QUALITY ASSURANCE MANUAL

POLICY AND PROCEDURES
Aero Hardware & Parts Company, Inc.
130 Business Park Drive, Armonk, New York 10504

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MAJOR CHANGES THIS REVISION:

Rev 7.9: moved primary version of this document from Microsoft Word to Google Docs. Can be downloaded to use in Word.
Rev 7.8: changed Monthly ISO meetings to Quarterly. Set timetable for review of Quality Objectives. Added numerous forms to our Master List of Documents (see appendix). Moved format from MS Word to Google Documents.
Rev 7.6: Northrop Grumman NDA request required a written Cybersecurity section, so we have added that after section 8.1.5
Rev 7.5: Following December 2020 audit – added material on Operational Planning and Control to meet the standard. Added details on Amended Contracts (Sales Order changes) to correct an editing error from previous versions of this manual. Changed Internal Audit practices.

FOREWORD

Aero Hardware & Parts Company, Inc. was founded in 1963 by Al J. Maiolo, John W. Carney and Ronald Wong with three employees and one location in New Rochelle, New York. Today, we are one of the leading distributors in the United States of AN, MS and NAS hardware, as well as sealants, coatings and other hazardous/non-hazardous aviation/aerospace chemicals.

We have representatives worldwide.

As a worldwide supplier of standard hardware to commercial and military aircraft, Aero Hardware has long recognized the need to be extremely quality conscious in every aspect of our operations. We maintained an excellent quality and delivery record for many years under MIL-I-45208. To assure that our quality practices meet the recognized standard for quality systems, we implemented an ISO compliant system in the 1990s. We have kept up with revisions to ISO and to the various AS standards, including the current AS9120 (2018). This manual states our policies and procedures relative to that standard.

REFERENCES, SCOPE, AND EXCEPTIONS:

All policies are subject to an annual review by the management team in whatever form that takes (currently, Chairman, President and the TQM team) to confirm that they are still valid and accurate.

The scope of this document is presumed to be for all Aero Hardware & Parts Company employees, in all present and future facilities, and all operational areas pertaining to processes related to servicing our customers' requirements. Previous versions of this manual contained a "scope" for each Policy and we found that because of the size of our organization this did not provide a useful or necessary distinction. Most of these have been deleted.

The standard references for this entire document are:

- AS9120 Aerospace Standard
- ISO
- FAA Advisory Circular AC 00-56
- Airline Suppliers Association Quality System Standard ASA-100 Version 3.2
- The Aero Hardware Job Description Manual

Not Applicable

Sections of the ISO standard that do not apply to Aero Hardware & Parts Company, Inc are noted within this document. The standard reasons are due to the unchanged scope of our business: we do not and will not manufacture – or rework or refit or refashion - product, and we do not accept customer product, nor product that we must re-work, re-fashion or otherwise improve from our suppliers. These exceptions are numerous, and they are identified within each section.
Specifically, the following sections, among others, are not applicable to our company:

8.3 Design and Development of Products and Services.

Note: With AS9120 it is necessary to spell out why we do not design and develop our "services". We are a small and quite simple company and we are trying to maintain the simplest, least complex Quality Management System we can. Our services are straight-forward customer services. We do not do anything novel. There is no design element to our services, nor is there anything that needs to be developed. We are comfortable excluding these requirements from the scope of our QMS.

These issues are annually reviewed for accuracy; should any of these elements become relevant at Aero Hardware & Parts Company, Inc. for any reason an appropriate policy and applicable procedures will be prepared and implemented within a reasonable period of time.

The AS9120 standard promotes the adoption of a PROCESS APPROACH. It is our belief that our Quality System has focused on our process from the very beginning. And that it has always been our goal to develop and implement a Quality Management System that enhances customer satisfaction by meeting customer requirements.

Our core process is a simple one: we establish customer requirements through the quoting process, we meet customer requirements through the sales/delivery process, we track our results, we make corrections as necessary. Plan Do Check Act.

We also promote risk-based thinking, in which all of our employees are encouraged to consider risks (and opportunities) in their daily activities, and to include risk in their assessments of their actions.

All of our employees understand the importance of ethics and honesty in our business. A field for Ethics has been included in the Awareness section or our Training records.

4. CONTEXT OF THE ORGANIZATION

4.1 Understanding the organization and its context

Aero Hardware has determined that our context is as a distributor that tries to add value to our customers and our suppliers. Issues for us include making sure that we work within the framework established by our suppliers (that is, that we cover the geographical and product categories assigned to us) and work always to make the jobs of our customers easier, by ensuring timeliness, pricing and quality are ever to their satisfaction. Internal issues are making sure we hire the right people trained to carry out these external issues. Our strategic direction is always to increase partnership with our suppliers, and service to our customers so that we are an indispensable component in the success of all parties. That is the goal of our Quality Management System. These internal and external issues shall be reviewed at our ISO meeting on a Quarterly basis, but really it is the core of what we do and in a sense, we review with every decision and every interaction with customer and supplier alike.

> One ongoing issue is the nature of our business means that sometimes factors of timeliness and quality can exist outside of our control. We have had suppliers that were not always careful with paperwork, nor timely delivery. It is our job, at times, to soothe our customers while trying to pressure our suppliers to get things right.
>
> Another issue is the increasing demands placed on chemical suppliers by regulatory requirements, such as the European REACH initiative. We are constantly navigating these requirements in partnership with our suppliers and customers.

External context: we are a bridge between suppliers and customers and must always seek new customers, new suppliers, and new avenues to provide useful services to both.

Internal context: It has always been a crucial value of this company and all who work here to make sure that we never compromise our integrity for any reason. Our customers know for sure that our products are exactly what we say they are, and that delivery estimates are as precise as they can be (given what we know)

4.2 Understanding the Needs and Expectations of Interested Parties

Due to their effect or potential effect on the organization's ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, the organization shall determine We have determined that the interested parties that potentially affect our ability to consistently provide our products are:

a) Our employees.

b) Our suppliers.

c) Our customers.

d) Regulatory agencies, such as REACH (Europe) and DOT (USA).

REQUIREMENTS:

Employees: the need to work in a safe and fair work environment with clearly understood tasks to bring about good service for our customers.

Suppliers: the need to rely on us to handle their products safely, swiftly, carefully and with knowledge of their product lines as best we can understand them.

Customers: fair pricing, honest feedback, straight talk with regards to lead-time.

Regulatory agencies: full compliance.

REVIEW

We have long conducted review and monitoring of Interested Parties at our Quarterly ISO meeting. Our records/minutes from these meetings stretch back decades. From now on, however, this monitoring and review shall be a formal component of the Input/Output sheet at our Quarterly ISO meeting.

4.3 Determining the Scope of the Quality Management System

The scope of our Quality Management System is easily defined as all aspects of our business that pertain to any interactions between the defined interested parties. That is, our employees, our customers, our suppliers, and relevant regulatory bodies. We are a small and fairly simple company that buys and sells products. Our Quality System has always been designed to provide simple and direct guidance on the proper conduct of these transactions for all customers, all suppliers and all product lines.

We have considered the internal/external issues and requirements of our Interested Parties, as well as our products and services.

Our Quality Manual and our Quality System address all relevant elements of the AS9120 standard (see note about on 8.3).

Scope: Our Quality Manual applies to our entire operation in Armonk, NY. It is not an attempt to define in minute detail everything we do. It is, however, the foundation of what we do. The procedures spelled out in this document are the basis for the day-to-day decisions our employees must make to deal with customers and suppliers and each other directly and honestly.

Procedures: this manual contains all of our documented procedures. We no longer use "Work Instructions". And we no longer use written procedures as a means of conveying detailed work instructions. We concluded long ago that our simple operation neither requires nor benefits from instructions of that type.

Interaction: the interaction of our processes in our Quality Management System are apparent in this manual. We have no complexity in our operation or – we hope – in our Quality Management System.

Products and Services: We are a stocking distributor of Aerospace hardware and a non-stocking distributor of Aerospace Chemicals. We reserve the right, based on customer need and supplier availability, and after an assessment of the risk versus the opportunity, to sell products that do not fall neatly within these categories.

EXCEPTIONS:

The following elements of AS9120 do not apply to Aero Hardware:

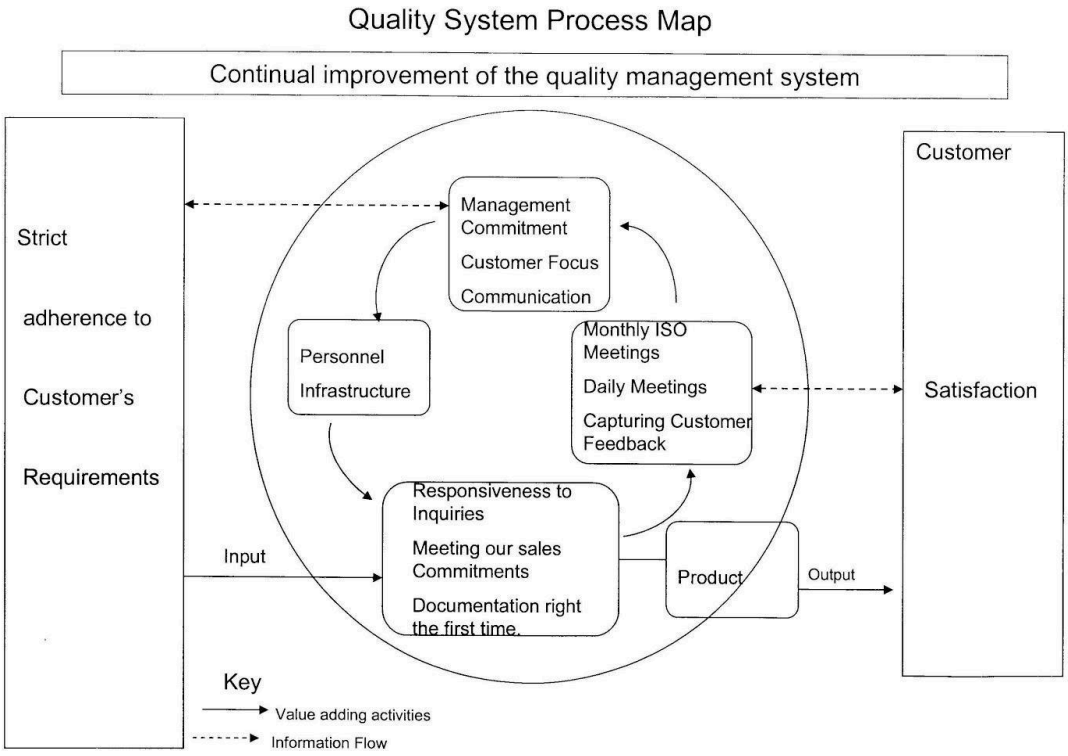
8.3 Design and Development. We realize that even for a distributor this element may apply as service to customers may be designed and developed. However, we do not conclude that this is applicable in our case and it is our conclusion that this will have no impact on conformity of products or services.

4.4 Quality Management System and its Processes

Aero Hardware has established and implemented and will maintain and continually improve a Quality Manual and documented Quality Management System (QMS) designed along the guidelines of AS9120. This system will be documented and implemented in accordance with the requirements of the referenced standards as a means of ensuring that all Aero Hardware's products and services conform to specified requirements. Furthermore, It is Aero Hardware's policy to prepare documented quality system procedures in accordance with the requirements of AS9120 and our stated quality policy and to assure that those procedures are effectively implemented at applicable points in our operation. These procedures will define the way our policies are to be implemented and will constitute the backbone of our quality plan. It is the Management Team's responsibility and authority to determine the processes needed for Quality Management System

(including processes for management activities, provision of resources, product realization, and measurement, analysis, and improvement). Our Top Management (Chairman, President, Secretary-Treasurer) have overall responsibility.

Customer Satisfaction Graphic



Our process is a simple one, and it is better to define the sequence and interrelationship of these processes as follows:

Contract Review – Purchasing (if necessary) – Inspection – Shipping.

- Contract Review – a sales order (i.e., "contract") is reviewed and approved by individual members of our sales team. This normally is the result of a successful quote to a customer. If the contract cannot be met than the customer is informed.

- Purchasing – after an order is approved, our Purchasing department makes a purchase in accordance with our purchasing procedures. This is not necessary if the item is from stock.

- Warehouse/Distribution - orders from stock are pulled by our warehouse staff and the items inspected in accordance with our procedures. Purchased product is received and inspected by our warehouse staff. Shipping - the warehouse staff ensures that material is packaged appropriately and safely, and that all required documentation is present and coordinates with Aero Hardware Traffic department and external shipping services for prompt delivery.

Procedure:

1. Aero Hardware will maintain this Quality Manual as a part of our quality plan and assure on a continuing basis that the manual addresses all the requirements of the AS9120 standard. The Manual will address both our policy and procedures relative to each element of AS9120.
2. Quality Procedures will be prepared to describe the implementation of each element and sub-element of the ISO/AS standard. These procedures will be a part of this Quality manual.
    1. Procedures will be based on the policy to be implemented and the range and detail of the procedures will be dependent upon the complexity of the tasks described, the methods to be used and the skills and training of the personnel who will implement them.
    2. When and if customer, regulatory or statutory QMS system requirements occur, it is our policy to adhere to them. For instance, many of our customers require us to buy only from sources on their approved vendor list. This is covered in Purchasing here.
3. Quarterly Meetings.
    1. Quarterly meetings shall be held during which each department (Sales, Purchasing, Marketing, Shipping/Receiving, etc.) shall report on the following matters:
        1. Continual Improvement. Each Department head will report on Continual Improvement initiatives and performance against previously reported improvement initiatives, if any.
        2. Departmental Objectives. Each Department head shall keep a list of department objectives and report on performance against these objectives.
        3. Important Quality Trends. Each Department head shall determine the trends that are important to the performance of his department and report on these findings.
        4. Communication. Department heads will report on internal communication successes and failures as and when they occur.
        5. Customer Satisfaction. Evidence of Internal and External Customer Satisfaction will be reported, documented and discussed as and when it occurs.

4. Outsourcing. Our only current outsourced processes that affect product conformity are our Quality Print Control, and certain of our calibrations. We control this and shall continue to control it by monitoring and evaluating the vendors responsible. We shall monitor them as we do all of our vendors, as described here.

To the extent necessary, Aero Hardware shall:

Maintain a Quality Manual and other supporting Quality Documents to define and amplify our Quality Management System. All employees are interested parties. The ISO Management Representative is responsible for oversight on our documents.

5. LEADERSHIP

5.1 Leadership and Commitment

In our small organization we require leadership and commitment from staff on all levels. Focusing on our customer's requirements is the reason we exist and have existed for more than 50 years.

