



Level II System Manual

Property of Southern Fasteners & Supply Inc.

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Revision History (AS9120, Section 7.5.2 & 7.5.3). This manual was originally issued on 09/07/03 at Revision 0. Revision changes that have taken place on and after 09/15/2017 will be noted by the lettering being in red until the manual's next release. Previous revision changes can be found by contacting the Management Representative.

0.1 Quality Policy

Southern Fasteners and Supply Incorporated is committed to delivering products and services, which conform to customers' needs and expectations as well as complying with all applicable legal and regulatory requirements.

Management's goal is to involve every employee in the continuous improvement of our systems with focus on a total quality effort by:

- 1 – providing the means and processes necessary
- 2 – encouraging full participation
- 3 – maintaining a spirit of innovation
- 4 – ensuring the understanding that all employees are accountable for their actions



President

0.2 Introduction

Southern Fasteners and Supply Incorporated was founded in 1982 by RJ Harris. It's headquartered in Winston-Salem, NC with multiple sites positioned to better serve our customers.

Southern Fasteners and Supply Inc. is recognized for its steadfast dedication to the servicing of their customers in a very personalized way. The organization is dedicated to distribution of quality fastener products. The organization also recognizes that its employees are the most valuable resource. They strive to live the organization's Quality Policy and strive to continually improve the service and product they provide, and to satisfy the expectations of their customers.

In Southern Fasteners and Supply Inc.'s drive for continual improvement, the following elements are key:

- communication & engagement of all employees
- customer focus
- improvement
- leadership & relationship management
- process approach
- risk & opportunity management

1.0 Scope

Southern Fasteners and Supply Inc. is a distributor of fasteners, fastener related product, and on-site inventory management.

This System Manual addresses all applicable requirements of AS9120, ISO 9001, and DOE 414.1 (standards revised as available) for all lines of business at the following locations:

<u>Warehouse</u>	<u>Location</u>
01 & 02	Winston-Salem, NC

The following locations are held to the same requirements but are outside the scope of accreditation:

11	Richmond, VA
21	Parkersburg, WV
31	New Johnsonville, TN
41	Montgomery, AL
51	D'Iberville, MS
61	Greenville, SC
65	Pendergrass, GA
71	Orlando, FL
81	Houston, TX
91	Anaheim, CA

The following requirements do not apply to Southern Fasteners & Supply Incorporated (SFS Inc.) or our activities as it does not affect our ability or responsibility to ensure customer satisfaction.

<u>Standard</u>	<u>Requirement</u>
AS9120B	<u>8.3 Design & Development of Products & Services</u> Southern Fasteners' business is the distribution of fasteners and related products and does not design product
ISO 9001:2015	<u>8.3 Design and Development</u> Southern Fasteners' business is the distribution of fasteners and related products and does not have any contractual requirements.
DOE 414.1A	<u>Criterion 6 – Design</u> Southern Fasteners' business is the distribution of fasteners and related products and does not design product.

2.0 Normative References

The following documents in whole or in part are normatively referenced and/or used in the preparation of this document and are essential for its implementation. All referenced documents, unless otherwise stated, were current at the time of the preparation of this System Manual.

- AS9120
- ISO 9001
- DOE414.1A

3.0 Terms and Definitions

The terms below are referenced in the applicable standards as noted in Section 2.0 Normative References.

Audit – An independent examination of a process to determine whether the activities and related results comply with planned outcomes and whether the process has been effective and suitable.

Calibration – The process by which measurement and test equipment is checked for accuracy by comparison to known standards.

Certificate of Conformance (CofC) – A document that certifies product conformity to process, design and/or specification requirements.

Counterfeit Product – Product produced or altered to imitate or resemble a product without authority or right to do so, with the intent to mislead or defraud by passing the limitation as original or genuine.

Corrective Action – Action to eliminate the cause of a detected nonconformity or other undesirable situation.

Customer-Supplied Product – Any type of equipment, instrumentation, product or containers that belong to a customer.

Customer Satisfaction – Customer's perception of the degree to which the customer's requirements have been fulfilled.

Manufacturer (Mfgr) – Vendor or source of product and/or service

Material Test Reports (MTR's) – Documents issued by the product mfg and/or supplier that certifies product conformance to process, design and/or specification requirements.

Mill Reports – Documents issued by the mill that certifies material conformance to applicable specifications.

