



QUALITY SYSTEM MANUAL

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Scope

This manual describes the Quality Management System requirements for contracts between AREA 51 ESG and its customers; demonstrates the AREA 51 ESG capability to supply product requirements; and for preventing nonconformance from receipt of customer and supplier product, to final shipment of product/ material.

This manual supports the process approach for developing, implementing and improving the effectiveness of the AREA 51 ESG Quality Management System, and to enhance customer satisfaction by meeting internal and external requirements.

The Quality Management System is defined and described in accordance with AS9120 and meets the additional requirements for a quality management system for aerospace industry applicable to stockist distributors as defined and described in accordance with the Aerospace Standard AS9120.

AREA 51 ESG is an organization that carries out the purchase, storage, splitting and sale of products without affecting product conformance and is therefore noted as a stockist distributor.

The AREA 51 ESG Quality Management System provides for outlining the requirements for documentation and reporting as required by outside statutory and regulatory agencies.

AREA 51 ESG is not responsible for design and development of product, which allows for the exclusion of Clause 7.3 Design and Development. In addition, clause 7.5.2 Validation of Processes for Production and Services and clause 7.5.4 Customer Property are not valid due the nature of the business as a stocking distributor of electronics components.

Field of application

This manual is applicable:

- In contractual situations when the contract and product requirements are stated in performance terms, or need to be established
- When product conformance is attained by demonstration of the receipt, stocking, and shipment capabilities of AREA 51 ESG

Exceptions

All outside regulatory and statutory requirements take precedence over the AREA 51 ESG Quality Management System.

Customer purchase orders/contracts that conflict with any of the policies herein defined take precedence, upon approval by the President.

Introduction

As a certified disadvantage minority distributor, Area51 was created with an understanding of providing our customers with service and solutions. Our evolution has been well planned and our growth rate excellent.



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Our proactive response allows us to continue to build our market share within the electronics distribution industry. We have built strong customer and supplier relationships, maintained flexibility to support our customers' ongoing needs, and developed name recognition as *the newest franchised choice*.

4.0 Quality Management System

4.1 General

AREA 51 ESG has established, documented, maintained and continuously improved the Quality Management System as a means of ensuring that product conforms to customer specified requirements, and statutory/regulatory requirements.

The documentation describes and ensures:

- Determines the processes needed for the application of the Quality Management System throughout AREA 51 ESG
- Sequences and interactions of the identified processes. Reference Process Flow Chart Appendix C
- Program plan preparation, identification and acquisition of appropriate resources.
- Updating and maintenance of quality methodology and review of standards and specifications.
- Continual improvements of the identified processes.

Where a specific jurisdictional or industrial standard deviates from the requirements as defined in this program, the requirements are accommodated on an individual contractual basis.

Where the organization chooses to outsource any process that affects product conformity to requirements, the organization shall ensure control over such processes. The type and extent of control applied to these outsourced processes shall be defined within the quality management system.

4.2 Documentation Requirements

4.2.1 The structure of the Quality Management System documentation includes:

- Level 1 Quality System Manual – Includes the quality policy and objectives
- Level 2 Quality System Procedures
- Level 3 Quality System Instructions
- Level 4 Quality System Form – Includes Records as required by section 4.2.4

4.2.2 The Quality System Manual includes those procedures and instructions in support of the following processes:

Control of Documents	
Control of Records	Preservation
Management Review	Internal Audit
Training, Awareness & Competency	
Control of Nonconforming Product	
Customer Requirements	Corrective Action



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Customer Issues
Continuous Improvement
Purchasing
Identification & Traceability

Preventive Action

The quality system is controlled through the application of documented procedures and instructions to meet customer requirements.

AREA 51 ESG assures compliance to its quality management system through the Internal Audit process as referenced in section 8.2.2.

The Quality Management System documentation is reviewed on a yearly basis for continued adequacy of use. The review is scheduled in conjunction with the Internal Audit for the applicable AS9120 Clause and responsible Area51 department. The results of the review are discussed at the last management review of the calendar year.