5.1.1 General

It is Aero Hardware's policy to hold all members of management and supervision responsible for performance within their functional areas as it may affect the quality of our products and services. While the management team will set policy and constantly monitor quality system performance, every employee is a part of our quality team and none may claim an exemption from that responsibility.
This policy is written to make clear to all employees that Aero Hardware's management is totally committed to the operation of a world class Quality Management System (QMS) and that every employee is responsible for his/her own performance as it may affect the quality of our products and services.

Procedure: our Top Management (Chairman, President, TQM team) takes full accountability for the effectiveness of the Quality Management System, the implementation and appropriateness of our objectives, the integration of our QMS with our business processes, for promoting the use of the process approach (plan-do-check-act) and risk-based thinking, for ensuring proper resources are available on all levels, for communicating the importance of the QMS, and the dangers of not conforming to it, for ensuring the QMS achieves the intended results, for engaging employees in contributing to the success of the QMS, promoting improvement, supporting all management roles in all respects.

Note: we have been tracking on-time delivery for several years.

5.1.2 Customer focus

Note that Customer Focus is the very essence of what we do, and specifics are contained in virtually every other area of this manual.

Please see "Contract Review" for some specifics.

Risk

Sales personnel are to identify and communicate to the customer any foreseeable risks associated with the sale (unrealistic delivery timeframe, chemical shipping concerns, etc.).

We will assess risk and opportunity at our Quarterly ISO Meeting. We maintain a "risk matrix" for General Business/Quality risks, as well as one for our Top Vendors. Each of which are reviewed at our Quarterly Quality meetings.

Aero Hardware engages in risk-based thinking.

5.2 Quality Policy

5.2.1. Establishing the Quality Policy

Our formal Policy is as follows:

Quality Policy:

Our organization is small, and our types of activities are not complex. Therefore, our Quality Policy is a simple one: to respond to our customers' requests, orders, and requirements at once and to represent our capabilities honestly and diligently. To say what we mean and mean what we say.

We commit to continually improving our Quality Management System in any way that we can. And we will track and measure our improvements at our Quarterly ISO Meeting.

Our objective is to do this 100% of the time. We measure ourselves against this standard every day, in all we do.

Also, we will take advantage of existing and emerging technologies to enhance and streamline our internal operations.

Each quarter at our Quality Meeting we track the documentary record of our performance against this goal of perfection. We are committed to adhere to all relevant and appropriate regulatory requirements (e.g., REACH, OSHA, DOT, etc.), as well as contractual requirements from our customers.

This policy is the basis for all Quality Objectives that we measure and track and review at our Quarterly ISO Meeting.

Note: Quality Objectives are to be reviewed for appropriateness, effectiveness and measurability at least once a year at the Quarterly Quality Meeting. See MLD14 – Mandatory Inputs and Outputs Checklist.

Procedure:

1. Here are our specific, measurable objectives consistent with our policy:
    1. **Customer Complaints.** While customer complaints are never acceptable and we strive to find mistakes before they get to the customer, our objective is to limit these to no more than 2 a month.
    2. **Purchasing errors.** Our objective is to commit zero (0) purchasing errors – that is, errors that result in incorrect material delivered to Aero Hardware and Parts Co. Inc – per month.
    3. **Inventory status.** Our objective is to complete 5 shelves of inventory a month (that is, checking material/documentation against our computer system for accuracy).
    4. **On-Time Delivery.** 80%. We seek, of course, to deliver on-time 100% of the time, but our experience shows that 80% is a reasonable goal, given the customer/vendor variables.

These objectives - along with others that we may track from time to time - will be measured each month, and reviewed at our Quarterly ISO Meeting.

5.2.2. Communicating the Quality Policy

Quality Mission

Our Quality Mission:

To be the best and most successful distributor in the industry. To develop partnerships with our customers in order to meet and exceed their expectations with never-ending quality improvement in product and service. To ultimately be measured by this commitment with the profitability that will allow Aero Hardware & Parts Company, Inc. and our partners to prosper and grow.

Values:

- People - At Aero Hardware & Parts Company, Inc. our people are our most important asset. Their dedication, teamwork and integrity will provide the means for expansion and success.
- Service - Understanding and responding to our customer's needs, so as to provide the best in quality service.
- Products - Being the best in the industry at providing the right products at the right time. To continually search for new and innovative solutions in today's highly technical world.

Broad Goals/Objectives (that is, ones we do not measure and track on a regular basis):

- To create and expand PARTNERSHIPS with our customers and suppliers, working toward common objectives, insuring mutual benefit and strength.
- A never-ending commitment to QUALITY through continuous process improvement resulting in error free performance.
- Continually seek ways and methods to enhance and improve our PRODUCTIVITY through communications, training and technology.

Quarterly Quality Meetings

1. Our Quarterly Quality Meetings shall be an instrument for, and record of, the stating, tracking, measuring, and managing of:
    1. Our Quality Policy (particularly as to the question of whether ours is suitable to the purpose of our organization).
    2. Our commitment to the requirements of this document and the quality standards to which we adhere (ISO, AS, ASA-100, FAA AC-0056, et al).
    3. Our Company Quality Objective(s). Also, each department's objective.
    4. Our internal communication. The meetings will be a both a means of communicating internally, and a forum for ways to improve our daily communication.
    5. The need for, and the demonstration of, improvements to our Quality System and business.
    6. The continuing relevance and efficacy of our Quality System.
2. Records from our Quarterly Quality Meetings shall be retained by the Secretary-Treasurer.
    1. The output from the management review shall include any decisions and actions related to:
        1. improvement of the effectiveness of the quality management system and its processes,
        2. improvement of product related to customer requirements, and
        3. resource needs.
    2. In addition, the input to our Quarterly Quality Meetings shall, when appropriate, include reviews of:
        1. results of audits,
        2. customer feedback,
        3. process performance and product conformity (not generally applicable),
        4. status of preventive and corrective actions,
        5. follow-up actions from previous management reviews,
        6. changes that could affect the quality management system, and
        7. recommendations for improvement.

Each quarter a checklist containing these inputs/outputs shall be filled out and included in the minutes of the Quarterly Management Review meeting. Here is a link to that checklist:

MLD14 Quarterly Meeting Checklist of Mandatory Inputs and Outputs

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:

a) ensuring that the quality management system conforms to the requirements of this International Standard;

b) ensuring that the processes are delivering their intended outputs;

c) reporting on the performance of the quality management system and on opportunities for improvement (see 10.1), in particular to top management;

d) ensuring the promotion of customer focus throughout the organization;

e) ensuring that the integrity of the quality management system is maintained when changes to the quality management system are planned and implemented.

Policy: It is Aero Hardware's policy to maintain a functional organization that makes clear the responsibility, authority and interrelationship of all employees who may manage, perform and verify work that affects the quality of our products and services.

Note: We have clearly defined Responsibility and Authority roles within our company, however, it is important to note that we are a small business and our roles are very easy to identify and maintain. Our TQM team is made up of our Secretary-Treasurer (or chief accountant), our Warehouse Manager, members of our Sales Team, our Quality Control Manager, our Quality Assurance Manager and our President. Each of these roles reports to the Company Chairman, who is also on the TQM team.

Procedure:

1. The TQM Team will prepare for the President's review and approval a definitive Job Description for each role in the Company. A Job Description Manual will be retained by the ISO Management Representative for reference purposes. This manual will contain Work Instructions for all quality-related functions, if and when they are considered necessary and beneficial. Currently we have none.
2. Each employee has access to the Job Description Manual and all relevant Work Instructions (if any). These copies may be distributed by electronic means, where appropriate, or an employee may seek a print-out of the current version at any time.
3. The President shall be ultimately responsible to the Board of Directors for the implementation of Aero Hardware's Quality Policy.

4. The President shall hold the ISO Management Representative responsible for the development, coordination, documentation and training on detailed policies and procedures which serve to define how the policy shall be met and shall delegate to the ISO Management Representative the authority necessary to meet this responsibility in full.
5. The President shall hold the Quality Assurance Manager responsible for the continuing implementation of the quality policy and procedures on a day-to-day basis for Aero Hardware's continuing compliance with AS9120.
    1. The President shall further hold each staff member who reports to the President responsible for the implementation of the policies and procedures to be used in their individual areas of responsibility in support of the overall quality policy and shall delegate to each the authority necessary to meet these responsibilities.
    2. Each of these individuals may, in turn delegate authority as necessary to assure daily compliance with the quality policy and quality system requirements, but they shall retain responsibility for same in their individual functional area.
6. Each of these individuals shall further assure that personnel within their areas of responsibility fully understand their own responsibility and authority to identify, document and initiate action on product, service or system nonconformances.

Management Representative

Policy: It is the policy of Aero Hardware to assure that the Company will appoint an "ISO Management Representative" to be responsible for the systems development, coordination, documentation and training required by the ISO standard(s).

Procedure:

- The ISO Management Representative will be appointed from within the management of the Company to act in a full or part time capacity in that role as necessary. The individual appointed will report to the President in his/her capacity as ISO Management Representative, regardless of his/her reporting path in any other assigned role.
- The ISO Management Representative will act in a staff and advisory role, without line authority, to assure that Aero Hardware's management is aware of the ISO 9000 standards and any revisions thereto. He/She will further recommend and conduct as assigned the preparation of all required internal documentation, training programs, internal quality audits and data analyses required to provide ongoing compliance with the ISO standards and assure continuing improvement in the achieved quality levels of Aero Hardware's products and services.
- Detailed statements of responsibility and authority of the ISO Management Representative may be found in the Job Description Manual.
- The ISO Management Representative will assure that pertinent performance data, audit results and system nonconformances, if any, are brought to the attention of Aero Hardware's TQM Team through the Quarterly Quality Meetings held each quarter.

- The ISO Management Representative shall recommend an appropriate Registrar for audit of Aero Hardware's quality system and when selected will be responsible for all liaison with that registrar, with authority to speak for the Company in making audit arrangements.
- The ISO Management Representative is hereby given the organizational freedom to resolve all matters related to quality and to maintain product conformity. And also access to Top Management at any time.

The ISO Management Representative is Patrick McCarthy and has been for many years.

6. PLANNING

Aero Hardware will process all products and services to a defined Quality Plan that reflects our overall quality policy and describes how the requirements for quality will be met in our facilities. That plan will be in the form of our Quality Manual, our Job Description Manual, and our Quarterly Quality Meeting. Supplemental plans may be documented when the requirements of a particular customer, product, service or project have requirements that lie outside the provisions of the basic plan.

This policy is written to introduce the concept of a "Quality Plan" and make clear that this Manual of Policies and Procedures, along with our Job Description Manual, constitutes the basic Quality Plan at Aero Hardware.

Procedures:
1.0 Our Quality Manual, our Quarterly Quality Meeting, and our Job Description Manual constitute Aero Hardware's basic Quality Plan.

- 1.1 When specific product or service requirements which fall outside of this basic Plan are imposed by any customer for any product, service or project this Plan will be supplemented by a "Supplemental Quality Plan" presented in "memo" form.
- 1.2 Any Supplemental Quality Plan prepared will be reviewed and approved by the President, the Plant Manager and the ISO Management Representative before issue.
- 1.3 All personnel participating in the affected contract product, service or project will be made fully aware of the Supplemental Plan and it will be referenced on all internal Sales orders.

2.0 Whenever a Supplemental Plan proves to be more effective than Aero Hardware's quality basic plan, the ISO Management Representative will initiate changes in the Quality Manual or existing Work instructions which reflect the more effective methodology thus providing improvement in the basic plan.
3.0 Any Supplemental Quality Plan prepared shall address all of those requirements which are more stringent than Aero Hardware's basic Quality Plan and will be reviewed to assure consideration of the following:

- identification and acquisition of additionally required resources

- compatibility of the processing, inspection and test as well as all documentation and records to be kept
- availability of adequate inspection and test techniques, skills and equipment
- suitable placement of verification activities in the process flow suitability and clarity of verification criteria

6.1 Actions to Address Risks and Opportunities

6.1.1 We will promote risk-based thinking in our team. We will review and evaluate risks/opportunities as they are presented to us and begin to incorporate these ideas in our Quarterly ISO meeting.

6.1.2 Aero Hardware shall include risk planning and risk/opportunity assessment in our Quarterly ISO meetings:

a) Every quarter at our Quarterly ISO meeting we shall specifically address the risks and opportunities that face us, which will be presented on a Risk Register. We will also review the risks associated with our Top Vendors on a Risk Profile for Top Vendors.

Risk: each quarter the Purchasing Manager shall present the names of new vendors he has encountered that quarter. These new vendors will be reviewed for acceptance into our Approved Vendor List. New vendors are inherently risky and a big risk for our company. New vendors shall be added on a trial basis, at the discretion of Top Management and evaluated as all of our vendors are.

Opportunity. New Marketing targets shall be reviewed each quarter.

The effectiveness of the Risks and Opportunities shall be evaluated at our Quarterly ISO Meeting. This is in proportion with the potential impact of new customers/suppliers. We have been in business for over 50 years and we feel that we are pretty good at assessing risks and opportunities.

6.2 Quality Objectives and Planning to Achieve Them

Procedure:
Here are our current specific, measurable objectives consistent with our policy. Note that these will be reviewed on at least an annual basis for appropriateness, effectiveness and measurability. See MLD14, which is our Quarterly Quality meeting checklist.

- Customer Complaints. While customer complaints are never acceptable, and we strive to find mistakes before they get to the customer, our objective is to limit these to no more than 2 a month. This is the responsibility of the ISO Management Rep.
- Purchasing errors. Our objective to commit zero (0) purchasing errors – that is, errors that result in incorrect material delivered to Aero Hardware and Parts Co. Inc – per month. This is the responsibility of the QC Manager.
- Inventory status. Our objective is to complete 5 shelves of inventory a month (that is, checking material/documentation against our computer system for accuracy).This is the responsibility of the Warehouse Manager.
- On-Time Delivery. 80%. We seek, of course to deliver on-time 100% of the time, but our experience shows that 80% is a reasonable goal, given the customer/vendor variables. This is the responsibility of the ISO Management Rep.

These objectives - along with others that we may track from time to time - will be measured each quarter, and reviewed – at least once a year - for appropriateness, effectiveness and measurability at our Quarterly ISO Meeting.

We will maintain a Risk Register (sample here) that will be reviewed at our Quarterly Meeting. The sample document contains the risks we were managing at the time we created this register. This document is fluid, of course, and our priorities may change over time. This register will be used to identify the risks we face, assign responsibility for actions necessary to control these risks, and contain discussion/evidence of the effectiveness of these actions taken.