Order/Special Instructions – Instructions and/or requirements identified by the customer, or determined by the organization, which have high risks to being achieved, thus requiring their inclusion in the risk management process. Factors used to determine these requirements include product or process complexity, past experience and product or process maturity.

Organization – Southern Fasteners & Supply Incorporated (SFS Inc.)

Process – A set of interrelated resources and activities, which transforms inputs into outputs.

Product – The end item result of meeting all contracts terms and conditions.

Records/Documented Information – Documentation of activities that must be maintained as applicable and specified in applicable procedures, processes and/or work instructions (electronic and hard copy alike are controlled from modification and alteration).

Risk – An undesirable situation and/or circumstance is that can occur and potentially have a negative consequence.

System – Our AS/DOE/ISO based management controls of our system/processes/work instructions/forms

Top Management – President, Vice President(s), Managers of Branches, Purchasing, Quality, Sales, & Warehousing (as applicable by process/location)

Traceability – The ability to trace history, application or location of an item or activity, by means of recorded identification.

4.0 Context of the Organization

4.1 Context of the Organization

SFS Inc.'s Top Management has determined the external and internal issues that are relevant to its purpose and strategic direction and the affect its ability to achieve the intended results of this system as referenced in the management review (Section 9.3).

4.2 Understanding the Needs & Expectations of Interested Parties

Due to their potential and/or actual effect on the organization's ability to consistently provide product and services to meet customer and applicable standards and requirements, the organization shall determine:

- the interested parties (to include but not limited to the organization owners & managers, customers, regulatory & certification organizations) relevant to the system
- the requirements of the interested parties

SFS Inc. is committed to continually monitoring, reviewing, & analyzing the information and requirements of these interested parties to ensure their requirements managed effectively by the system.

4.3 Determining the Scope of the Quality Management System

SFS Inc. has determined the boundaries and the applicability of the system to establish scope and thus will consider:

- external and internal issues as noted in 4.1
- the requirements of relevant interested parties as noted in 4.2
- the products and services of the organization

SFS Inc. shall apply all applicable requirements of the standards listed in Section 2 - Normative References, to determine the scope of this system.

The scope of this organization's system shall be available to internal and external parties and maintained as documented information and shall state the products and services covered (Section 1 – Scope). It shall also provide justification for any requirement deemed not applicable to the system.

4.4 Quality Management System & Its Processes

SFS Inc. shall establish, implement, maintain, and continually improve the system and its supporting processes, documents, work instructions, etc., in accordance with the applicable standards of Section 2 – Normative References, including applicable statutory and regulatory requirements.

5.0 Leadership

5.1 Leadership & Commitment

SFS Inc.'s Top Management shall demonstrate leadership & commitment to the system by:

- taking accountability for the effectiveness and suitability of the system
- ensuring the quality policy and objectives are established for the system and that they are compatible with the context and strategic direction of the organization
- ensuring the integration of the system requirements into the organization's processes
- promoting the use of process approach and risk-based thinking
- ensuring that the resources needed for the system are available
- communicating the importance of effective management and of conforming to the system requirements
- ensuring that the system achieves its intended results
- engaging, directing, and supporting persons to contribute to the effectiveness of the system
- promoting improvement
- supporting other relevant management roles to demonstrate their leadership as it applies to their areas of responsibility

Top Management shall demonstrate leadership and commitment with report to customer focus by ensuring that:

- customer and applicable standards and requirements are determined, understood, and met consistently
- the risks and opportunities that can affect conformity of products and services and the ability to enhance customer satisfaction are determined and addressed
- the focus on enhancing customer satisfaction is maintained
- product and service conformity and on-time delivery performance are measured and if planned targets are not maintained that appropriate action is taken

5.2 Policy

Top Management shall establish, implement, and maintain a quality policy that:

- is appropriate to the purpose and context of the organization and supports the strategic direction
- provides a framework for setting quality objectives
- includes a commitment to satisfy applicable requirements and to continual improve the system

The quality policy shall:

- be available and maintained as documented information
- be communicated, understood, and applied within the organization
- be available to relevant interested parties (as appropriate)

5.3 Organizational Roles, Responsibilities, and Authorities

Top Management shall ensure that the responsibilities and authorities for relevant roles are assigned, communicated, and understood within the organization.