4.2.3 Control of Documents

4.2.3.1 General

All data and documents relating to quality, including this Quality System Manual, and all operational procedures, which coordinate the different activities, with respect to the quality management system, are controlled in compliance with AS9120.

AREA 51 ESG provides employees with access to officially released policies, system procedures, system instructions and system forms through the controlled document distribution system.

Data refers to the above-mentioned documentation in its electronic form.

The ISO Management Representative, the President, and Document Control are responsible to prepare, review, approve, release, and distribute quality management system procedures, instructions, forms, and documentation in support of the AREA 51 ESG Quality Management System.

The Warehouse Manager, Purchasing Manager, and Director Sales and ensure only authorized and approved documents are used in verifying the quality of work performed.

Documents require authorized release and revision control.

Customer supplied documentation, which includes specs and prints, is maintained in the customer file.

Document Control is responsible for the maintenance and control of the quality management system manual, procedures, instructions and forms.

Document Control and other department management ensure the proper document and revision level is used in performing the work activity through proper identification of documents.

AREA 51 ESG ensures proper operation of the document control system through document and data approval as noted in 4.2.3.2.

4.2.3.2 Document Approval and Issue



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Prior to issue, quality management system documents are reviewed and approved for adequacy by the affected activity/department management, the President and Document Control.

A master list of all quality management system controlled documents is available.

The quality system manual, procedures, instructions and form documents have unique identifiers.

Uncontrolled copies of controlled documents are clearly identified and are not used.

Controlled documentation is clearly identified and is legible.

Documents identified as "reference" may be used.

Documents that are no longer valid, out of revision, or are considered to be obsolete are clearly identified as obsolete.

A master list of controlled Quality Management System documentation, which identifies the revision, title, number, date of issue and responsible department, is maintained.

4.2.3.3 Document and Data Changes

Changes to controlled documents are reviewed and approved by the same functions that performed the original review.

4.2.4 Control of Records

AREA 51 ESG has an established process for the control of Records including

- Identification
- Collection
- Indexing and filing
- Maintenance and disposition

Records are defined as those records/documentation, which contain quality data, and information, which may be used to assess activities such as nonconforming product control, corrective and preventive action, inventory control, continuous process improvement and product quality.

Quality records are maintained to demonstrate achievement of the required product quality and the effective operation of the quality system.

The Controlled Record Matrix, a master list, identifies each record, the department and authority responsible, the location and the retention time, and ultimate disposal mechanism.

Records are maintained to demonstrate conformance to specified requirements and are formalized and referenced in documented procedures.

Quality Records are maintained for

- Training
- Identification and Traceability
- Customer Requirements Review
- Supplier Evaluations (Performance)



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- Preservation
- Control of Nonconforming Product
- Internal Audit
- Management Review
- Continuous Process Improvement
- Corrective Action
- Preventive Action

Records are maintained within individual organizations of the company.

Document Control is responsible for the proper maintenance of Records.

Records are maintained in an environment consistent with the retention of the data.

If in a printed format, the records are stored in a clean, dry area to protect them from potential hazards and damage.

If in electronic format, backup media are produced and stored.

The retention period for Records is defined in the Control of Records procedure and is noted on the Record Matrix as referenced in section 4.2.4.

Records are readily retrievable.

Where required by contract, AREA 51 ESG records are available for customer or outside statutory and regulatory agency review.

5.0 Management Responsibility

5.1 Management Commitment

The President accepts the ultimate responsibility for the overall Quality Management System and its operational effectiveness and initiates and maintains the organizational structure responsible for the administration of all elements of the Quality Management System.

The President appoints and assigns members the responsibility and authority for ensuring that the Quality Management System is understood, implemented, and maintained.

Top Management has documented the AREA 51 ESG policy and objectives for the commitment to quality, and ensures the Company's commitment to quality is communicated and understood at all levels of the organization.

Top Management verifies that all activities affecting quality related to the production, of deliverable product are adequately documented as well as effectively implemented and maintained in meeting quality objectives.

Top Management assures that the documented quality management system is maintained by reflecting actual quality practice, by being relevant to the expectations and needs of customers and by remaining compliant to all applicable commercial, statutory and regulatory standards.