6.3 Planning of Changes

Whenever a Supplemental Plan proves to be more effective than Aero Hardware's quality basic plan, the ISO Management Representative will initiate changes in the Quality Manual or existing Work instructions which reflect the more effective methodology thus providing improvement in the basic plan.
Any Supplemental Quality Plan prepared shall address all of those requirements which are more stringent than Aero Hardware's basic Quality Plan and will be reviewed to assure consideration of the following:

a) identification and acquisition of additionally required resources
b) compatibility of the processing, inspection and test as well as all documentation and records to be kept
c) availability of adequate inspection and test techniques, skills and equipment
d) suitable placement of verification activities in the process flow suitability and clarity of verification criteria

7. SUPPORT

7.1 Resources

7.1.1 General

Aero Hardware's management shall as a policy assure that required resources for the conduct of all Company operations are available as required and that physical resources are always maintained in a condition ready for safe and full functional operation.

Procedure:

1. Aero Hardware's management will assure that all physical resources required to produce, and process quality products are always available and in safe working order.
2. Any member of the organization shall have authority to request additional resources, said requests to be reviewed by the TQM Executive Team and forwarded to the President for approval as appropriate.
3. All personnel requests must be approved by the President prior to hiring.
4. Formal requests for resources will be reviewed at our Quarterly ISO Meeting (MIM), but informal ones may be brought up at any time, in any format (i.e., needs for offices supplies, computers, etc).
5. We need no resources from external sources at the time of this writing.
6. The TQM team is always evaluating and determining the necessity of more personnel to accomplish our quality and business goals.

7.1.2 People

Policy: It is Aero Hardware's policy to provide sufficient training for all employees as a means of assuring their individual success in their assigned roles and to provide an adequate period for each employee to become proficient in any new assignment subsequent to that training. Individuals who cannot achieve proficiency after a suitable period may require retraining to be continued in that specific role.

Procedure:

1. All new employees will be given an orientation program to smooth their transition into Aero Hardware and to emphasize the relevance and importance of their activities and how they contribute to the achievement of quality objectives.
2. New or reassigned employees will also be given detailed training in their individual roles to assure their competency and chance to succeed in that role. This training will be conducted by the individual's manager or another employee assigned to perform training. It may, on occasion,

include training at a facility outside the company or workshops on company premises. It is the responsibility of the individual manager to evaluate an individual employee's background and experience and to define the training to be given to an employee relative to any specific job.

3.0 Whenever an employee's training has a direct bearing on his/her contribution to Aero Hardware's overall quality assurance program, his/her training, when completed, shall be reviewed and, if considered fully adequate, approved by his/her immediate manager who will initial his approval that the employee has achieved "competence" (which we define as "capable of performing the task in question without supervision").

4.0 When a Procedure or Work Instruction requires that the work be done by an operator, the employee conducting that work must have a completed Training Completion Record for that task in his/her personnel files and it is the responsibility of the supervisor to know that he/she has completed the required training. We have no roles defined as "Operator" at this time.

5.0 Employee training in the stated areas will consist of at least the following:

5.1 Internal Auditors for AS9120 certified quality system: One full day of internal auditor training covering the role of the auditor, audit techniques, communication skills, planning the audit, beginning and ending meetings and preparation of the audit report. Manual used will be Aero Hardware's Quality Assurance Manual.

5.2 Vendor auditing: Same as internal auditors with added stress on vendor relationships. Applicable procedures from quality assurance manual will be reviewed in detail.

5.3 Basic AS9120 requirements: Each new employee will be required to review and discuss with his or her supervisor that internal documentation which covers AS9120 requirements and those sections of this quality assurance manual which apply to the specific areas to which the employee is being assigned.

6.0 All other aspects of our internal training program are covered in our Training / Work Instructions which is, by reference, a part of this procedure.

7.1.3 Infrastructure

Policy: It is Aero Hardware's policy to maintain the infrastructure and environment needed to support our stated and implied business goals.

Note: we work in a modern, 56,000 square-foot facility and we anticipate no trouble in this area. We have a modern computer system, and we record all regular improvements to the quality system in our Quarterly Quality Meetings.

The following are all considered as part of our infrastructure:

Hardware/Software/IT – We use a proprietary business software that we call Accuterm. This is monitored for us by a company called Efficiency Partners, in Watervliet, NY. Our internal computer network is Windows-based, locally maintained, and adequate for our purposes.

Transport – We have a company van for local (i.e., New York Airports) deliveries and pick-ups.

Communications – We recently invested in an NEC phone system upgrade and we have two internet-service providers in case of a service outage with one.

Environment note: it is our stated policy to provide a healthy, safe and fair work environment free from harassment of any kind, free from all social toxicity, and in a clean and healthy state at all times.

7.1.4 Environment for the Operation of Processes

It is Aero Hardware's policy to maintain the infrastructure needed to support our stated and implied business goals. These goals include providing a safe and productive environment for our employees, free from noise, temperature, humidity, lighting and weather hazards. The environment is also necessary for the operation of Aero Hardware's processes and to achieve conformity of products and services.
Procedure:

1. We will ensure that our facility will support our existing product needs, as well as the environmental needs of our employees.
2. We will maintain a freezer/refrigerator unit for our chemical customers that require it.

Note: we work in a modern, 56,000 square-foot facility and we anticipate no trouble in this area, though we do regularly check the facility in audits and in our daily routine.

2018 note: Environment includes psychological and social factors and Aero Hardware is committed to limiting stress and eliminating all brands of psychological and emotional toxicity. It is every employee's right to bring complaints of these sorts to Top Management.

7.1.5 Monitoring and Measuring Resources

Policy: It is Aero Hardware's policy to clearly identify, carefully control and periodically calibrate all measuring and test equipment, whether our own or on loan from a customer, to ensure that its proper use accurately demonstrates product attributes.

Scope: This Policy applies to all measuring and test equipment utilized by Aero Hardware for product acceptance, whether that equipment be owned by Aero Hardware or on loan from a customer.

Procedure:

1. All measuring and testing equipment in use at Aero Hardware will be controlled by the company and the use of employee owned equipment for product acceptance will not be permitted.
2. Each piece of company controlled measuring and test equipment will contain a unique identifying mark or symbol permanently affixed to the item. Any piece of measuring equipment without such a clear and legible identification will be considered out of control and may not be used for product acceptance.
3. Measuring and test equipment at Aero Hardware will be permanently identified in accordance with the following scheme:
4. Handheld inspection and measuring devices (e.g. micrometers and calipers) will be identified with an etched or scribed number unique to that device for calibration control and may have the holder's initials scribed thereon for ease of identity if misplaced.
5. All other measuring and testing devices which may be put in use at Aero Hardware will be identified with an etched or scribed number unique to that device.
6. Scales used in product acceptance, scrap control or inventory control will be identified with an etched or scribed number unique to the scale.
7. Every piece of identified measuring or testing equipment will have a specific control sheet for that device, and carrying the same identification as the device, maintained under the control of the Quality Control Manager. This control sheet shall be updated to show each occasion of checking, repair, recalibration, remarking or scrapping of the device.
8. Control sheets for measuring and testing equipment are quality records and will be maintained as defined here.

Calibration Requirements and Records

Policy: It is Aero Hardware's policy to periodically calibrate all measuring and test equipment based on its degree of usage, susceptibility to variation or damage and the criticality of measurements for which it is used. Further, complete records of all calibration and their results, as well as any damage to the equipment, will be maintained to assure that a complete history of the equipment is available for making disposition or recalibration decisions.

Here is a visual map of our measuring equipment and calibration intervals.

Procedure:

1. All measuring and test equipment and calibration standards will be subject to periodic calibration, for which complete records will be maintained. Note: in 2018 we switched our in-house calibration schedule from once a month to once every six months. This change was approved by our TQM Team.

2. Calibration records will consist of a record sheet, and continuation sheets as required, for each measuring device or standard which identifies the device, show its location within Aero Hardware and shows a complete history of actions taken to repair, calibrate, adjust or scrap the device.

3. Each standard and device will be recalibrated on a calendar basis as defined in Paragraph 4.0 below, as a minimum. Additional calibrations will be required any time there is suspicion of or known damage to the device.
    a. Any individual knowing of damage to a controlled measuring or testing device or standard, or suspecting that the device is damaged or out of calibration, shall be responsible for immediately submitting the device for calibration and repair or adjustment as may be required.

1. As a minimum, measuring and testing equipment and standards shall be calibrated on a schedule as follows:

a) Measuring tapes and scales—upon acquisition.
b) Micrometers—6 months.
c) Calipers—6 months.
d) Weighing scales— every 5 years.
e) Gauge blocks - every 5 years.
f) Dial Indicators - Upon acquisition.
g) Plug and plug thread gages—every 5 years.
h) Ring gages—every 5 years.
i) Johnson gage: functional elements - annually; all else - every 5 years (Note: currently not in service).
j) Optical Comparator - every two years. Note: currently not in service.
k) Hardness tester - Prior to use.
l) Specific use micrometers, verniers, -- Prior to use.
m) Height gage - every 5 years
n) Setting plug thread gages - every 5 years
o) Surface Plate - every 5 years
p) Federal Calibrator - every 5 years

5.0 **Acceptable measuring device accuracy shall be as defined below:**
a) Measuring tapes and scales (inches) - plus or minus 1/32” (.03125”)
b) Measuring tapes and scales (metric) - plus or minus 1mm.
c) Micrometers - plus or minus .0001”.
d) Calipers - plus or minus .001”.
e) Weighing scales - plus or minus two pounds or 1/1000 of scale reading, which ever shall be the greater number.

f) Gauge blocks - .000050" or less.
g) Dial Indicators - .00025"
h) Plug and plug thread gages - per MIL-C45662A.
i) Ring gages - per MIL-C45662A.
j) Johnson gages - per MIL-C45662A (Note: currently not in service).
j) Surface Plate - +/- .0001"
k) Hardness tester - per MIL-C45662A.

6.0 All calibration done at Aero Hardware will be completed, and the records suitably updated by the Q.C. Manager.

7.0 Each time a measuring or testing device, or standard, is submitted for calibration the calibration record sheet shall be updated to show:

A. Column 1 - Date of action.
B. Column 2 - Reason for action (periodic, damage, precaution etc.
C. Column 3 - Action actually taken (e.g. checked, O.K., repaired w/detail, reset, scrapped)
D. Column 4 - Accuracy at time of release for use (e.g..001").
E. Column 5 - Name of party taking the action and reissuing, or scrapping the device.

8.0 Calibration record sheets are quality records and will be maintained as defined here.
9.0 In the event of an inspection or measurement tool calibration is found to be out of calibration, all orders which are still in house and which were filled and/or checked by the individual to whom the tool is assigned, will be re-verified by the Quality Control Manager or his or her designee. If this process does not clearly pinpoint the time at which the tool was out of calibration and if the case evaluation is judged by the Q.C.Manager to be of sufficient seriousness then paragraph 9.1 below will be followed.

9.1 If the calibration of the tool shows it to have been out of the required accuracy and all in house material indicates this measurement error, then all customers whose material was verified by the individual to whom the tool was assigned since the last calibration will be contacted by sales and asked to verify that the material delivered does in fact meet their requirements. Such a step, and the results thereof, will be documented by sales in memo form and the memo made a part of the calibration record of the tool by attaching it to the calibration log sheet.

10.0 Sets certified as a group by outside laboratories (gage blocks, ring/plug thread gages) shall have the certifications reviewed for non-conforming components. Any found to have been non-conforming will be removed from service and replaced. This will be noted and dated on the certification records.

Equipment Application and Handling

Policy: It is Aero Hardware's policy to apply all measuring and test equipment used for product acceptance in a careful and consistent manner to ensure that the equipment is protected and utilized in a manner ensuring optimum accuracy.

Purpose: This Policy is issued to ensure minimum operator variation in the usage and handling of common measuring and test equipment.

Scope: This Policy applies to tapes, micrometers and calipers only and not on training on the use of other measuring and test equipment.

Procedure:
1.0 Each new employee at Aero Hardware, which requires such proficiency in the performance of their job, will be checked by his/her supervisor for his/her ability to read a tape, micrometer and caliper upon reporting for work with the company.
1.1 Any individual who cannot satisfy the supervisor's requirements will be trained until the supervisor is assured of the individual's skill with the handling, storage and use of these devices. Failure to acquire such a skill within the introductory period of a new employee will be considered during their evaluation.

This training is considered so basic to successful employment at Aero Hardware that no special records of this training will be maintained under the requirements of this standard.

Measurement traceability

Control and Traceability of Standards

Policy: It is Aero Hardware's policy to assure that all measuring and test equipment used for product acceptance is periodically calibrated to standards which, in turn, are traceable to the National Institute of Standards and Technology.

Procedure:

1. All measuring and testing equipment utilized at Aero Hardware will be periodically calibrated against standards whose own calibration is traceable to the NIST.

2. To avoid the maintenance of expensive standards of calibration at Aero Hardware the company may elect to have certain (or all) devices periodically calibrated by an outside calibration facility which has provided adequate evidence of the traceability of their own standards to the NIST. Such evidence will be maintained by the Q.C. Manager.

3. Aero Hardware may also elect to maintain selected "secondary" standards for in-house calibration of measuring and testing equipment. These standards will, in turn, be periodically calibrated by an outside calibration facility that has provided adequate evidence of the traceability of their own "primary" standards to the NIST. The Q.C. Manager will maintain such evidence.

    1. All calibration standards (e.g. gauge blocks) that are maintained at Aero Hardware will be under the control of the Q.C. Manager, although custody may be temporarily assigned to others.
    2. Each Aero Hardware controlled calibration standard will be stored at room temperature, in a protected manner designed to prevent damage to the standard, when not in use.
    3. Every calibration standard maintained at Aero Hardware will have a specific control sheet for that standard, which fully and uniquely describes the standard, maintained under the control of the Quality Control Manager. This control sheet shall be updated to show each occasion of checking, repair, recalibration, remarking or scrapping of the standard.
    4. Control sheets for calibration standards are quality records and will be maintained as defined here.

7.1.6 Organizational Knowledge

We assess our Organizational Knowledge at our ISO Meeting.

We have long-term employees in our warehouse and on our sales team who possess knowledge in such fields as chemical packaging and uses and sourcing for our many products. We work every day to cross-train newer employees and make sure they are mentored properly.

Most of the work we do can be taught to new employees in a short period of time. We do a lot of on-the-job training with occasional training at the facilities of our suppliers.

7.2 Competence

Policy: It is Aero Hardware's policy to provide sufficient training for all employees as a means of assuring their individual success in their assigned roles and to provide an adequate period for each employee to become proficient in any new assignment after that training. Individuals who cannot achieve proficiency after a suitable period may require retraining to be continued in that specific role.

Purpose: This policy is written to define the manner in which all personnel will be trained relative to their role in Aero Hardware's overall Quality Management System (QMS).