Top Management shall assign the responsibility and authority for:

- ensuring that the system conforms to the requirements of applicable standards of Section 2 – Normative References
- ensuring that the processes are delivering their intended outputs
- reporting on the performance of the system and on opportunities for improvement with particular focus on Top Management
- ensuring the promotion of customer focus throughout the organization
- ensuring that the integrity of the system is maintained when changes to the system are planned and implemented

This will be accomplished by Top Management appointing the Quality Manager as the Management

Representative who shall have the responsibility and authority and freedom to resolve any issues.

6.0 Planning

6.1 Actions to Address Risks & Opportunities

Planning for the system, the organization shall consider issues referenced in Section 4.1 & 4.2 and determine the risks and opportunities that need to be addressed:

- give assurance that the system can achieve its intended results
- enhance desirable effects
- prevent and/or reduce any undesired effects
- achieve and strive for improvement

The organization shall plan:

- actions to address risks and opportunities
- how to:
 - integrate & implement the actions into the system processes
 - evaluate the effectiveness of these actions

Actions taken to address risks and opportunities shall be proportionate to their potential impact on the conformity of products/processes/services.

6.2 Quality Objectives & Planning to Accomplish

The organization shall establish quality objectives at relevant functions, levels, and processes needed for the system.

The quality objectives shall:

- be consistent with the quality policy
- be measurable and monitored and communicated to appropriate personnel
- take into account applicable requirement(s)
- be relevant to conformity of products/processes/services to the improvement of customer satisfaction
- be updated and modified, as appropriate

The organization shall maintain documented information on these quality objectives and shall determine how to achieve quality objectives via:

- what will be done
- what resources will be required
- who will be responsible
- when completion is expected
- how will it be measured

6.3 Planning of Changes

When changes for the system are identified by the organization, said changes shall be accomplished in the in a planned manner and the organization shall consider:

- the purpose of the changes & potential consequences
- the integrity of the system
- the availability of resources associated
- the availability and potential change of responsibilities and authorities

7.0 Support

7.1 Resources

7.1.1 General

SFS Inc. is committed to providing necessary resources for the establishment, implementation, maintenance, and continual improvement of our system. These resources include:

- well maintained and suitable work environment
- necessary equipment for the effective competition of required processes
- competent and capable employees

The process for identifying and communicating required resources is built into our management review, regular manager meetings, internal audit, and employee evaluation.

7.1.2 People

SFS Inc. shall identify training needs, provide as necessary, and evaluate the effectiveness of said training. Personnel assigned responsibilities for specific tasks, objectives, goals, and/or processes are qualified based on the required education, training, experience, and/or skill set. All employees are made aware of the relevance and importance of their position, activities, and how they contribute to the achievement of objectives and overall compliance to the system and quality policy. All personnel records of training and qualification are maintained.

7.1.3 Infrastructure

SFS Inc. has determined and provided the necessary infrastructure resources to establish, implement, maintain, and continually improve the system. Infrastructure can include but not limited to:

- buildings (including office/work space, racking, storage, and associated utilities)
- equipment (gages/scales, PC's/network, telecommunication, information technology, etc.)
- transportation

Any new infrastructure requirements that are identified will be documented in the quality plans and other documents as required.

7.1.4 Environment for the Operation of Processes

SFS Inc. Top Management shall evaluate, identify, and manage the human and physical components/factors of the work environment that are considered to be key to control processes and those that can impact the achievement of conforming process/product/ services to ensure all is suitable and effective. Additional factors can be physical (temperature & humidity), social, and psychological (stress, etc.). Evaluations include:

- review of product, specification, customer requirements
- review of current working environment and conditions to determine if current status is suitable and effective for new requirements
- implementation of changes as necessary
- continual review to ensure key components/factors are being maintained

7.1.5 Monitoring & Measuring Resources

Lvl III Process Flow Monitoring & Measuring Resources

SFS Inc. has determined the required monitoring, measurement, and resources to be initiated throughout our system. This included but is not limited to:

- monitoring & measuring equipment
- documented procedures, work instructions, forms, etc.
- qualified and competent employees

Documented procedures and work instructions outline the processes that control monitoring and measuring

equipment used to process product. These procedures and work instructions cover aspects that are before, during, and after the processing of product and appropriate documentation is maintained to provide objective evidence of compliance to the system.