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Top Management ensures that the responsibility, authority, and the interrelation of all personnel who manage, perform, and verify work-affecting quality is defined and documented by means of a current organization chart.

Top Management has identified and assigned personnel responsible for verification of quality at all stages of the order, purchase, stocking, and shipping. Each has the organizational freedom to:

- Initiate action to prevent the occurrence of any nonconformance relating to product, process, or the quality system.
- Identify and record any problems relating to the product, process or quality system.
- Initiate, recommend, or provide solutions through designated channels
- Verify and report the implementation of solutions
- Control further processing, delivery, or installation of nonconforming product until the deficiency or unsatisfactory condition has been corrected.

Top Management assures there exists at all time adequate resources, including trained personnel, to perform work, observe quality, monitor performance, and continuously improve the Quality Management System.

5.2 Customer Focus

AREA 51 ESG depends on its customers and therefore understands the requirements for satisfying their current and future needs and expectations.

Included as AREA 51 ESG customers are those interested parties who may have identified needs and expectations. These organizations include:

- Customers and end-users
- Suppliers
- Communities affected by the organization
- Employees of AREA 51 ESG

AREA 51 ESG translates the identified needs and expectation of customers' requirements as noted in section 7.2 Customer Processes and focuses on process improvement, as noted in section 8.5 Improvement, in order to continually improve their ability to meet or the customers' requirements.

AREA 51 ESG manages their suppliers as noted in section 7.4 Purchasing.

5.3 Quality Policy

The Quality Policy acknowledges the AREA 51 ESG earnest commitment to Quality and its intent to maintain ongoing compliance with the AS9120 standard. A Quality Phrase simplifies the Quality Policy and may be used by employees other than Top Management, for explanation of understanding.

COMPANY QUALITY POLICY



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It is our commitment to serve our clients in all aspects of their supply chain by distributing products and services designed to meet their constantly changing requirements. We have created an environment of total quality in which we continually strive to improve.

The Quality Policy is relevant to the AREA 51 ESG organizational goals and meets the needs of the customer by commitment to the following:

- High quality products and services
- Continuous Process Improvement
- Customer satisfaction

The policy and phrase are communicated to employees through employee meetings and notices and is endorsed by the signature of the President. The policy is reviewed and revised, as required, to reflect the AREA 51 ESG ongoing commitment to Quality, Continuous Improvement, and Customer Requirements.

5.4 Quality Plan

5.4.1 The AREA 51 ESG quality objectives have been identified by Top Management and are reviewed in accordance with section 5.6 Management Review. These quality objectives include:

- Continuous Improvement - Corrective & Preventive Actions
Internal Audit Findings
Results of Continuous Improvement Processes
- Customer Satisfaction - Customer Satisfaction Responses
Early/Late Production Shipments and reason
- Customer Returns - Customer Returns (By reason)
- Supplier Performance – Performance for Critical Suppliers

5.4.2 AREA 51 ESG documents how quality requirements are met.

The President and the Director Sales are responsible for preparing quality plans. Quality plans are developed in order to meet specific requirements for products, projects, or contracts that cannot be addressed within the context of the AREA 51 ESG Quality Management System. A quality plan will include as necessary:

- Identification and acquisition of any controls, process, equipment, resources, and skills necessary to achieve required quality
- Identification and suitable verification at appropriate process stages
Identification and preparation of quality records



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- Updating, as necessary, quality assurance, inspection and testing techniques
- Quality plans ensure the compatibility of inventory control, inspection, and analysis.
- Quality plans include updating equipment and inspection and analysis measures.

5.5 Responsibility and Authority and Communication

5.5.1 Responsibility and Authority

The organization chart lists Top Management who has the responsibility and authority to ensure that work is managed, performed, and verified in compliance with AS9120 and customer requirements. (See Appendix A)

The President accepts the ultimate responsibility for the overall Quality Management System and its operational effectiveness and initiates and maintains an organizational structure responsible for the administration of all elements of the Quality Management System.

The President appoints and assigns members the responsibility and authority for ensuring that the Quality Management System is understood, implemented, and maintained.

