- **Select** the **Actions** tab to create at least two actions related to the incident:
    - **Action 1**: Issue the **Non-Conformance Report** (NCR).
    - **Action 2**: **Close out the incident**. Assign this action to the responsible officer, and ensure the assignment date aligns with the latest timeframe allocated on the NCR.

11. Finalise and Save

- After completing the actions, ensure all necessary steps are documented and save the incident for final processing