7.1.6 Organizational Knowledge

SFS Inc. considers the necessary knowledge/skills/training required for each position and process in the system and considers this a key factor for ensuring all employees and processes are consistent and are capable of obtaining conformity for product and services. This knowledge/skills/training is defined, maintained, and made available as needed. As change(s) occur (due to needs, trends, corrective action, etc.). SFS Inc. evaluates current knowledge/skills/training and plan accordingly based on new requirements, experience, and general industry knowledge (from internal and external sources).

7.2 Competence

*Lvl III Process Flow
People/Resources*

SFS Inc. has determined below the necessary items to ensure the competency of the personnel performing work that may impact the system.

- initiate job descriptions (basic duties, training and position requirements)
- ensure said personnel are effective and suitable (based on skills, experience, and education)
- where applicable, action is taken to obtain needed proficiency and then evaluate the suitability and effectiveness of said action
- retain applicable documentation for evidence of competence
- conduct employee evaluations occurring every 12 to 18 months

7.3 Awareness

*Lvl III Process Flow
People/Resources*

SFS Inc. has determined that all personnel doing work under its name are to be aware of:

- the quality policy & ethical behavior
- current and relevant quality objectives
- their impact on said objectives, the effectiveness system, product/process/service, product safety
- the consequences of non-conforming to the SYSTEM and applicable requirements
- the current system and applicable requirements and any changes thereto

7.4 Communication

SFS Inc. Top Management has determined the internal and external communication that is relevant to the system, including the:

- what it will be shared
- the frequency and timeliness in which it will be shared
- with whom it will be shared
 - how it will be shared
 - who is responsible for initiating

7.5 Documented Information

7.5.1 General

SFS Inc. maintains a documented system of management as a means to ensure that products and services conform to the required standards and specifications. The system includes:

- Level I standards referenced in Section 2 (Normative References)
- Level II system manual
- Level III processes/flow diagrams
- Level IV work instructions
- Level V forms
- any supplementary information such as standards, specifications, requirements, etc. (customer

provided or otherwise) deemed necessary for the effectiveness of the system

7.5.2 Creating & Updating

When creating and updating documented information, SFS Inc. shall ensure that appropriate:

- identification and description (title, date, revision, author, etc.)
- format (electronic, manual, etc.)
- review and approvals (identified via red printed revisions tags)

7.5.3 Control of Documented Information

Documented information required for the effectiveness of the system shall be controlled to ensure:

- it is available and suitable for use, where & when it is needed
- it is adequately preserved/protected from loss, corruption, improper use
- distribution, access, retrieval, & use
- storage & preservation (including legibility)
- control of changes
- retention & disposition (during active and obsolete status)

Documented information from an external source (once identified as necessary for the system to be effective) is identified as appropriate and controlled.

Documented information retained (electronic and/or hardcopy) as objective evidence for conformity to the system, shall be protected from unintended alterations or damage.

8.0 Operation

8.1 Operational Planning & Control

SFS Inc. has determined expectations and has implemented controls for each process in the system. The planning of controls is necessary to ensure expected acceptability of products and services. These planning processes include:

- defining of quality objectives,
- development of required processes
- identifying the requirement(s) for records necessary to demonstrate the product/process conformance
- establishing of appropriate verifying process/program

Operational planning and control of new process/product requires the following prior to be implemented.

- determining the requirements for the product/services
- establishing criteria and acceptance for the product/service
- determining the resources needed to achieve conformity to the product/service requirements (accuracy and on time included)
- implementing control of the processes in accordance with the criteria
- determining, maintaining, & retaining documented information as necessary to have confidence that the processes have been carried out as planned and to demonstrate the conformity of products/services to the respective standards/requirements
- engaging representatives of affected organization functions for operational planning & control
- determining the products and services to be obtained from external providers
- establishing the controls needed to prevent the delivery of nonconforming products and services to the customer

The output of this planning shall be suitable for the organization's operations.

Outsourced processes (standards, requirements, etc.) as well as planned changes are controlled and shall review the consequences of unintended changes, taking action to mitigate any negative effects, as necessary.

Organizational planning and control inputs include but not limited to:

- management review
- product details
- customer requirements & contract review
- industry standards & specifications
- information flow down

All work (permanently or temporarily) transferred to an outside/external source (manufacturer/vendor, secondary processor, etc.) continues to conform to necessary requirements and that all potential impacts and risks are managed accordingly.

8.1.2 Configuration Management

SFS Inc. has determined, implemented, and maintained processes and work instructions associated with the managing of products that ensure lot traceability and material control is maintained while product is within SFS Inc.'s control therefore allowing for the conformity to applicable requirements.