The Director Sales, Purchasing Manager, Document Control, and the Warehouse Manager have responsibility to:

- record, track, act upon, and prevent product problems
- provide solutions through designated channels
- verify the implementation of solutions and control further processing or delivery of nonconforming product until the deficiency or unsatisfactory condition has been corrected

The President, Purchasing, and the Warehouse Manager prepare, implement, and oversee materials systems and procedures that effectively fulfill the customer requirements.

The Warehouse Manager makes operational decisions related to quality.

The Warehouse Manager evaluates the quality program and reports to the appropriate level of operational management.

The ISO Management Representative and Document Control evaluate the Quality Management System and report its effectiveness to Top Management.

The President establishes and authorizes the Quality Program.

The Warehouse Manager, Purchasing Manager, Director Sales, Document Control, Quality and Sales execute the Quality Program, as part of their assigned responsibility.

All employees perform work, a task, or an activity to attain quality to the defined standards.

5.5.2 Management Representative

The President and/or Area51 ESG Internal Auditor is identified as the AREA 51 ESG Management Representative. The Business Administrator/Document Control is identified as the secondary ISO Management Representative in the event the primary is not available.

The Management Representative is responsible for the establishment, implementation, and maintenance of the AS9120 Program.



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The Management Representative has the authority and responsibility for ensuring that the requirements of this Quality System Manual and the entire Quality Management System are implemented and maintained.

The Management Representative is responsible for reporting the performance of the Quality Management System to Top Management in accordance with section 5.6 Management Review.

5.5.3 Internal Communication

It is the responsibility of AREA 51 ESG Top Management to communicate the effectiveness of the Quality Management System, to communicate the Quality Policy/Phrase, and to communicate the ISO Standard as it relates to department employees.

5.6 Management Review

AREA 51 ESG Top Management reviews the Quality Management System to assure that AS9120 compliance is maintained and that continuous improvement opportunities are accomplished.

Corrective and Preventive Actions resulting from management reviews are assigned and completed in a timely manner.

Semi-annual assessments of the Quality Management System are conducted and reviewed by Top Management.

The Top Management Review includes the following metrics, prepared by the President and the Management Representative, in support of the Quality Policy as defined in section 5.3:

- Continuous Improvement - Corrective & Preventive Actions
Internal Audit Findings
Results of Continuous Improvement Processes
- Customer Satisfaction - Customer Satisfaction Responses
Early/Late Production Shipments and reason
- Customer Returns - Customer Returns (By reason)
- Supplier Performance – Performance for Critical Suppliers

In addition, follow-up actions from previous management reviews, resource requirements and recommendations for improvement are reviewed during subsequent management reviews.

Top Management communicates the results of assessments to employees through:

- Employee Meetings

Minutes of Top Management reviews are maintained as Records, as defined in section 4.2.4.



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6.1 Provision of Resources

AREA 51 ESG provides resources for all verification activities required for compliance with AS9120

Top Management provides adequate resources, including the assignment of trained personnel, to implement and continually improve the Quality Management System and customer satisfaction.

AREA 51 ESG allocates resources on a planned and timely basis.

Persons or organizations responsible for defining the acceptability of items or work performed are sufficiently independent from the pressures of warehouse processes.

6.2 Human Resources

6.2.1 General

The positions in the organization responsible to manage, perform, and verify works affecting quality are identified in the company's current organization chart, as noted in section 5.5.1.

AREA 51 ESG has adequate resources essential to implement the Quality Policy and to achieve quality objectives.

AREA 51 ESG identifies new skills required to operate new processes, perform new roles, design new equipment for new projects, and to validate the quality conditions prior to the commencement of the work.

As required, AREA 51 ESG will add resources or train existing resources in meeting the requirements of the customer.

Employees identified as direct reports to the President, have training needs identified on a Corporate Team Training Matrix. Required training for these employees is the responsibility of the President.

6.2.2 Training

AREA 51 ESG has determined the level of competence, experience, and training necessary to ensure the capability of personnel.

AREA 51 ESG employees have the education, experience, and training to produce products and services to meet all customer requirements.