Procedure:

1. All new employees will be given an orientation program to smooth their transition into Aero Hardware and to emphasize the relevance and importance of their activities and how they contribute to the achievement of quality objectives.
2. New or reassigned employees will also be given detailed training in their individual roles to assure their competency and chance to succeed in that role. This training will be conducted by the individual's manager or another employee assigned to perform training. It may, on occasion, include training at a facility outside the company or workshops on company premises. It is the responsibility of the individual manager to evaluate an individual employee's background and experience and to define the training to be given an employee relative to any specific job.
3. Whenever an employee's training has a direct bearing on his/her contribution to Aero Hardware's overall quality assurance program, his/her training, when completed, shall be reviewed and, if considered fully adequate, approved by his/her immediate manager who will initial his approval that the employee has achieved "competence" (which we define as "capable of performing the task in question without supervision").
4. When a Procedure or Work Instruction requires that the work be done by an operator, the employee conducting that work must have a completed Training Completion Record for that task in his/her personnel files and it is the responsibility of the supervisor to know that he/she has completed the required training. We have no roles defined as "Operator".
5. Employee training in the stated areas will consist of at least the following:
    1. Internal Auditors for AS9120 certified quality system: One full day of internal auditor training (or the online equivalent) covering the role of the auditor, audit techniques, beginning and ending meetings and preparation of the audit report. Manual used will be Aero Hardware's Quality Assurance Manual.
    2. Vendor auditing: Same as internal auditors with added stress on vendor relationships. Applicable procedures from quality assurance manual will be reviewed in detail.
2. Basic AS9120 requirements: Each new employee will be required to review and discuss with his or her supervisor that internal documentation which covers AS9120 requirements and those sections of this quality assurance manual which apply to the specific areas to which the employee is being assigned.
3. All other aspects of our internal training program are covered in our Training section, which is, by reference, a part of this procedure.

7.3 Awareness

At orientation, and throughout the course of employment, Top Management will ensure at all times that employees are aware of the quality policy, relevant quality objectives, the employee's

contribution to both the effectiveness of the quality system and the dangers of not conforming. They are also made aware of their specific role in bringing about product conformity and product safety and the importance of ethical behavior. Note: we are a small company. In addition to records kept in each employee's training record, we are also able to convey these messages one on one and virtually daily.

7.4 Communication

We establish that we will communicate in at least the following ways (this is by no means the limit)

1. Daily Meeting. We meet at 8:30 with all managers and the entire sales team and discuss pressing issues, upcoming events, opportunities, risks, issues, etc. This meeting has happened every day for decades and shall continue.
2. Quarterly ISO meeting.
3. Customer Communication: phone, email, fax, as needed.
4. Supplier Communication: phone, email, fax, as needed.
5. Regulatory agencies: as needed.

7.5 Documented information

7.5.1 General – Quality Records retention

Policy: It is Aero Hardware's policy to maintain complete records which demonstrate achievement of required quality attributes on each contract as well as attesting to the effective operation of the total Quality Management System (QMS) at Aero Hardware. These records may be used both to demonstrate system effectiveness to customers or certifying agencies and will also establish a positive base on which to provide a defense against product related claims against the company.

Procedure:
The following, as a MINIMUM, shall be considered "quality records" and shall be retained at least for the period shown with each:

1. Customer contracts defining quality requirements: 10 years
2. Aero Hardware's purchase orders: 10 years
3. Vendor/subcontractor certifications/traceability documents: 10 years
4. Packing slips and inspection records: 10 years
5. Completed (customer contract) sales orders: 10 years
6. Measuring equipment and calibration records 10 years
7. Employee training records and special process certifications: ongoing
8. Nonconformance documentation: 10 years
9. Quality Assurance procedures and Work Instructions: ongoing
10. Quality procedure review and change records: ongoing

11. Internal audit records and reports: 10 years
12. Completed Corrective Action Requests: 10 years
13. Customer correspondence dealing with quality issues: 10 years
14. Minutes of quality review meetings: 10 years

All quality records will be maintained in legible form and stored in a manner that prevents their deterioration, safeguarded from potential damage and secured in a manner that prevents access to any person other than Aero Hardware's employees. Our facility is, of course, climate controlled and secure and suitable for this purpose.

During this retention period, records (hard copies or computer records) will be maintained as readily accessible "working files" for a period of not less than three months and "on premises" for a period of not less than one year. After one year, they may be stored off site if convenient to do so but must be retrievable within forty-eight hours. Files will be maintained in chronological order unless otherwise stated in the applicable procedures for those records.

Aero Hardware's quality records are proprietary records and will not normally be released outside of the company or to other than employees except for the following:

1. Established customer, statutory, regulatory, or contractual requirement for the provision of applicable records of purchases;
2. Government or quality system certifying agencies.
3. For use in settlement of claims or legal disputes.

RECORDS CREATED/RETAINED BY SUPPLIER:

1. Created: such records shall be included in our Purchase Order/Quotation/Sales Order files as appropriate and shall be a handled as our internal records are.
2. Retained: such records shall be noted within our quality system. We reserve the right to inspect such records that pertain to products we have purchased or sold.

Back-up of Electronic records: As with documents, our internal computer system is backed up each day on tape. A "cloud" based internet back-up is also acceptable and is currently being researched and tested.

7.5.2 Creating and Updating

Policy: It is Aero Hardware's policy to review, approve, update, implement and maintain rigid control of all documents and procedures that relate to the company's Quality Management System

including - to the extent possible and applicable - documents created outside of Aero Hardware. This policy is written to assure that all documents related to Aero Hardware's Quality Management System (QMS) and the international quality standard (AS9120) will be reviewed and approved prior to initial issue and then issued and controlled in a uniform manner that assures usage of only the correct, legible version of any procedure at all times.

1. Any unapproved quality related documents which may be found in Aero Hardware's facility are to be turned in to the Quality Control Manager immediately and may not be used for product verification or acceptance.

    1. Electronic Back-Up Procedures: Our Quality Manual, Job Description Manual, and our various Quality Forms are maintained on our internal computer system, which is backed up daily on tape. A "cloud" based internet backup is also acceptable and is currently being researched and tested.

2. When draft documents have been reviewed and approved (that is, signed by the prescribed personnel), thus assuring that all functional areas are changing related procedures together and that all functional managers are aware of all new procedures or changes to previously issued procedures, the ISO Management Representative will prepare an electronic copy in a commonly accessible location. Minor changes may be approved at the Quarterly ISO meeting and included in the input/output document.

3. The ISO Management Representative or his designee shall, upon approval of Quality Assurance Manual documents, save the previous version of the Manual, record the changes in the electronic file containing the Quality Assurance Manual, and update the revision number, and alert the Management team that these changes have been made and that the new version of the manual is online.

4. There will be only one official copy of the Aero Hardware & Parts Company Quality Manual, which shall be maintained on our computer system. This version shall be password protected, and available "read-only" for all employees via a Personal Computer. All printed pages shall contain the document's unique revision number. Any employee who does not feel comfortable with the computer network, or for any other reason, may contact the ISO Management Representative directly and receive a hard-copy of any of our Quality Documents and records, including the Quality Assurance Manual, the Job Description Manual, or any of our forms.

1. Each member of the TQM team shall be responsible for ensuring that every individual under their supervision is aware of and fully understands new procedures, their effective date and their proper application and will conduct whatever training is required to accomplish the same.

DOCUMENT AND DATA CHANGES

Procedure:
The ISO Management Representative shall discuss the recommendation with the originator, if necessary, and/or that individual's supervisor and functional manager. If deemed appropriate, a first draft of the revised procedure(s) or work instruction(s) shall be prepared.

Should new policies and procedures result from employee suggestions (or from any other source), the effective date of all changes shall be set as soon as possible, with due regard for any necessary training concerning the revised procedures. IT IS CRITICAL THAT ACTUAL PRACTICE REMAIN UNCHANGED UNTIL THE ESTABLISHED EFFECTIVE DATE OF THE REVISION SO THAT ALL PERSONNEL ARE WORKING TO COMMON PROCEDURES AT ALL TIMES.

Documents of external origin:

Our only documents of external origin are our prints in our QC department. We outsource the maintenance of these documents to Global, an internationally recognized house that specializes in AN, MS and NAS prints.

Master List of Documents

We have created a Master List of Documents in order to rename and control our Quality Forms. We have adopted the naming convention MLD1.01, with the root "MLD1" identifying the document and the extension – ".01" – identifying the revision. We will keep a Master List of Documents which has the current revisions of all forms. All forms must have a revision date. We will continue to provide links to the most recent revision of these forms on the last pages of this manual.

7.5.3 Control of Documented Information

Policy: It is Aero Hardware's policy to review, approve, update, implement and maintain rigid control of all documents and procedures that relate to the company's Quality Management System including - to the extent possible and applicable - documents created outside of Aero Hardware.

1. Any unapproved quality related documents which may be found in Aero Hardware's facility are to be turned in to the Quality Control Manager immediately and may not be used for product verification or acceptance.
2. Electronic Back-Up Procedures.
    1. Our Quality Manual, Job Description Manual, and our various Quality Forms are maintained on our internal computer system. A "cloud" based internet back-up is also conducted by default.

7.5.3.1 Documented information required by the quality management system.

Electronic documents shall be secured appropriately: QAM, Job Description Manual and other electronic documents shall be password-protected (for editing - read only viewing is available for all). These are available on our internal data network and available for all employees at all times. All documented information related to the Aero Hardware QMS and by the International Standard (AS9120) shall be controlled to ensure:

a) it is available and suitable for use, where and when it is needed;

b) it is adequately protected (e.g. from loss of confidentiality, improper use, or loss of integrity).

7.5.3.2 For the control of documented information of Aero Hardware:

- **ACCUTERM:** Our business software (which controls all aspects of our business) is called Accuterm and is located in our Server room and run on a local server. This server is backed up on a nightly basis and maintained remotely by Efficiency Partners. All employees have access to the data within it, but no access to the internal mechanisms.
- **SCANNING.** We own several scanners and employ them as needed to send documents to our customers and suppliers. We do not have a comprehensive program to scan all documents and have no current plans to enact one.
- **EMAIL/MICROSOFT OFFICE.** Each employee has a desktop computer and is responsible for its maintenance and proper use.
- **GMAIL/GOOGLE WORKSPACE.** All of our office employees and some in the warehouse have access to email through Gmail and Google Workspace, which includes office, word-processing, spreadsheet and collaboration tools, as well as secure online storage space.

8. OPERATION

8.1 Operational Planning and Control

Aero Hardware plans, implements, and controls the processes needed to meet the requirements for the provision of products and services, and to implement the actions determined to address risks and opportunities by:

1) determining the requirements for the products our customers seek through the quoting process where our customers provide data on part-number (hardware) and chemical composition (chemicals) and revision level for both.
2) establishing criteria for:
    a) the processes – quick response to quotes and careful acceptance of orders based on swift, clear communication with suppliers to determine our ability to service the order as quoted.
    b) the acceptance of products based on industry-standard criteria for hardware, and paperwork review of chemicals.

c) determining the resources needed to achieve conformity to the product requirements and to meet on-time delivery of products. This is done first in the quoting process, then with a thorough review of the contract before it is stamped, signed and returned to the customer.
d) implementing control of the processes in accordance with the criteria. Follow-ups, expedites with suppliers as necessary. Communication with customers to apprise them of any changes in order, in terms of on-time delivery or any other material changes.
e) determining, maintaining and retaining documented information: ALL documentation and communication during the course of a contract are preserved in our Sales Order and Purchase Order files, as well as the electronic data stored in Accuterm.
f) to have confidence that the processes have been carried out as planned: periodic feedback from customers and suppliers. Daily and Quarterly meetings to go over trends.
g) to demonstrate the conformity of products and services to their requirements via inspection documentation.
h) determining the processes and controls needed to manage critical matters. We consider the safety of our employees a critical item. We have safety measures in place in our warehouse.
i) engaging representatives of affected organization functions for operational planning and control;
j) determining the process and resources to support the use and maintenance of the products. We sell no products that require maintenance.
k) determining the products to be obtained from external providers. See control of external providers elsewhere in this manual.
l) establishing the controls needed to prevent the delivery of nonconforming products and servicesto the customer. Our QC inspections, and chemical receiving inspections control these items.

As appropriate to Aero, customer requirements and products, Aero plans and manages product provision in a structured and controlled manner including scheduled events performed in a planned sequence to meet requirements at acceptable risk, within resource and schedule constraints. We have regular quality meetings where issues are controlled and discussed.

The output of this planning is in a form suitable for Aero's method of operation, which is a completed on-time order to our customers.

Aero controls planned changes and reviews the consequences of unintended changes at our Quarterly Quality meeting, taking action to mitigate any adverse effects, as necessary.

Aero ensures that outsourced processes are controlled, though our only outsourced processes at present are our part-number blueprints (managed by Global) and some of our calibrations (currently Holt precision).

Aero Hardware shall control the permanent or temporary transfer of work when that occurs (though it has not occurred, and currently we have no plans of doing so). All work transfer impacts and risks are managed.

Supplemental Operational planning and control

Aero includes customer information and communication when addressing the following when planning for product realization:

A. customer product requirements and technical specifications;
B. logistics requirements;
C. manufacturing feasibility;
D. project planning;
E. acceptance criteria.

8.1.1 Operational risk management

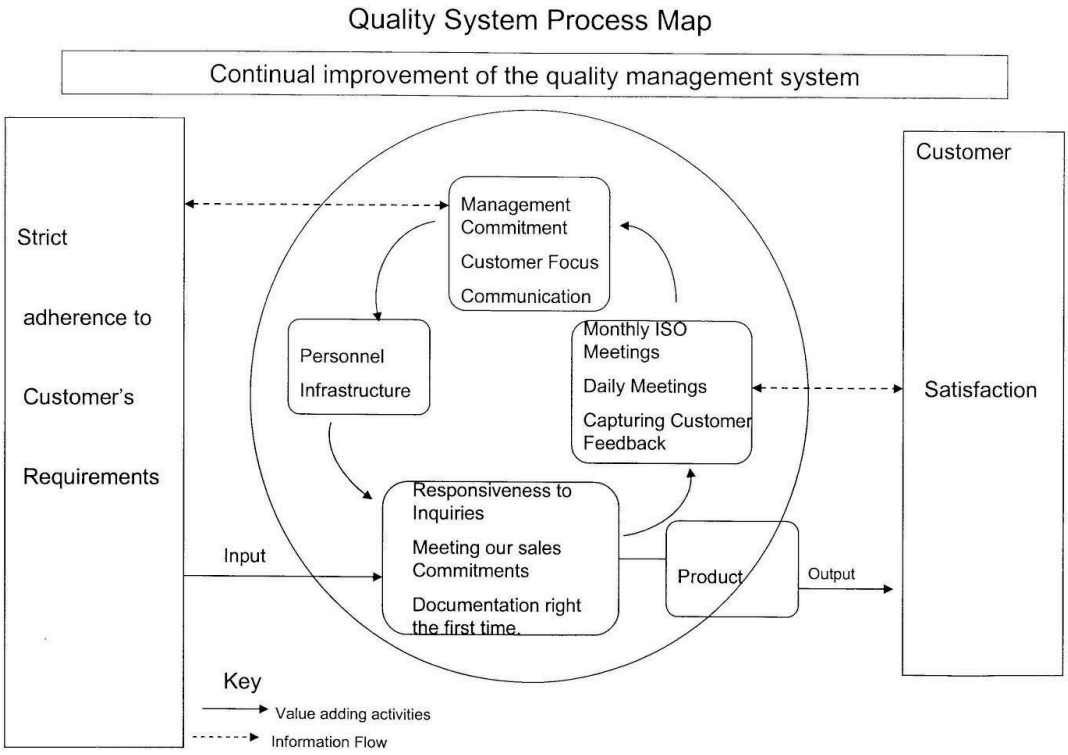
Aero plans, implements, and controls a process for managing operational risks to the achievement of applicable requirements, which includes as appropriate to Aero and the products (these items are managed and controlled at our Quarterly review of our company Risk Matrix):

A. assignment of responsibilities for operational risk management;
B. definition of risk assessment criteria (e.g., likelihood, consequences, risk acceptance);
C. identification, assessment, and communication of risks throughout Aero Hardware;
D. identification, implementation, and management of actions to mitigate risks;
E. acceptance of risks remaining after implementation of mitigating actions.