8.1.4/8.1.5 Prevention of Counterfeit and Suspected Unapproved Parts

SFS Inc. prevents suspect/counterfeit and unapproved product from entering our stock via the following:

- procuring from authorized distributors or direct from the manufacturers
- regular evaluation of current vendors and their product, packaging, and supporting documentation
- the evaluation of new suppliers (Section 8.4) vendor approval section
- training of appropriate personnel that are responsible for the approval of product at the different stages

of processing

Any product found to be suspect is quarantined, tagged appropriately, and management is notified. Product is then treated as nonconforming product (Section 8.7).

8.2 Requirements for Products & Services

Lvl III Process Flow
Sales

8.2.1 Customer Communication

SFS Inc. communicates with customers the following (but not limited to) information via verbal, written (hardcopy and electronic), and electronically:

- information relating to product and service
- quotes/inquiries, contracts/PO's, and applicable standards, specifications, & requirements
- customer feedback (complaints, praise, report cards, & surveys)
- changes, concessions, modifications, etc.

8.2.2 Determining the Requirements for Products & Services

SFS Inc. requires all customer requirements on products and services to be clearly understood by all parties. These requirements include but are not limited to:

- applicable standards, specifications, drawings, additional description(s), etc.
- additional requirements identified as necessary by SFS Inc.
- agreement & acceptance on the contract/PO requirements by both parties

8.2.3 Review of the Requirements for Products & Services

SFS Inc. ensures our ability to meet all applicable requirements of the contract/PO for the products and services therein. Appropriate personnel conduct contract/PO review prior to committing to ability to supply product and/or service that includes at a minimum:

- all requirements specified by the customer (per contract/PO)
- all requirements not specified by the customer that are inherent to the product and service in question
- SFS Inc. internal requirements of product and service in question
- all statutory and regulatory requirements applicable (standards, specifications, etc.)
- any noted differences based on previous sales (specification changes, new revisions, etc.) with all differences/changes noted being reviewed for their impact in our current processes before acceptance and incorporation into the system
- all departments impacted by the requirements of contract/PO to coordinate accordingly

All applicable documented information is retained after initial review along with communication back and forth (accepting or rejecting acceptance), new/revised requirements, and/or any external requirements associated with said contract/PO (Appendix D – Records Table).

8.2.4 Changes to Requirements for Products & Services

All changes or required amendments are documented. All parties and departments affected are notified of potential and actual impact from changes identified.

8.3 Design & Development of Products & Services

SFS Inc. has determined that this section is not applicable to our system needs or requirements to be suitable and effective to satisfying our goals, objectives, and quality policy.

8.4 Control of Externally Provided Processes, Products, & Services *Lvl III Process Flow*
Purchasing

8.4.1 General

SFS Inc. maintains the responsibility for the quality of all products purchased from external sources (including customer specified). Procedures and controls in place ensure products and services from external sources conform to customer requirements. Examples of these controls:

- controlled Approved Vendor/Manufacturer List (AVL/AML) in ERP
- review of vendors/manufacturers performance

8.4.2 Type & Extent of Control

SFS Inc. ensures that product and services provided by external sources do not negatively impact our ability to consistently supply conforming product and service. Vendors not meeting performance standards will be required to initiate corrective action. Vendor that do not will be reclassified appropriately.

8.4.3 Information for External Providers

SFS Inc. employs purchase orders (PO's) to define product and services required to meet customer requirements. PO's are initiated in ERP (computer system), by authorized personnel. PO's and supporting documentation (that potentially include standards, specifications, drawings, & additional customer requirements) are reviewed for accuracy and approved by authorized personnel prior to being released to vendor/manufacture.

8.5 Production & Service Provision *Lvl III Process Flow*
Production/Service

8.5.1 Control of Production & Service Provision

SFS Inc. plans, implements, and maintains production and service provision under controlled conditions and per additional requirements. Examples are:

- availability of information that defines targets & results to be achieved
- availability of capable & effectively trained personnel & suitable equipment
- availability and use of appropriate monitoring and measuring devices & resources
- evidence the all product & inspections have been completed as planned

Production procedures, work instructions, pick tickets/packing slip instructions, & other documents identified as necessary, determine the acceptance for operations, processes, and products; and provide guidance for all stages of production and service. Unique records are maintained by ticket # and/or PO # (as applicable) for traceability and allow for tracking of what product, from which manufacturer, is supplied to which customer.