Employees identified as direct reports to the Warehouse Manager have training needs identified on the Warehouse Training Matrix. A quality system procedure documents this process.

The following types of training are provided

- Material Handling, which includes ESD
- Statutory and Regulatory Standards, which includes Safety
- Inspection Techniques



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- AS9120

Training establishes an employee's competence to meet the requirements of the Quality Management System.

Formal qualification of personnel performing certain specialized operations, processes or inspections is required.

Every employee is made fully aware of the company's quality policies as part of the training program.

The President, the Director Sales, and the Warehouse Manager are responsible for identifying tasks to be performed to meet customer requirements.

The President and the Warehouse Manager are responsible for determining quality skills training needs for personnel.

The President and the Warehouse Manager are responsible for determining employee training, which is required to meet all safety and environmental agency requirements and standards.

The President, the Director Sales, and the Warehouse Manager are responsible for ensuring that timely training is provided.

Top Management is responsible for budgeting sufficient funds to adequately train employees.

Every employee involved in the Quality Management System has a training record.

Employee training records are maintained as identified in section 4.2.4 Records.

Human Resources maintain job specifications, which are defined, as the specific requirements an individual must meet to occupy a position. They include academic qualifications, training and experience requirements, as well as personal characteristics

The effectiveness of AREA 51 ESG employee training is evaluated during the 8.2.2 Internal Audit process, when determining advancement to new tasks as identified in the Department Training Matrix and during the regular employee performance review.

6.3 Infrastructure

AREA 51 ESG identifies, provides, maintains and controls the facilities, equipment and processes critical to product and service quality. Due to the nature of the business as a stocking distributor, the requirement of equipment maintenance is evaluated prior to the implementation of the program.

Proper equipment is provided to ensure compliance to AREA 51 ESG specifications and customer requirements.

The AREA 51 ESG President and the Warehouse Manager establish and maintain a system for validating new and used equipment and to ensure the quality of performance and determine if the manufacturer's meets advertised performance.

The property owner (not Area51) is responsible to maintain an effective infrastructure, which includes the buildings, workspace, utilities and supporting service.

6.4 Work Environment



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The AREA 51 ESG work environment program includes both human and physical factors, which influence motivation, satisfaction and performance of people, which may enhance the performance of the company.

AREA 51 ESG identifies and manages the human and physical factors of the work environment needed to achieve conformity of product and/or service.

Proper material handling of product requiring ESD compliance is identified and maintained in accordance with section 7.5.5 Preservation.

The President and the Warehouse Manager, maintain responsibility for the AREA 51 ESG works environment program and are provided with adequate resources, including trained personnel, tools, and equipment, necessary to maintain an effective work environment program.

The work environment program shall include, but not be limited to the following:

Human Factors

1. Safety rules and guidance, including use of protective equipment and emergency evacuation methods
2. Special facilities for people in the organization
3. Physical Factors
 - a. Noise
 - b. Hygiene
 - c. Cleanliness
 - d. Pollution
 - e. Air Flow

7.0 Product Realization

7.1 .1 Planning of Product Realization

AREA 51 ESG controls processes critical to product quality.

The 7.2 Customer Requirements processes meet the requirements of product realization in meeting customer requirements.

AREA 51 ESG processes material according to written system instructions and in accordance with section 7.5.5 Preservation and uses section 8.2.4 for the inspection of incoming and outgoing product.

7.1 .2 Verification Product Realization

AREA 51 ESG monitors and controls the inspection status of

- Purchased product
- Finished Product (waiting shipment to customer)



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The Warehouse Manager is responsible for ongoing maintenance of the inspection status of products within assigned areas.

7.2 Customer Related Processes

7.2.1 Customer Requirements

Customer contracts are reviewed to ensure that customer requirements are adequately defined, documented, reviewed, and understood by the customer and the Company.

All Contracts/Purchase Orders are the result of quotations presented by AREA 51 ESG to the customer. The quotation process may involve warehouse and purchasing.

The President, Director Sales and Sales personnel establish and maintain procedures to examine and coordinate contract review activities.

Responsibilities are defined and communicated to ensure timely and efficient schedule, and on time delivery.