Our operational plan, we think, reflects our simplicity, our flexibility, or strict adherence to customer requirements, our structure and control designed to minimize risk and take full advantage of our human and technical resources.

The sequence of our business is depicted below, and in our process description here.

Our process map depicts the simple nature of our work. Essentially we field inquiries from customers, we quote out those RFQs, we get orders if we are competitive, we purchase product from evaluated vendors, we inspect purchased product for compliance with our orders, and we ship that product to our customers. We also have a warehouse of items previously purchased and when those are purchased by customers we ensure that they meet customer's stated requirements.



It is appropriate to our small and simple operation that we keep our processes as simple as possible. Specific procedures are contained here and in other parts of this manual.

8.1.2 Configuration Management

Aero Hardware hereby establishes a Configuration Management process that shall be implemented and maintained as follows:

1. Hardware revisions specified by the customer will be strictly adhered to. That is, customer requests for specific revisions will be honored and diligently tracked throughout the sales and delivery process.
2. In cases where a specific revision is not requested, the most recent revision shall be supplied, unless otherwise approved by the customer.
3. Our inventory is segregated by lot and this ensures that products are controlled and identified. Our computer system also lists lots.
4. Revisions and Specs are routinely requested by our customers, which further clarifies.

8.1.3 Suspected Noncompliant Parts

Procedure:

1) Notification of suspected noncompliant products will prompt the following action:
2) All action required above, and by our "Product Recall Requirements" training procedures (if appropriate) shall take place. That is, information and documentation will be reviewed to determine whether existing stock or stock previously supplied to our customers is from the same lot/batch, et cetera.
3) If stock is found indeed to be noncompliant, then it will be removed from stock and placed in the Quarantine area.
4) Customers who have purchased from the same lot/batch will be informed in accordance with our "Product Recall Requirements" training procedures (See Job Description Manual).
5) As a minimum follow-up action we will immediately ensure – with the help of the manufacturer, if appropriate – that similar supplies are not similarly affected.
6) Similar noncompliances will, of course, be handled in accordance with these procedures, especially as to customer notification.

8.1.4 Prevention of Counterfeit Parts

We are required to have a counterfeit detection process that meets the requirements of Aerospace Standard 6174 (AS6174). This means that we must have a program in place to ensure that we do not receive counterfeit parts into inventory, nor inadvertently sell them to others. It is our goal in all cases to prevent any counterfeit parts from ever being received into inventory or sold to our customers. We will flow-down this goal to our suppliers.

Our new policies are set forth as follows:

1) Electronic Components:

a) Shall be purchased from Original Component Manufacturer, or franchised distributors, or authorized aftermarket manufacturers only.

b) Parts shall not be used or reclaimed and misrepresented as new (note: this is completely consistent with existing policies spelled out in our Quality Assurance Manual and elsewhere).

c) We shall include our own Cert on all shipments (note: we are already doing this in all cases).

2) **Non-Electrical Standard Parts** (for orders specifically requiring a Counterfeit Parts Prevention program, such as SQAR requirements):

a) Shall be purchased from OEM or authorized distributor, or if not available from those sources then full traceability must be demonstrated back to the OEM. Certs must be

provided from all levels of supply and for each lot/batch, and the certs must include mfg name/address, mfg part-number, and all batch/lot information.

b) Training. We will train on AS6174 once a year with Purchasing and QC staff.

c) Risk Mitigation. We will include the risks associated with buying from non-OEMs, non-authorized distributors or OEMs and new suppliers in our Risk Matrix reviewed at our Quarterly ISO meetings.

d) RMA parts. It is our policy that parts returned to us for any reason shall be inspected at that point to ensure authenticity, that they are not counterfeit, and specifically that they are the same parts we originally sent to our customer.

8.1.5 Prevention of Suspected Unapproved Parts

Policy: Our primary method of prevention is to do business only with approved vendors who enjoy a solid reputation. Secondarily we inspect inbound material and review associated certs to make sure requirements are met and product meets the approval of customers and relevant regulatory bodies. These methods are contained more specifically throughout this document, as this sort of prevention is central to what we do.

Cybersecurity Processes

Information Security incidents will be addressed as follows:

Detection: known or suspected cybersecurity incidents (breaches, hacks, unwanted intrusion, ransomeware or other phishing issues) will be reported immediate to the Company President and the TQM team, who will in turn report to our IT professional (currently Efficiency Partners).

Responding to: Local and offsite IT personnel will diagnose and to the extent possible root out the offending event.

Limiting the effects: IT personnel will report to the President of the Company with their findings as to the scope and breadth of the event. And make recommendations specifically to determine what limiting steps can or should be taken.

Communication: President and TQM team will make determinations as to which impacted customers or suppliers or other bodies should be contacted. (Note: we are required to notify Northrop Grumman should any such event have an impact on their orders or quotes). Such communications will lean in the direction of maximizing transparency.

8.2 Requirements for Products and Services

8.2.1 Customer Communication

Policy: Communication with our customers is so essential to what we do that we feel it is, in fact, *what* we do. Our sales staff spends each day on the phone, sending faxes, sending emails, on the Internet, and meeting in person with our customers. It is how we make our living. It is our business.

Procedure:

1. We will, where appropriate, engage our customers in ways including, but not limited to, the following:
    1. Personal visits, where practical.
    2. Email, fax, phone, internet
    3. Industry seminars and conferences.
2. We may also periodically (when we determine it is appropriate) survey our customers as to our job performance.
3. We will track and examine each Customer Complaint at our Quarterly Quality Meeting (see details on that meeting here).

Our salespeople are encouraged to capture what feedback they can from their personal contact with customers. Positive or negative remarks should be forwarded to the Sales Manager or Marketing Manager so that it can be documented, tracked and examined in the Quarterly Quality Meeting.

8.2.2 Determining the requirements for products and services

The requirements for our products are generally dictated by our customers. It is our policy to inspect where we can. We have no chemical engineers on staff so we do not open the chemical packaging that comes to our facility, other than outer boxes to check for leaking and dents and damage. So as a practical and safety consideration we inspect chemicals for apparent soundness of product and packaging, and we review documents to make sure the product numbers, lots numbers, etc. on the packaging match those on the documentation.

Note: we do not use Test Reports to verify material. We do not have the engineering expertise needed to do so. We pass Test Reports through as needed by our customers and we make sure the header information is appropriate to the ordered product (specs, lot/batch numbers, etc.).

Hardware products are inspected in accordance with methods outlined elsewhere in this manual.

These determinations take into account consideration of personal and product safety, inspectability, reliability, availability, and maintainability.
All Sales are contained in Sales Order folders, which are numbered and preserved for at least 10 years.

Policy: A rigid adherence to our customer's requirements is the most important aspect of our Quality Management System.

Requests for Quote: Customer RFQ's will be responded to as quickly as humanly possible.

Contracts (orders): No customer's order shall be accepted by Aero Hardware until that order has been reviewed, is fully understood, has been found to be clear and complete and is within the capabilities of Aero Hardware to complete on time.

Purpose: This Policy is written to make clear our commitment to accept only those customer orders which are within our capabilities and to provide a system of reviewing all contracts so that we may be assured that only contracts with clear instructions which fall within our capabilities are accepted for processing. Conversely, those contracts falling outside our capabilities are clearly identified as such and given suitable management attention prior to, and during, processing and determining if the order can be accepted.

Procedure:

REVIEW OF NEW CONTRACTS:

1) The hard copy of all contracts (including written notes regarding verbal contracts) will be reviewed by the appropriate account manager (salesperson), or his/her delegate. This review shall consist of at least the following:
    a) verification that all material, dimensional, finishing, marking, packaging, delivery and product requirements are defined, clear and complete.
    b) verification that all material, dimensional, finishing, marking, packaging and delivery requirements fall within Aero Hardware's normal capabilities.
    c) that there are no quality (including inspection and testing) requirements which fall outside Aero Hardware's basic quality plan.
    d) that the required material is on hand—or may be ordered and received—and may be fully processed and delivered on or before the customer's required delivery date.
2) The Salesperson or his/her delegate will assure that the Purchasing Manager and/or Warehouse Manager are participants in this review whenever the contract calls for requirements in their areas which are unusual in a material sense.

3) Any open questions or conflicts with previously expressed or understood requirements will be resolved with the customer as a part of this review. Also, risks (e.g., new technology, short delivery time scale) must be evaluated prior to contract acceptance.
4) Upon completion of the contract review, the hard copy of the contract will be immediately stamped with our Contract Review stamp ("Contract reviewed, by, date, resolved").
5) With the contract stamped to show completion of the review, the order may now be entered into the computer system.
6) The completed and signed stamp will be the reviewer's confirmation that they did, in fact, complete a full review as required by the applicable procedure, thus providing objective evidence that the review was completed.
7) The stamped contract, or amendment, constitutes a quality record and will be retained in accordance with our procedures on records retention.

CONTRACTS WITH AIRLINE CUSTOMERS:
All material supplied to our Airline Customers must have a Manufacturer's Certificate of Compliance, unless we have written authority from the customer that it is not required. All deviations from all customers' specific orders must be acknowledged and approved by the customer in writing. Manufacturer's Certificate of Conformance must include Part Number, Serial Number (if any) and the Manufacturer's name.

REVIEW OF ON-TIME DELIVERY:

1. On-Time delivery status shall be reviewed at the Quarterly Meeting.
    a. A measurement tool has been built into our Business System (Menu 41 – Customer Order, then Menu 49 – On Time Delivery) for the tracking of delivery performance and these results are shared and analyzed at our Quarterly Management Reviews.
    b. If trends indicate a reduction in our on-time delivery performance Management will take appropriate action.

Risk:

Sales personnel are to identify and communicate to the customer any foreseeable risks associated with the sale (examples of risk can include new technologies, short delivery timeframe, chemical shipping concerns, etc.)

8.2.3 Review of the Requirements for Products and Services

Our Requirements will be reviewed regularly. At Daily and ISO meetings.

Each individual contract shall be reviewed to determine if we can meet customer requirements. Orders shall not be approved until this determination is made.

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8.2.4 Changes to Requirements for Products and Services

REVIEW OF AMENDMENTS TO EXISTING CONTRACTS:

1.0 Amendments to existing contracts will be reviewed exactly as a new contract and all concerned personnel advised of any and all changes to the original as soon as possible.
2.0 All contract amendments received from customers should be in written form and customers making amendments by phone will be requested to provide written confirmation of the amendment (Faxes and E-Mails are acceptable).
3.0 All contract amendments received will be reviewed by the appropriate Manager, or his/her delegate, and processed to include the stamping and signing of the amendment.
4.0 Upon completion of the review and updating of the computer record of the order, a printout of the amended computer record will be immediately printed and forwarded to appropriate members of management for their immediate implementation of applicable changes in their areas of responsibility.
5.0 The salesperson and the Sales Manager are ultimately responsible for the coordination of action in response to the amendment.

8.3 Design and Development of Products and Services (Not Used)

8.4 Control of Externally Provided Processes, Products, and Services

8.4.1 General - Purchasing

We are responsible for the conformity of all products purchased from suppliers, including product from sources identified by the customer.

Policies:

A. It is Aero Hardware's policy to purchase all material for delivery to customers on formal Purchase Orders and to assure that those Purchase Orders fully and clearly define the products ordered and the quality requirements applicable to the order.
B. It is Aero Hardware's policy to purchase all material intended for delivery to customers - and supplies used in processing that material - to definitive company and/or industry specifications that, in turn, will assure compliance with customer requirements.
C. It is also our policy to buy those materials from only those subcontractors who have demonstrated the ability to deliver consistent and conforming material on a timely basis, or from customer-mandated and/or proprietary sources, as necessary.
D. It is Aero Hardware's policy to assure that subcontractors are selected on their ability to support Aero Hardware's quality goals, to exercise careful control over those subcontractors and to assure that all orders sent them are clear and complete as to our needs.

E. It is Aero Hardware's policy to perform inspection of purchased materials at that point which is most appropriate, either at the source or upon receipt (normally upon receipt). We will also accommodate customer requests to visit our subcontractors for product verification purposes when requested.
F. Special Requirement for QSLD material (Class 2 and Class 3 Fasteners): PURCHASE ORDERS FOR QSLD MATERIAL MUST BE REVIEWED BY QUALITY PRIOR TO ISSUANCE. Quality personnel are responsible for ensuring that all QSLD requirements have been requested on the purchase order and can be met by the QSLD-approved supplier. Quality shall ensure that the level of traceability required by the contract or other specification can be met by the supplier. Generally this will mean mill certifications. No such purchases may be made from non-QSL sources. Quality shall check the current QSL list to make sure that supplier companies are on the list. The list can be found at http://dscp.dla.mil/gi/qsl/

Evaluation of Subcontractors

Procedure:

1) Aero Hardware maintains a list of Approved Vendors. These suppliers – and proprietary and/or one-time vendors who are NOT on our Approved Vendor List - are evaluated in the following ways:
    a) We seek evidence of the quality assurance program of selected suppliers. This may be done through surveys, or checking their status on Oasis.
    b) Records are maintained on suppliers' performance in our Quality Control Department, and in the records of our Quarterly Quality Meeting.
    c) Reviews are made of selected suppliers performance on an exception basis. That is, each quarter at our Quarterly Quality Meeting, lists are provide detailing Vendor errors, documentation deficiencies, under-shipments, and on-time delivery percentages (for our top suppliers, by volume).
2) System for disapproval of suppliers:
    a) Significant and repeated supplier problems or discrepancies may result in a formal notification (from QC to Purchasing) that the supplier has been a source of repeated problems and that alternate sources of supply for the product line in question should be investigated and pursued.
    b) At the Purchasing Manager's discretion, a Vendor can be removed from the Approved Vendor List in our computer system. He must formally notify the TQM team.
    c) Vendors may be removed from our Approved Vendor List two years from the date of their reply to our quality questionnaire (if not ISO/AS certified), or at the expiration of their ISO/AS certification, if known. This removal may be temporary, pending completion of a new questionnaire, or recertification to ISO/AS, should that occur. Note that it is NOT our policy to automatically remove Vendors upon expiration of

their ISO/AS certificate. This may be done. We do not employ sufficient administrative staff to monitor the certification status of our vendors, nor have we found this method of evaluation to be especially profitable in the past.