Equipment (gages, scales, tools, etc.) identified as controlled measurement devices are maintained via the calibration work instructions. All other supporting equipment (computer & communication systems, software, transport, lifts, etc.) are maintained by regular checks and preventive maintenance contracts.

8.5.2 Identification & Traceability

SFS Inc. determines what level of conformity product requires based on industry standards & specifications, customer order & contract requirements. These requirements are controlled and detailed by product description and instructions called out in ERP and Pick Tickets.

All identifiers of acceptance (stamps for receiving, inspection, & shipping) are controlled by position and training on their use.

Traceability & identification is maintained from receipt to shipping/delivery of product through labeling from ERP, this includes kitted items (components). Any deviation requires the approval of Quality or Top

Management. Mixing of PO #'s (lots) of material is forbidden.

Non-conforming material (Foreign Object Detection) is segregated upon discovery with proper personnel and discrepancy process.

8.5.3 Property Belonging to Customers or External Providers

SFS Inc. exercises care when handling customer or third party supplied product while under its control. Any procedures identified as necessary are established for the control, storage, maintenance, and accounting for said product. If any loss, damage, or otherwise unforeseen act impacts this product, the customer or third party is notified and all documentation and records thereof are maintained as part of PO/contract records.

8.5.4 Preservation

SFS Inc. preserves product during internal production, storage, inspection, and delivery to ensure conformity to applicable requirements. This controlled by work instructions for receiving, packing, order pulling, inspection, shipping, and secondary processing. Preservation of products can include when applicable:

- cleaning
- prevention, detection, & removal of foreign objects
- special handling for sensitive/critical product
- marking & labeling (lot ID, material color coding, warnings, weight, etc. as applicable by product or customer requirements)

Quality and Shipping ensure appropriate documentation (as applicable) as called out by product or customer requirement, accompanies product for shipment/delivery and are protected against loss and deterioration.

8.5.5 Post Delivery Activities

SFS Inc. maintains documented information and records of all products shipped and delivered to customers. The extent of post-delivery activities is driven by the individual customer requirements and feedback.

SFS Inc. will take appropriate action to investigate and report on any product rejected or found discrepant by customer.

8.5.6 Control of Changes

SFS Inc. shall review and control changes for production and service provisions as necessary to ensure continuing conformity to internal, industry, and customer requirements. Top Management, department, and branch managers (as applicable) are authorized to approve changes. They are also to review and monitor changes that affect production (internally and externally) to ensure changes have the desired impact. Results of these change (process, procedure, personnel, etc.) and any necessary actions that arise thereof are documented and maintained in accordance with appropriate procedures.

8.6 Release of Products & Services

SFS Inc. monitors and measures the characteristics of product from receiving, in-process, and final inspection (as required) to ensure the necessary requirements are met. Documented work instructions have been established for product inspection. Records of inspection and product conformity, in accordance with applicable acceptance criteria and traceability to the person(s) authorizing release, are maintained.

8.7 Control of Nonconforming Process Outputs, Products & Services *Lvl III Process Flow* *Nonconforming Product/Process*

SFS Inc. ensures that products and/or services that do not conform to established criteria are recorded and maintained. These records include the following:

- identification of nonconformance
- quarantining to prevent unintended use

- notification to interested parties (to include but not limited to appropriate buyer, purchasing manager, quality manager, appropriate sales personnel, vendor, customer) as necessary, within 1 working day
- any concessions obtained and/or actions taken
- disposition declared and authorized by quality inspector/manager within 2 working days of quality department notification

SFS Inc. Top Management gives functional responsibility for the control and disposition of nonconforming product (with any additional necessary support by quality) to:

- purchasing department (appropriate buyer), based on their knowledge and job requirements, for product that is in stock and/or in the process of being received from a vendor
- sales department (appropriate sales or service rep), based on their knowledge and job requirements, for product that is at customer site or has been returned from customer

Once the disposition is made, product is verified/inspected in accordance to the required specification(s) to ensure conformity.

When nonconformity is detected after delivery/shipment to customer, SFS Inc. takes appropriate corrective action based the effects and/or potential effects of the nonconformity in accordance with Section 10.2.

Property of Southern Fasteners & Supply Inc.