7.2.2 Review

Sales Management reviews contracts and involves Purchasing, Warehouse, and Quality to evaluate any special quality and materials requirements, on an as required basis.

The President, Director Sales, and /or Accounting authorizes and sign contractual obligations.

Orders are checked against the customer purchase order and/or specifications.

Contracts are reviewed to ensure:

- Customer requirements are adequately defined and documented and reviewed by the customer.
- The AREA 51 ESG quotation presented to the customer is included within the contract, as required.
- Any differences between the contract and requirements are resolved immediately.
- AREA 51 ESG has the ability to meet the customer order requirements.

Differences between customer requirements tendered and company specifications are understood before acceptance.

Resolutions and agreements are written documents and are signed by both the Company and the customer.

7.2.3 Customer Communication

The customer is made aware of changes to product drawings and specifications through:

- Documented and approved change to the contract or order.
- Notice of contract / order change communication to all applicable departments
- Customer feedback is solicited during email or phone conversation with the customer and is documented. This feedback is communicated during the Management Review and is reviewed for further activity during Continuous Process Improvement.

7.2.4 Records



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Records of contract reviews are maintained as part of Control of Record

7.3 Design Control

AREA 51 ESG business processes do not involve design and development processes. If the business policy changes, AREA 51 ESG will include the procedures for the design and development processes in the Quality Management System.

7.4 Purchasing

7.4.1 Purchasing Process

AREA 51 ESG Purchasing has documentation to ensure that all products and services purchased from its suppliers conform to specified requirements.

Records of purchasing activities are maintained as part of Records as referenced in section 4.2.4.

Evaluation of Suppliers

Suppliers are selected based upon

- Customer required supplier list
- The ability to meet contractual and subcontract requirements, including the quality system and specific quality assurance requirements.

AREA 51 ESG Purchasing maintains a list of approved suppliers.

A record of each identified critical supplier's performance and a current method of selecting suppliers are maintained.

There is a procedure for re-evaluating and updating qualified sources/ suppliers.

7.4.2 Purchasing Information

Production/Sales and Purchasing initiates the purchases of materials used in the production process.

Purchasing issues AREA 51 ESG confirmed specifications, as required, and monitors the supplier's performance.

Documents used in the purchasing process have the required information to ensure that purchased product and supplies meet customer requirements.

Revisions to purchasing documents are controlled in the same manner as the original document.

Purchasing documents clearly describe the product ordered.

The following information is included in the purchase document

- Type, class or other precise identification.
- Description or other positive identifications



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- Applicable issues of specifications, process requirements, inspection instructions, and all relevant technical data

7.4.3 Verification of Purchased Product

AREA 51 ESG verifies the conformance of purchased product.

This verification involves

- Requirement for Certificate of Conformance to purchase order as determined by the President, Director Sales or the customer.
- Receiving verification of incoming supplier documentation with product received
- Validation of purchase order requirements with product received
- Incoming Inspection of specified product, and Test as required

Products and services found to be nonconforming are brought to the attention of the offending supplier for Corrective Action and Preventive Action via the NCMR process, in accordance with sections 8.3 and 8.5.

Items/material found to be nonconforming are identified and handled in accordance with Control of Nonconforming Product section 8.3.

Verification at Supplier's Premises:

AREA 51 ESG assesses critical supplier performance and processes at supplier sites, when indicated by the Purchasing Process Procedure.

Purchasing performs the assessment and completes the Supplier Qualification Survey as required.

The Supplier Qualification Survey is maintained as a Quality Record.

When required by contract, AREA 51 ESG arranges visitation of suppliers by customers.

The customer, prior to acceptance by AREA 51 ESG, may inspect supplied material.

Customers of AREA 51 ESG are provided the right to verify the product produced by the company and the conditions under which such product is manufactured, as required in accordance with section 7.2.

This verification does not absolve AREA 51 ESG of the responsibility to provide acceptable conforming products.

7.5 Production and Service Provision

7.5.1 Control of Production and Service

AREA 51 ESG identifies, maintains, documents, and approves procedures/instructions for incoming, in process, and final product to ensure all products will perform satisfactorily.