Vendor On-Time Performance Evaluation

We have added a feature in Accuterm to allow for the capturing of data relative to our Vendor's on time delivery performance. 51, 53 produces a report that lists our Vendors in order of the most activity, and provides overall on-time delivery data for each. This report will be reviewed at our Quarterly meeting, with critical findings to result in Supplier Corrective Action Request(s) sent to the relevant vendors. We are defining "critical" as those resulting in delays to our customers that we as a TQM team deem unacceptable. Our criteria for action may change over time as we further analyze this data.

NOTES ON APPROVED VENDOR LIST:

1) As of March, 2009, our Approved Vendor List has been moved from our primary business computer system to an Excel-based spreadsheet here. This list is fed by our business computer system. Back-up materials (questionnaire responses, ISO certs, etc.) are filed.
2) The Approved Vendor List shall include all vendors we have purchased from during the last 4 years (other than those who have been removed from the list).
3) The Purchasing Manager may, at their discretion, add to that list at any time. The requirement of our customers and our need for flexibility in our business requires that such decisions be made without administrative delay.
4) Columns have been added to the list for "Scope" and "Exceptions". Scope will generally refer to hardware or chemical vendors, or in some cases both, or "OFFICE" for all admin vendors.
5) We will also take advantage of existing vendor-approved listings commonly accepted in our industry:
    a) It is the formal policy of our company that vendors listed on the Federal Government's QSP/QPL listing shall be considered approved vendors for Aero Hardware and Parts Co. Inc. (though this is not the sole criteria for inclusion and these vendors can be taken off the list as well).
    b) It is the formal policy of our company that vendors listed on Israel Aircraft Industries' Qualified Suppliers Listing shall be considered approved vendors for Aero Hardware and Parts Co. Inc. (though this is not the sole criteria for inclusion and these vendors can be taken off the list as well).
6) Risk. We will determine and manage the risk when selecting and using suppliers. We will use no suppliers who are known to be a risk to product conformity.

TOP VENDORS –We have a category in our Approved Vendor List called "Top Vendors". Here we will identify our top several vendors and evaluate them in a different way. We will record their on-time performance in a special yellow folder within our Approved Vendor filing cabinet. We will assign letter grades to each, and maintain a risk profile of each of these important vendors.

PURCHASE ORDER DATA

Aero Hardware uses a Purchase Order system to receive all material. Subcontractor, quantity, part number and delivery requirement if any are specified on all Purchase orders.

1. Special requirement for Airline customers:
    a. all items purchased for Airline Customers must have a Manufacturer's Certificate of Compliance, unless there is written authorization from the customer.
    b. All deviations from specific customer requirements must be acknowledged and approved by the customer in writing.
2. All purchase orders are reviewed and approved by purchasing and then released. Approval is signaled by initialing the "Approved by" box in the Purchase Order Screen of our computer system.
3. Right of Entry Clause: Purchase Orders must, as a required element, include the "right of entry" clause: "we reserve the right of entry for ourselves, our customers and regulatory agencies to any place necessary to determine and verify the quality of contracted work, records and material."
4. AIRLINE SUPPLIER'S ASSOCIATION SPECIFIC PROCUREMENT REQUIREMENTS
    a. Procured parts that were subject to extreme stress or heat (due to major engine failure, accident, fire, warehouse fire, etc.) must be identified as such.
    b. All Airworthiness Directives (AD's) that are represented as having been accomplished must be thoroughly documented.
    c. Items identified as overhauled, repaired or modified must be documented to substantiate the stated condition of the part, and to certify that they were or were not removed from an aircraft or engine that was subject to extreme stress or heat, or that they themselves were not subject to extreme stress or heat, or obtained from the U.S. Government or military services. Also, such parts must be traceable to the source or production or to an FAA certificate holder.
    d. We shall provide a document from an FAA approved repair station or air carrier for each serviceable part indicating that the part is serviceable (not applicable to new parts). The document must contain a maintenance release statement for return to service, signed by an authorized individual of the repair station (in accordance with ASA-100 Section 10.C). Copies of such approval tags shall be made prior to shipment and kept in the associated Purchase Order and Sales Order folder.

8.4.2 Type and Extent of Control

Our Purchase Orders spell out explicit controls for our vendors, including our right to visit and audit their premises, and the documentation required for each order and our right to review that documentation prior to approval and acceptance of delivered product. Note that we do not have engineers on staff and it is our policy not to use Test Reports to VERIFY product. We check Test Reports as we would any other document but we do not use to verify.

8.4.3 Information for External Providers

Our Purchase Orders in each case spell out the extent of the information required (specs, products, methods, processes, equipment, competence, control, etc.) to our vendors.

8.5 Production and Service Provision

8.5.1 Control of Production and Service Provision

1) It is the formal policy of our company to subcontract the timely review of drawings, standards, specifications, planning, and changes. When new documents arrive from the contracted outside agency we retain old ones to track drawing changes. The Quality Control Manager is responsible for updating the Master Print File as required. That is, obsolete documents are to be removed from the master print file and retained for reference purposes as needed. The dates of removal shall be retained and when required the change affectivity dates will be coordinated with customers.
2) Hand entries to original copies of technical drawings are prohibited. Where possible, technical drawings and specifications should be kept on CD-ROM in order to prevent tampering and promote clarity.
3) Document Change Incorporation:
    a) It is the formal policy of our company to subcontract the timely review of drawings, standards, specifications, planning and changes.
    b) When new documents arrive from the contracted outside agency we retain old ones to track drawing changes.
    c) The Quality Control Manager is responsible for updating the Master Print File as required. That is, obsolete documents are to be removed from the Master Print File and retained for reference purposes as needed. The dates of removal shall be retained and when required the change effectivity dates will be coordinated with customers.
4) Monitoring and Measuring devices will be available in our Quality Control Department and managed there in accordance with this manual (here).

8.5.2 Identification and Traceability

Policy: It is Aero Hardware's policy to assure that all material received and held for eventual delivery to customers will be clearly identified at all times to assure that only specified material which is fully conforming to customer specifications will be delivered.

Procedure:

1) Product identification is maintained through the use of Manufacturers Part Number, Aero Hardware's Part Number and its valid interchanges, Vendor Purchase Order Number and Customer Sales Order Number.

2) In the case of Long Term Customer Agreements a customer part number can be integrated into our system.
3) Manufacturers' drawings, specifications and catalogues are used to identify products in cases where no nomenclature is available.
    a) Where Manufacturer's Batch/Lot numbers are provided, this information shall be recorded into our computer system and parts/chemicals segregated and tracked by batch/lot.
4) Certifications and test reports are routinely either required with products as per sales agreement or available for inspection. Analysis of certifications / test reports shall include identification of manufacturer, and traceability of product but otherwise they will not be used to verify product as we have no engineering expertise on staff. Lot/Batch details shall be checked as part of receiving inspection.

8.5.3 Property Belonging to Customers or External Providers

It is our policy that when customer property is in our care we will control it. The customer property shall be identified as such and brought to the attention of the ISO Management Representative or the TQM Team who will verify it, and ensure that it is protected and safeguarded. Lost, damaged or otherwise unsuitable customer property shall be reported to the customer in writing and records kept in correspondence, or email archives.

8.5.4 Preservation

Policy: It is Aero Hardware's policy to carefully safeguard all deliverable material and products throughout their life cycle within Aero Hardware with particular emphasis on the handling, storage, preservation, packaging and delivery of these materials and products.

Handling

Policy: It is Aero Hardware's policy to assure through training and constant surveillance that all deliverable materials and products received at Aero Hardware's facilities are handled in a manner that precludes potential damage throughout their life cycle at Aero Hardware.

Procedure:

1. Every employee is responsible to see that any deliverable material or product that they handle is protected from damage during that handling.
2. Particular care is required when:
    a. Removing material or product to see that inner packaging is not damaged on the removed or adjacent materials.
    b. When packaging material or product to assure that the material is fully supported and adequately cushioned within the package.

Storage

Policy: It is Aero Hardware's policy to assure that the storage of deliverable material or product in our warehouse is done under carefully controlled conditions, including the placement of only fully conforming material in inventory, placement of material so that it is clearly identifiable and protected from damage, removal from storage only with proper authorization, controlled access to storage area and full attention to the safety of personnel in and around storage areas.
Purpose: This Policy is written to make clear the need for safe, controlled and damage preventing storage practices for all deliverable material and product and to define those practices as they are to be implemented on a continuing basis.
Procedure:

1. Only material which has been accepted through receiving inspection, as evidenced by appropriately stamped/signed paperwork, will be placed in inventory storage areas. Nonconforming materials will be segregated in specific areas set aside for that purpose and nondeliverable material will not be mixed with deliverable material or product.
2. Only the Warehouse Supervisor or personnel designated by the Warehouse Supervisor may place material or product in inventory storage.
3. All deliverable material or product will be stored in a manner that makes its identification immediately visible and in a manner that assures the safety of personnel placing material in inventory or removing it from there.
4. Flammable, Toxic or Volatile materials will be stored in accordance with manufacturer's specifications, or in accordance with local regulations, as appropriate.
5. Deliverable material or product may only be removed from storage by the Warehouse Supervisor or personnel designated by the Warehouse Supervisor and then only with proper documented authorization for that removal.
6. Any material or product which may be damaged during storage will be immediately reported to the warehouse supervisor for segregation and corrective action.

Shelf-Life Control and Stock-Rotation

Policy:
Shelf-Life. We will pay special attention to shelf-life-sensitive product (including, but not limited to, chemicals and rubber products such as O-Rings). Shelf-life will be carefully monitored and meticulously communicated to our customers. We will meet our customers' shelf-life requirements as meet all other quality requirements: by carefully communicating what we can supply and following through on our promises. Please note that our computer system and general procedures on inventory allow for meticulous lot/batch control. As a general rule, we do not stock many chemical items. ALL of our chemicals are tracked by shelf-life as a matter of strict policy and everyday routine.
Stock-Rotation. Our stock is handled on a first-in, first-out basis, unless Customer requirements dictate otherwise (e.g., Customer requires documentation not available with older stock).

Procedure:
Special O-Ring Requirements: All O-Rings, as they are being received, shall be entered into our computer system with the Manufacturer's Shelf-Life and Expiration Date information recorded. O-Rings shall be removed from stock and scrapped (or otherwise disposed) when the Expiration Date is reached.

Packaging

Policy: It is Aero Hardware's policy to store and handle all deliverable products in a manner that makes inventory control and placement efficient and secure in order to prevent damage of the product or packaging.

Purpose: This Policy is written to reinforce the need for carefully handling of deliverable material or product so that the manufacturer's packaging may be retained through delivery if at all possible.

Procedure:
All packages of deliverable material or product must contain appropriate identification of the contents on the outside of the package. Said identification, if applied by Aero Hardware personnel will be applied using only standard and approved warehouse marking materials.

Preservation

Policy: It is Aero Hardware's policy to assure proper preservation of deliverable material or product by retaining the manufacturer's packaging whenever possible since this packaging is specifically designed to prevent corrosion, dirt accumulation or loss of lubrication.

Purpose: This Policy is written to make clear the need for retaining the manufacturer's preservative packaging whenever possible and to define the steps to be taken in the event that packaging is opened or damaged.

Scope: This Policy applies to materials and products that require preservation.

Procedure:

1. Some of the manufacturer's whose material and products we handle, store and deliver are shipped to us in packaging that prevents loss of lubrication where applicable, provides corrosion protection and prevents the pick up of dirt or contamination. This packaging will be retained, unbroken, throughout the life cycle of this material or product at Aero Hardware.
2. In the event that such sealed packaging from the manufacturer is opened or damaged the material or product will be repackaged to accomplish the same product protection as the original package. However, manufacturer will be consulted when necessary.

a. In the event the material or product cannot be suitably repacked at Aero Hardware it will be returned to the vendor.

3. Cleaning: incoming material shall be inspected for cleanliness. Minor surface cleaning by our staff should be rare, but permissible.
4. Foreign objects: foreign objects in our parts/chemicals are unacceptable and should result in rejection of material, unless the objects are insignificant and immaterial to the fit, form and function of the product.
5. Sensitive products. Rarely we receive sensitive products – such as electronic components and other like sensitive material – and whenever possible these materials should be visually inspected and kept in their original protective packaging.

FOD/FOE (Foreign Object Damage/Foreign Object Elimination)

Policy: It is our policy to meet the intent of NAS 412, Foreign Object Damage (FOD) Prevention Guidance Document.

Procedure:

Training:

FOD/FOE awareness is now included in our Training records and such training is now required or our Warehouse/QC staff. A copy of NAS 412 has been purchased and is available for our employees.

Classification of FOD zones:

FOD Awareness Zones: QC and the chemical packaging area of our warehouse.
Clean-as-you-go Zones: the rest of our warehouse and office.

FOD Incident reporting:

FOD incidents, if any, will be reported through our existing NCR reports. FOD incidents must be recorded in our Quarterly ISO meetings.

Signage:

Signs have been obtained which promote FOD awareness.

Delivery

Policy: It is Aero Hardware's policy to deliver our materials or products in a manner that assures their timely arrival without damage.

Procedure:

1. Unless otherwise required by the customer, all material and product deliveries made from Aero Hardware will be made by the most appropriate commercial carrier or package delivery service.
2. It is recognized that there will be occasions where a customer picks up their material at Aero Hardware's facility, in which case the material or product will be packed as most appropriate for that pick up.

3. Unless otherwise dictated by a Work Instruction specifying a packing technique, all packing for delivery will be done in containers that are suitable for material or product weight and size and with sufficient cushioning to assure protection of the contained material. Cushioning material will be used per standard packing instructions and may include paper, corrugated material, vermiculite, Styrofoam or "bubble pack" as appropriate. In the event of a question, the Warehouse Supervisor will select the packing technique to be used.
4. For Airline customers, components and parts shall be shipped in ATA-300 Specification container (or the equivalent), as appropriate for the unit being shipped, or as specified by the customer. A copy of the ATA-300 Specification will be available in CD-ROM form.
5. Post-Delivery: please note that we have no post-delivery processes other than those specified by our customers.