9.0 Performance Evaluation

9.1.1 Monitoring, Measurement, Analysis, & Evaluation

SFS Inc. ensures the objectives product characteristics, process criteria, and the performance/effectiveness of the system is monitored and measured. The results are analyzed and evaluated in information reports. These information reports are reviewed and opportunities for improvement/actions to be taken are identified and decisions for action (as necessary) to be taken.

9.1.2 Customer Satisfaction

Lvl III Process Flow Customer Satisfaction

SFS Inc. monitors information, surveys, & reports relating to customer perception of our ability to effectively meet customer requirements. Maintaining customer satisfaction is one of the primary objective of our system. This is accomplished through the collection and analyzing of customer feedback, surveys, and complaints, internal and external reports. All of this is reviewed during management meetings/management reviews and is used to identify opportunities for improvement or corrective actions to be taken.

9.1.3 Analysis & Evaluation

SFS Inc. analyzes and evaluates appropriate data and information initiated from the process of monitoring and measuring and uses the results to evaluate the following:

- conformity of products & services
- customer satisfaction
- performance and effectiveness of the system
- performance of external suppliers & providers
- need for corrective action and/or improvement of the system

9.2 Internal Audits

Lvl III Process Flow Internal Audits

SFS Inc. plans and conducts internal audits at scheduled intervals to verify suitability and effectiveness of the processes, procedures, work instructions, etc. All to ensure quality activities and related results comply with planned expectations and targets, including customer requirements and any other standards/requirements deemed applicable. The Management Representative is responsible for organizing and scheduling internal audits and ensuring that the scope, frequency, and methods are defined. And that the following requirements are satisfied:

- audit responsibilities
- requirements for planning and conducting and taking appropriate corrective actions (as necessary) without undue delay
- auditor independence
- recording and communicating of audit results

9.3 Management Review

Lvl III Process Flow Objectives/MRM

9.3.1 General

SFS Inc.'s management review is scheduled at least annually to ensure the system and supporting systems continued suitability and effectiveness against the applicable standards (Section 2 – Normative References) and SFS Inc.'s strategic direction as a organization.

9.3.2 Management Review Inputs

Management Review is conducted with the following taken into consideration.

- status of actions from previous management review(s)
- changes that affect system from external or internal sources
- information of the performance (suitability and effectiveness) of the system and trends involving

- customer & relevant parties satisfaction/feedback
- quality objective measures (on-time, returns, etc.)
- product/inspection quality performance
- nonconformities & corrective actions
- audit results (internal & external)
- external performance measures (report cards, etc.)
- resource adequacy
- effectiveness of actions taken to mitigate risk and opportunities
- opportunities for improvement

9.3.3 Management Review Outputs

The results of management review include decisions and actions related to the following:

- opportunities for improvement
- changes to the system
- resource needs
- risk identification & mitigation (as necessary)

These results (minutes) are all associated information is retained and maintained as evidence of management reviews.

10 Improvement

10.1 General

SFS Inc.'s determines and selects opportunities for improvement and implements any action(s) to meet customer requirements and enhance their satisfaction and overall organization performance. These actions (corrective, continual improvement, break through changes, innovation, re-organization, etc.) shall include:

- improving products & services to meet requirements as well as address future needs & expectations
- correcting, preventing, or reducing undesired effects
- improving the performance & effectiveness of all levels of the system

10.2 Nonconformity & Corrective Action

**Lvl III Process Flow
Action Form**

SFS Inc. initiates actions to eliminate the cause of nonconformities in order to prevent recurrence. Corrective actions are appropriate to the effects of the nonconformities encountered. When nonconformities occur, corrective action procedures are initiated and implemented. All documented information associated are maintained. Examples of actions taken include:

- taking action to control and correct the issue
- reviewing and analyzing the nonconformity & associated consequences
- determining the cause(s) of the nonconformity (system and human factors as applicable)
- determining if similar issues exist or could potentially occur
- implementation of any action needed
- review of the effectiveness of any corrective action(s) taken
- updating risks and opportunities determined during planning (as necessary)
- making changes to the system (as necessary)
- flow down of corrective action(s) requirements to external sources (as necessary)
- take appropriate action(s) when timely and effective corrective actions are not achieved

10.3 Continual Improvement

SFS Inc. initiates actions to continually improve the suitability and effectiveness of the system and considers the results of the analysis, evaluation, and outputs from management review to determine if there are any needs or opportunities to be addressed as part of continual improvement. SFS Inc. monitors the implementation of these actions and evaluate the effectiveness of the results.