AREA 51 ESG has established documented procedures and instructions to ensure that products are inspected for compliance to customer specified requirements

AREA51 ESG evaluates the test results to verify satisfactory performance, as necessary.



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Where required by customer contract, specified hold points and inspection or test points are identified.

7.5.2 Validation of Production and Service

AREA 51 ESG business processes do not involve validation of processes for production and service. If the business policy changes, AREA 51 ESG will include the processes in the Quality Management System.

7.5.3 Product Identification and Traceability

AREA 51 ESG maintains methods to identify product, as it relates to quality, to ensure customer requirements can be met.

Traceability requirements may be determined by contractual agreement with the customer.

The Warehouse Manager is responsible for assuring that product identification and traceability standards are maintained.

Records are kept for:

- Customer requirements
- Shipment verification of product.

Procedures are documented for the definition of product components and finished products.

Product identification and traceability records are maintained as a part of section 4.2.4 Control of Records.

7.5.4 Customer Property

AREA 51 ESG business processes do not involve the use or storage of customer property. If the business policy changes, AREA 51 ESG will include the processes in the Quality Management System.

7.5.5 Preservation of Product

General

AREA 51 ESG maintains documented procedures to control the handling, storage, packaging, preservation, and delivery of all materials.

Handling



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Employees are trained in the proper handling of materials and in the maintenance of material storage environments. Proper handling includes the ESD compliance where required, by product type.

Storage

Designated storage areas are used to protect all materials from damage or deterioration prior to use or delivery.

Storage areas are secure to prevent damage or deterioration of product, pending use or delivery.

Packaging

Shipping Clerk(s) packages finished goods product.

Training is provided in the proper packaging, and marking.

Delivery

AREA 51 ESG protects the quality of product after final inspection through:

- Identified transport process and equipment
- Industry standard shipment packaging
- Material handling to prevent physical damage

Where contractually specified, AREA 51 ESG is responsible for packaging and preservation during transportation including delivery to destination.

7.6 Control of Monitoring and Measuring Equipment

7.6.1 General

The Warehouse Manager is provided with adequate resources, including trained personnel, tools, and equipment, necessary to maintain an effective monitoring and measuring equipment program.

Controls are established to maintain the integrity of equipment used in inspection and measuring, of products.

AREA 51 ESG uses an outside calibration services and requires the calibration service proves traceability to a recognized national standard.

AREA 51 ESG maintains individual calibration records of all monitoring and measurement equipment in accordance with section 4.2.4 Control of Records.

New equipment is registered and calibrated prior to use for inspection, measurement, and testing/analysis.

AREA 51 ESG provides employees with training in the handling, storage, and use of inspection, measurement, and test/analysis equipment, where required, in accordance with section 6.2.2 Training.

Safeguards against inadvertent adjustments to equipment, hardware are used when applicable.



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Monitoring and measurement equipment found to be out-of-tolerance is

- Identified as nonconforming and processed in accordance with section 8.3 Control of Nonconforming Product.

The Warehouse Manager reviews product, which is produced using out-of-calibration monitoring and measurement equipment. The review includes:

- Identification of all product and customer requirements
- Communication with the customer
- A recheck of the customer product as necessary

AREA 51 ESG ensures that:

- Monitoring and measuring equipment is selected based on required accuracy and precision.
- All monitoring and measuring equipment that can affect product quality is identified and calibrated at prescribed intervals.
- Calibration records for monitoring and measuring equipment are maintained.
- Ensures that environmental condition, handling, preservation and storage of the equipment are maintained.
- The equipment and facilities are safeguarded from adjustments, which would invalidate calibration settings.

8.0 Measurement, Analysis and Improvement

8.1 General

AREA 51 ESG uses proven problem solving methods, such as:

- Pareto charts
- Data analysis

AREA 51 ESG uses the results of the measurement methods in order to implement continuous improvement of product, ability to meet customer requirements and the effectiveness of the Quality Management System.

All operational procedures involving the application of statistical techniques are not be implemented until written instructions or procedures have been approved and issued by the President.

If sampling or charting methods are used to inspect product or monitor process quality, then characteristic criticality are determined by the President and the Warehouse Manager.