8.5.5 Post-Delivery Activities

We generally engage in no post-delivery activities, however, should rejections occur, or claims of warranty, then we will respond ethically. We do no post-delivery work or maintenance on any of our products and have no plans to do so. Customer feedback on this topic has been non-existent.

Procedures related to nonconformances are covered elsewhere in this manual.

8.5.6 Control of Changes

Policy: we will review all changes at our Quarterly ISO Meeting before the TQM team.

All Changes to the Quality System that could impact our ability to conform to system, AS9120 standard, regulatory or customer requirements shall be reviewed by our TQM team (currently President, Accounting Supervisor, Purchasing Manager, Warehouse Manager and QC Supervisor) at our Quarterly ISO meetings. Minor or time-sensitive changes may be addressed via impromptu meetings or conversations, so long as they are documented on memoranda and initialed by all members of the TQM team.

Note that changes can include the changes affecting processes, equipment, tools or software.

Documentation shall be retained in the binder of the next meeting.

8.6 Release of Products and Services

Verification of Purchased Product

Policy: It is Aero Hardware's policy to assure that all material received and held for eventual delivery to customers will be clearly verified as to quality, especially to include meeting specified purchase requirements.

1. It is our intent to perform inspection of all purchased materials and allow our customers that same opportunity at the point in the supply cycle that is most appropriate for the material concerned.
2. Our verification activity consists of a receiving review of accompanying documentation (manufacturer's certs, test reports, packing lists, etc.) for completeness and compliance with requirements, followed by an inspection, as detailed in other parts of this manual.
3. If specified or requested in a contractual agreement, the customer may inspect goods prior to shipment by Aero Hardware, or at our subcontractor facility.
4. We reserve the right to inspect and audit our suppliers' facilities.

Monitoring and Measurement of Product

Policy: It is Aero Hardware's policy to verify that all material purchased for delivery to customers is fully verified as being in conformance with specified requirements before or upon receipt and immediately prior to packaging for delivery.

Purpose: This Policy is written to make clear our commitment to full product verification at all appropriate points in our processing of material for customer delivery.

Scope: This Policy applies to all deliverable material at Aero Hardware's facilities.

Procedure:

1) All material purchased for delivery to our customers will be verified as being in full conformance to specified requirements, either through source inspection at the subcontractor's facility or upon receipt at Aero Hardware. This verification will be conducted in accordance with Receiving Inspection and Testing, described here.
2) Material which has been verified and accepted at its source will be visually checked for damage upon receipt at Aero Hardware.
3) Incoming and outgoing parts are to be given - among the other requirements - a quick visual inspection for obvious abnormalities (e.g., damaged parts, foreign objects). Any problems are to be brought to the attention of the QC Manager.
4) All material destined for delivery to customers will be verified as being in full conformance to specification immediately prior to packaging for delivery.
5) All material verification will be done in accordance with specified criteria and the results of that verification documented on form supplied for that purpose.
6) Any material which cannot be verified as being in conformance to specified requirements will be considered as nonconforming material and will be handled in accordance with these procedures.
7) Per ASA-100, a roster of personnel authorized to perform inspection functions shall be maintained and posted in the Quality Control area.

Receiving Inspection and Testing

Policy: It is Aero Hardware's policy to assure that all material purchased for delivery to customers is verified as being in full conformance to specified requirements either at the source or upon receipt at Aero Hardware, but always prior to that material being placed in inventory.

Purpose: This Policy has been written to assure that no material is placed in inventory until it has been established that the material is in full conformance to specified requirements.

Procedure:

1) Aero Hardware will assure that material received at our facilities is in conformance with specified requirements. However, certain sealed packages will not be opened for inspection in as much as such a step could adversely affect the contents or its acceptability.
2) All sealed packages must have an industry or subcontractor part number on the individual package and/or part. When the part number is on the part it will be verified as matching the part number on the package when visible or the package opened.
3) Any material received which cannot be verified or which is found to be nonconforming will be set aside for disposition in accordance with these procedures.
4) No purchased material will be repackaged for delivery or delivered to a customer without receiving inspection per the above and the applicable Work Instructions.
5) Upon acceptance of purchased material, the material will be entered into the inventory files and put in inventory in accordance normal procedures.

Final Inspection and Testing

Policy: It is Aero Hardware's policy to assure that deliverable products are fully inspected and accepted prior to releasing that material for delivery. Further, final inspection will include confirmation that all inspections and records required previously in the processing of the specific material have been satisfactorily completed.

Purpose: This Policy is written to assure that all concerned personnel have a full understanding of the necessity to deliver only fully acceptable material for which all inspections and records required have been completed.

Procedure:

1) Final inspection will be performed to assure that the product selected for delivery is the correct product and in the correct quantity. This inspection will certify that the product(s) were verified as being the correct item(s) that no apparent damage exists to the product or packaging, that the count is correct and that the shipping package is appropriate to adequately protect the product(s).
2) Nonconforming material will not be shipped but will be set aside and handled in accordance with these procedures.

Inspection and Test Records

Policy: It is Aero Hardware's policy to record all inspection and test results in a manner that clearly identified the attributes inspected and/or tested, the results of that effort relative to defined criteria and the identity of the party making the decision as to conformity or nonconformity.

Purpose: This Policy is written to assure that all concerned personnel have a full understanding of the necessity to deliver only fully acceptable material for which all inspections and records required have been completed.

Procedure:

1) Each inspection and/or test of shippable material or products will be maintained by the Quality Control Department. All inspection and test records will be processed and retained as permanent quality records as described here.
2) Inspection Documentation shall contain a line for "type of measurement instruments required" and "specific instructions associated with their use, if any".
3) TEST CONTROL. When tests are required by contract or by the relevant specifications, all tests must be performed by qualified/certified QC personnel who shall use relevant specifications or other appropriate test methods under appropriate environmental conditions. We have no personnel qualified to run tests. We have no engineers on staff and do not pretend to perform engineering functions.
    a) TEST RESULTS. Test results shall be evaluated and documented and traceable to the material and product lot tested. A copy of all documentation shall be filed with the relevant sales order. We conduct no tests.
    b) OUTSIDE TEST LABS.
        i) Outside Test Labs shall apply the same criteria listed above.
        ii) Outside Test Labs shall be selected, approved and monitored on our Approved Vendor List, just as any other vendor.

Evidence of Conformity

When required by our customers, or statutory or regulatory requirements, we will provide evidence of the product's conformity to our customers. If splitting product into batches, we will observe the same rules of lot/batch management that are spelled out here. This information will include the following information: amount delivered relative to amount received, purchase order number, customer's name and supplier's name.

8.7 Control of Nonconforming Outputs

Policy: It is Aero Hardware's policy to assure that only fully conforming material or products are delivered to customers and to identify, isolate and dispose of material or product which is nonconforming under controlled conditions that preclude its accidental delivery.

Purpose: This policy is written to make clear the need for careful identification, segregation and control of suspect or nonconforming material so that it may not be delivered to a customer in error and so that we may take effective action to prevent recurrence of the causes of nonconformity.
Scope: This policy applies to all suspect or nonconforming material or product identified within Aero Hardware's facilities or returned by a customer as nonconforming to their requirements.

Definitions: A product "nonconformity" is a departure of quality characteristic from its intended level or state that occurs with severity sufficient to cause an associated product or service not to meet a specification requirement.

Procedure:

1) Any material or product identified on receipt or at final inspection which is not in full compliance with the requirements specified, or suspected to be less than fully conforming, will be immediately classified as "nonconforming" identified as such, and recorded on a Nonconformance Report (Form MLD9).
2) Nonconforming material or product will be segregated and placed in a controlled area reserved and identified as being for nonconforming material.
3) Nonconforming material or product will be disposed of as outlined below.

Review and Disposition of Nonconforming Product

Policy: It is Aero Hardware's policy to assure that all suspect or nonconforming material or product is controlled to prevent delivery and to review the cause(s) of nonconformity to make a sound disposition decision for the material as well as identifying those cases where appropriate action would allow prevention of the cause of the nonconformity in the future.

Purpose: This Policy is written to define the manner in which suspect or nonconforming material will be reviewed and disposed of by Aero Hardware.

Scope: This Policy shall apply for all suspect or nonconforming material or product identified at Aero Hardware or returned to Aero Hardware by a customer, regardless of the nature of the material or the point at which identified.

Definitions:

- A product "nonconformity" is a nonfulfillment of specified requirements due to the departure or absence of one or more quality characteristics from those specified requirements.
- "Suspect" material or product is that which an individual has reason to believe may be nonconforming but proof of such is not readily obtainable under the conditions, or with the measuring and testing equipment available.

Procedure:

1. All suspect or nonconforming material will be immediately identified, segregated and documented on a Nonconformance Report (Form MLD9).
2. In accordance with the ASA-100 Quality Standard, "unapproved parts" will be reported in accordance with FAA Advisory Circular 21-29.
3. All documented suspect or nonconforming material will be jointly reviewed by at least two authorized personnel to establish the root cause of the defect and establish a suitable disposition of the material.
    a. The ISO Management Representative will establish and maintain a list of personnel authorized to review and dispose of material. This list IS the TQM team unless others are added.
    b. Authorized review personnel will meet as often as required to review material and make appropriate disposition in a timely manner.
4. Authorized dispositions may be to:
    a. Return the material to the supplier
    b. Submit to customer on a "use as is" basis, if specifically approved by the customer in writing.
    c. Repackage and return to inventory (to be used only for material found to be conforming after all)
    d. Scrap the material at Aero Hardware's cost. Materials so dispositioned are to be spraypainted red and then rendered physically unsuitable for use in completed products, under the supervision of the Quality Control Manager.
    e. The following are the prescribed method of scrapping for particular commodities:
        i. O-Rings (or other rubber or easily-cut products): each item shall be cut.
        ii. Larger Hardware Items: these items shall be stripped, cut or mutilated in some way that clearly and unmistakably renders them physically unsuitable for use.
        iii. Objects too small or plentiful to be individually mutilated by Aero Hardware personnel: these items may be sent to (or sold to) a subcontractor for mutilation (e.g., melting down). The subcontractor shall certify in writing that he has destroyed the parts in question. The Quality Control Manager shall maintain a copy of this written certification.
        iv. IMPORTANT NOTE: We have no authority to rework or repair product and we will not do so.
5. Upon completion of their review, they will indicate the authorized disposition of the material on the Nonconformance Report form (MLD9).
6. It is the formal policy of Aero Hardware & Parts Company, Inc. to prohibit the handling and use of regrade material.
7. The Quality Control Manager, whose duty it shall be to ensure that the parts are adequately mutilated prior to being discarded, shall scrap serialized parts personally. The Q.C. Manager shall maintain a file in the Quality Control area which documents and records all

such scrapped serialized parts by Part Number, Serial Number (if any), Reason-for-scrap, Date, and means of mutilation.

8. It is the responsibility of the ISO Management Rep to ensure that Interested Parties are made aware of nonconformances.
9. Dispositions of "use-as-is" or repair for the acceptance of nonconformity shall only be implemented after approval by an appropriate authority at the customer organization.
10. Counterfeit parts shall be controlled to prevent possible re-entry into the supply chain.

9. PERFORMANCE EVALUATION

9.1 Monitoring, Measurement, Analysis and Evaluation

9.1.1 General

Policy: Aero Hardware & Parts Company, Inc. shall use such Statistical Techniques as are standard in the Aerospace Industry, except as noted below. Also, these do not include the measurement and monitoring we do at our Quarterly ISO Meeting which is covered elsewhere in this manual. This policy is written to define the manner in which statistical techniques shall be utilized in the acceptance of material.

Procedure:

Normal sampling plan is to the first column of ANSI ASQ Z1.4 2003 R2013 sampling table unless otherwise required by inspection findings with the following provisions. Although this plan is to be used for sampling, no known defective parts are to be accepted. If any are found appropriate measures are to be taken by the Q.C. Manager (reject, sorting, sorting by the supplier, etc.). Note: SPC Statistical Process Control is not applicable to the business of Aero Hardware & Parts Company, Inc.

9.1.2 Customer Satisfaction

It is our formal policy that Customer Satisfaction is utterly essential to what we do. More than that, it IS what we do. We will measure our performance every day against our customer's demands, and shall monitor customers' perceptions of the degree to which their needs and expectations have been fulfilled.. This topic is addressed daily in our morning meeting, and Quarterly at our Management Review ("ISO") Meeting, which is described here.
Procedure:

1) We have no limits on the number of ways we shall determine the perception of our performance in the eyes of our customers. This is what we do. Our methods of determining this perception include, but are not limited to, the following:
    a) Personal visits.

b) Phone calls.
c) Emails.
d) Empirical data, such as on-time performance, product conformity which are each measured at our Quarterly ISO meeting.
e) Anecdotal evidence gleaned from conversations, emails, correspondence, personal relationships, et cetera.
f) Customer Quality Audits (that is, our customers are encouraged to visit us and see for themselves).
g) Customer complaints (as measured and monitored in our Quarterly Meetings).
h) Customer Satisfaction Surveys.
i) Awards from Customers.
j) Periodic customer reviews.

2) It is our duty to assess the effectiveness of these measures, address deficiencies that they convey, and ensure that steps are taken to make sure the goals of our Quality System are linked directly to the satisfaction of our customers.
3) Customer Satisfaction PLAN:
    a) Improvement: Sub-par rates of our tracked Customer Satisfaction data shall be dealt with aggressively.
    b) When practical, personal visits shall be paid to customers by our sales and marketing staff.

9.1.3 Analysis and Evaluation

We will analyze and evaluate our performance versus our Customers' expectations. At Quarterly Quality Meeting we will evaluate available data in terms of on-time performance and quality results.

a) Evaluation at ISO Meeting:
    i) each quarter our ISO Meeting shall specifically assess Customer Satisfaction results and evaluate our performance in the following ways:
        (1) On-Time Performance shall be reported and measured and discussed.
        (2) The results of any customer feedback from that quarter shall be reported and discussed. These include any awards, any reviews, any audits or other feedback that may have taken place.

9.2 Internal Audit

Policy: It is Aero Hardware's policy to conduct continuing internal audits of our Quality Management System (QMS) in order to ensure that the system and related plans are effective, implemented and complete as documented. These audits will be based on status and importance of the particular activity and all audits will be fully documented and the results reported to management.

Definitions: A "quality audit" is a systematic and independent examination to determine whether quality activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.

Procedure:

1) The ISO Management Representative will prepare or have prepared summary reports on all internal audits conducted.
2) The TQM Team will review all audit results, reports and responses (including new system requirements, current quality achievements and trends along with any other quality system issues which require attention) normally at the Quarterly ISO meeting. The TQM team shall direct, and assign appropriate responsibility for any requirements because of this review and discussion.
3) Audit results shall be recorded in a cover memo addressed to the TQM team and kept as a Quality Record.
4) Follow-up action, if any is required, will be monitored at the Quarterly Quality Meeting each quarter until the action is completed.
5) The ISO Management Representative or the regular Internal Auditor will schedule audits of the Aero Hardware Quality Management System (QMS) to assure effective implementation and results of all quality-related procedures. Each such audit will cover each major section of our Quality Management System (which parallels the major sections of AS9120) and the most important areas within that section. Each section shall be audited a minimum of once per year and more often as quality trends may indicate is necessary or as directed by the president.
6) Each audit shall be conducted by the trained Internal Auditor who shall be normally assigned to a functional area other than the one where the audit is conducted (therefore, a second auditor will be selected to audit the "Internal Audits" section of the standard).
7) The ISO Management Representative will select the Auditors based on their training, their knowledge of our systems and their demonstrated impartiality.
8) Auditors will use an Audit Schedule and Audit Checklist as a guide in conducting their audit but shall in no way be limited by this checklist if a need for additional questions, review of records or interviews are deemed necessary for full evaluation.
9) The Auditor will review his or her findings in detail with the appropriate Manager. If there are any noncompliances, the auditor will issue a CAR. A copy of the checklist and the CAR (when appropriate) as well as an Audit Report will be left with the manager. All original notes and forms will be turned over to the ISO Management Representative.
10) The Quality Assurance Manager will prepare a report of each audit conducted, providing a clear appraisal of internal performance and clearly identifying any system deficiencies. Audit summaries will be provided to the members of the TQM Team, normally at the next Quarterly Quality Meeting.
11) Each member of the TQM team shall act on the reported audit findings in their own areas of responsibility as appropriate. Procedure changes, if necessary, shall be carried out in the prescribed manner. Increased training shall be conducted and documented, if necessary. Any corrective or preventative action taken shall be recorded and forwarded to the TQM Team as soon as is practical.

12) Copies of all audit reports and any related action reports (or Corrective Action Reports) will be retained by the ISO Management Representative. These files will be considered as a part of Aero Hardware's permanent quality records and will be retained as indicated here.
13) Internal audits shall be done using a checklist from the current AS standard and revision number to which we are certified.
14) Legibility: Final Audit presented to the TQM Team must be type-written to avoid any issues of legibility. Any associated documents or notes that are submitted must be neat and legible.
15) Documentation: it is not sufficient to demonstrate compliance with the standard, or with procedures, by simply citing the wording or page-number in this manual. It is expected that auditors will find documents – sales orders, purchase orders, memos, emails – to demonstrate compliance.

Audit forms:

MLD17 – Internal Audit Checklist
MLD18 – Internal Audit Plan and Schedule
MLD19 – Internal Audit Report

9.3 Management Review

9.3.1 General

Policy: Aero Hardware will follow a policy of a Quarterly management review of our Quality Management System (QMS) to assure the system's continuing suitability and effectiveness in meeting our overall quality policy.

Quarterly Quality Meetings

Our Quarterly Quality Meetings shall be an instrument for, and record of, the stating, tracking, measuring, and managing of:

- Our Quality Policy (particularly as to the question of whether ours is suitable to the purpose of our organization)
- Our commitment to the requirements of this document and the quality standards to which we adhere (ISO, AS, ASA-100, FAA AC-0056, et al)
- Our Company Quality Objective(s). Also, each department's objective
- Our internal communication. The meetings will be a both a means of communicating internally, and a forum for ways to improve our daily communication
- The need for, and the demonstration of, improvements to our Quality System and business
- The continuing relevance and efficacy of our Quality System.

Records from our Quarterly Quality Meetings shall be retained.

The output from the management review shall include any decisions and actions related to improvement of the effectiveness of the quality management system and its processes, improvement of product related to customer requirements, and resource needs.In addition, the input to our Quarterly Quality Meetings shall, when appropriate, include reviews of:

- results of audits
- customer feedback
- process performance and product conformity (not generally applicable)
- status of preventive and corrective actions
- follow-up actions from previous management reviews
- changes that could affect the quality management system
- recommendations for improvement.

Each quarter a checklist containing these inputs/outputs shall be filled out and included in the minutes of the Quarterly Management Review meeting. Here is a link to that checklist:

9.3.2 Management Review Inputs

See MLD14 – Mandatory Inputs/Outputs Checklist.

9.3.3 Management Review Outputs

We will maintain a Risk Register in which we will track and maintain risks we are managing and controlling on an on-going basis. A sample of such a register is here, though the specific risks and actions taken will, of course, vary from time to time. This register shall be reviewed at each Quarterly meeting.

10. IMPROVEMENT

10.1 General

Policy: It is Aero Hardware's policy to look for improvement opportunities wherever they may appear. We report on Continuous Improvement each quarter in our ISO meeting. Employees are encouraged to look for opportunities to improve via better products and services, through the rooting out of undesired effects (late delivery, poor communication, nonconformances, etc.), changes in our QMS.

Improvements can be corrective actions, breakthrough changes, innovation or reorganization.

All employees are challenged to look at their roles with an eye on improvement.

10.2 Nonconformity and Corrective Action

Corrective Action

Policy: It is Aero Hardware's policy to investigate the causes of customer complaints and product nonconformities, to establish effective corrective and/or preventive action, implement such action and then follow-up by reviewing the action taken to assure its effectiveness.

Purpose:
This policy is written to make clear that customer complaints and product nonconformances will not be accepted as normal events at Aero Hardware and that they will be investigated and corrective and/or preventive action taken.

Definitions: "Corrective action" is an action taken to fix an immediate problem, restoring the situation to one which is fully acceptable.

Procedure:

1) All Aero Hardware employees are empowered to submit written suggestions at any time through our suggestion box or directly to their supervisor when they become aware of opportunities for improvement at Aero Hardware. Customer, Receiver, Shortage and Supplier complaints as well as non-conformance reports will be submitted by any individual receiving a complaint, written or otherwise, who will be responsible to outline the complaint and suggested appropriate action. A Corrective Action Request form (MLD5.01) may be used by any employee for any reason.
2) All complaints or non-conformance reports will be reviewed with the submitter, submitter's supervisor, and all other parties concerned who will together review the problem, the suggested corrective and/or preventive action and confirm in writing what action to take.
3) Copies of complaints and or CARs will be retained by the Sales Manager which will be used for review in our Quarterly Quality Meeting where responsibility for follow-up action, if necessary, will be determined.
4) *Note on Internal Corrective Actions:* Corrective Action forms – which are contained on the nonconformance report, and also available as stand-alone forms - shall be filled out on all customer complaints or other internal mistakes that are brought to light in our Quarterly ISO Meeting. This is mandatory whether the mistake results in a customer rejection or not.
5) *Review:* Customer complaints and other nonconformities will be reviewed as they are being addressed. Critical nonconformities will be handled and reviewed simultaneously. Minor ones – i.e., those that do not impact products, or customer satisfaction, or are not otherwise time-sensitive – will be reviewed at the next Quarterly ISO meeting.
6) *Cause:* the root cause shall be determined by those evaluating the nonconformity or complaint.
7) *Need for Action:* the need for action shall be determined. This will largely depend on the likelihood of recurrence and the criticality of the nonconformity.

8) *Determining/Implementing Action:* responsible parties will determine what action is necessary to address the nonconformity and implement the action.
9) *Record:* the results of the action taken shall be recorded. Normally on a Corrective Action Request form.
10) *Review:* Corrective Action Request forms, and all other records showing the results of Corrective Action will be reviewed for effectiveness at our Quarterly ISO meeting.
11) *Flow down to Supplier:* Our Corrective Action Request form and our Nonconformance report each contain a question as to whether a supplier is responsible for the nonconformity. If so, a Supplier Corrective Action form must be completed and sent to the Supplier.
12) *If timely/effective Corrective Actions are NOT achieved:* the TQM team will convene a follow-up team – headed by the ISO Management Representative – to address ineffective Corrective Action and report on their findings by the next Quarterly ISO meeting.
13) *Containment:* In all nonconformities, responsible parties must make a containment assessment. That is, it must be determined if the specific cause of this nonconformity is likely to have brought about the existence of additional nonconforming product. If so, sensible containment steps must be identified (that is, quarantine of our stock, or recall of product sold to customers) and carried out immediately in accordance with our existing Product Recall and nonconforming product procedures.

Preventive Action

Policy: It is Aero Hardware's policy to use all available sources of information to identify opportunities for preventing future problems and bringing about continuous improvement in our operations, to establish effective preventive action, implement such action and then follow-up by reviewing the action taken to assure its effectiveness.

Purpose: This Policy is written to make clear that we actively seek opportunities for continuous improvement in Aero Hardware's operations and that all such opportunities will be investigated and appropriate steps taken.

Definitions: "Preventive action" is an action taken to significantly decrease the potential of a problem recurring in the future. NOTE: Examples of preventive action opportunities include risk management, error proofing, failure mode and effect analysis (FMEA) and information on product problems reported by external sources.

Procedure:

1. All Aero Hardware employees are empowered to submit written suggestion at any time through our suggestion box or directly to their supervisor when they become aware of opportunities for improvement at Aero Hardware.
2. Customer, Receiver, Shortage and Suppliers complaints as well as non-conformance reports will be submitted by any individual receiving a complaint, written or otherwise, who will be responsible to outline the complaint and suggested appropriate action.

3. All complaints or non-conformance reports will be reviewed with the submitter, submitter's supervisor and all other parties concerned who will together review the problem description and corrective action. After this review it will be determined if any preventive action is required. If preventive action is required, those requirements must be listed and accomplished.
4. Copies of complaints and or CARS will be retained in the corresponding master file and by submitter. The submitter's supervisor will also retain a copy that will be used for review in our Quarterly Quality Meeting. The supervisor will also be responsible for any required preventive follow-up action.
5. The TQM Executive Team will then review the Request and investigate the improvement opportunity reported and initiate appropriate preventive action, taking the suggested action into full account.
6. The ISO Management Representative will review complaints and CARS at the Quarterly Quality Meeting and make any appropriate recommendations regarding preventative or follow-up action.
7. It is our duty and responsibility to review all cases of nonconforming product to ensure that customers who have purchased product from the same lot or batch shall be notified of our remedial action. These procedures are outlined here.

10.3 Continual Improvement

It is Aero Hardware's policy to use all available sources of information to identify opportunities for preventing future problems and bringing about continuous improvement in our operations, to establish effective preventive action, implement such action and then follow-up by reviewing the action taken to assure its effectiveness.

We will consider lessons learned as improvement opportunities, as well as problem resolution episodes, and benchmarking of best practices.

- Purpose: This Policy is written to make clear that we actively seek opportunities for continuous improvement in Aero Hardware's operations and that all such opportunities will be investigated, and appropriate steps taken.

- Definitions: "Preventive action" is an action taken to significantly decrease the potential of a problem recurring in the future.
- NOTE: Examples of preventive action opportunities include risk management, error proofing, failure mode and effect analysis (FMEA) and information on product problems reported by external sources.

Procedure:

1. All Aero Hardware employees are empowered to submit written suggestion at any time through our suggestion box or directly to their supervisor when they become aware of opportunities for improvement at Aero Hardware.

2. Customer, Receiver, Shortage and Suppliers complaints as well as non-conformance reports will be submitted by any individual receiving a complaint, written or otherwise, who will be responsible to outline the complaint and suggested appropriate action.
3. All complaints or non-conformance reports will be reviewed with the submitter, submitter's supervisor and all other parties concerned who will together review the problem description and corrective action. After this review it will be determined if any preventive action is required. If preventive action is required, those requirements must be listed and accomplished.
4. Copies of complaints and or CARS will be retained in the corresponding master file and by submitter. The submitter's supervisor will also retain a copy that will be used for review in our Quarterly Quality Meeting. The supervisor will also be responsible for any required preventive follow-up action.

The TQM Executive Team will then review the Request and investigate the improvement opportunity reported and initiate appropriate preventive action, taking the suggested action into full account.

The ISO Management Representative will review complaints and CARS at the Quarterly Quality Meeting and make any appropriate recommendations regarding preventative or follow-up action.

It is our duty and responsibility to review all cases of nonconforming product to ensure that customers who have purchased product from the same lot or batch shall be notified of our remedial action.

APPENDIX: LINKS TO QUALITY FORMS

Quality Forms

Ctrl-Click on the following links to view the forms (internet connection required):

Master List of Documents (MLD25)

MLD1 - Calibration Record Sheet

MLD2 - Material Affidavit of Conformance (our cert)

MLD3 - Chemical Receiving Inspection Form

MLD4 - Chemical Shipping Checklist

MLD5 - Corrective Action Request

MLD6 - Customer Complaint Report (for phoned-in complaints or others not related to RMA).

MLD7 - Employee Awareness Training and Competency Form

MLD8 - Hardware Inspection Report (Blank form Blank form in PDF format)

MLD9 - Nonconformance Report Form (Blank Form)

MLD9 - Nonconformance Report Form (Sample PDF)

MLD10 - Sales Order Change Memo

MLD11 - Supplier Corrective Action Request with Material Return

MLD12 - Supplier Corrective Action Request

MLD13 - Suppliers Quantity Differential Report

MLD14 – Mandatory Inputs and Outputs for ISO Meeting

MLD15 – Master Debit Form

MLD16 – Aero Risk Profile for Top Vendors

MLD17 – Aero Hardware Internal Audit Checklist

MLD18 – Aero Hardware Internal Audit Plan and Schedule

MLD19 – Aero Hardware Internal Audit Report

MLD20 – Aero Hardware Risk Register

MLD21 – Supplier Rejection Log (PDF version)

MLD22 – Customer Rejection Log (PDF Version)

MLD23 – Vendor Quality Survey Form (PDF Version)

MLD24 – Quality Equipment Calibration Register

MLD25 – Master List of Documents

MLD26 – Caliper Calibration Form (PDF Version)

MLD27 - Aero Stock Count

MLD28 - Inspection Stamp Log

Other documents and links:

Job Description Manual

Sampling Table: ANSI ASQC Z1.4 2003 R2013

Plan Do Check Act Poster

Aero Hardware Organizational Chart

Aero Hardware Quality System Process Map

Accuterm Vendor On-Time Performance Screen Sample

Visual Map of Aero Hardware Calibration Schedule

Counterfeit parts prevention program March 2014

Note: Reference copy only. It is the responsibility of the bearer to ensure that this is the current revision.