8.2 Monitoring and Measurement

8.2.1 Customer Satisfaction

AREA 51 ESG monitors information relating to the customer's perception as to whether customer requirements are being met by:



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- Customer Satisfaction - Customer Complaints by reason
Early/Late Production Shipments and reason
- Customer Returns - Customer Returns (By reason) Qty

The customer satisfaction information is reviewed and opportunities for continuous improvement are determined as action items in conjunction with the Management Review.

8.2.1.1 Customer Satisfaction Report

The measurement and monitoring of customer satisfaction is based on the review of customer related information. AREA 51 ESG recognizes many sources of customer related information and has established an effective and efficient process for the collection, analysis, and use of the information. The improvement of the organization performance is key.

8.2.2 Internal Audit

AREA 51 ESG performs scheduled audits of activities, which affect quality to ascertain the effectiveness of its Quality Management System.

The Management Representative is responsible for ensuring that audits of the AREA 51 ESG Quality Management System are conducted.

An internal audit plan specifies

- Schedule
- Status and importance of activity audited
- Activity to be audited
- Corrective Action
- Preventive Action
- Audit results

Trained auditors independent of the function being audited, using documented audit instructions conduct internal Audits.

Requests for corrective action, which may result from the internal audits, are processed in accordance with the Corrective Action and Preventive Action procedures.

Further processing in accordance with Continuous Improvement may occur.

The President and the Management Representative are responsible for the review and verification of corrective and preventive action resulting from audits.

Areas are re-audited to verify the effectiveness of the corrective action and preventive and closure of action taken.

Internal Audit results are reported to Top Management for review and the Management of the affected activity.

Internal Audit results and corrective actions, preventive and continuous improvement resulting from management review are communicated to the staff of the audited functions.

Internal Audit results are maintained as part of Records as referenced in section 4.2.4.



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8.2.3 Monitoring and Measurement of Processes

8.2.3.1 Customer orders are evaluated and re-evaluated for process efficiency and cost allocation and reduction during the process as noted in section 7.2 Customer Requirements.

8.2.4 Monitoring and Measurement of Product

8.2.4.1 AREA 51 ESG monitors the material and product through all stages of processing, from incoming inspection and through final inspection to verify product meets all applicable requirements.

8.2.4.2 AREA 51 ESG has a documented instruction to provide employees with training and use of this process.

8.2.4.3 Product is not shipped to the customer until all specified activities are completed and documented.

8.2.5 Evidence of Conformance

Area 51 ESG when required, provide the customer with evidence of the product's conformity to its technical specifications. When there is formal agreement with the customers in accordance with QSI 7.2, the organization may deliver a certificate of conformity created by the organization that references the original manufacturer's conformance documents that are retained and traceable by the organization

8.3 Control of Nonconforming Product

8.3.1 General

AREA 51 ESG maintains a system to monitor and detect nonconforming product to prevent its use or shipment to customers.

Reviews of nonconforming product are maintained as part of Records as referenced in section 4.2.4.

8.3.2 Review and Disposition of Nonconforming Product

The Warehouse Manager has the responsibility for control of nonconforming product.

The Warehouse Manager has the authority to stop production and/or shipment of any product found not to meet customer requirements.

Documented procedures cover

- Identification of nonconforming product
- Disposition of nonconforming product
- Corrective and preventive action of nonconforming product
- Internal Audit of corrective and preventive action process

Disposition of nonconforming product ensures that all aspects and implications of the issue are considered.

Dispositions are

- Return to Vendor/Supplier



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- Use-As-Is
- Scrap

Appropriate personnel are notified of nonconforming product found during incoming and final inspection procedures.

Where required, the customer is included in the process to disposition nonconforming product.

AREA 51 ESG notifies the customer of potential material or product nonconformity and takes necessary action to recall the material for correction, as required and authorized.

Causes of nonconformance are investigated.

Corrective actions resulting from the review of nonconforming products are

- Monitored by the Internal Audit process
- Monitored by Corrective Action Status Log
- Reviewed by Management
- Monitored by the Preventive Action process
- Monitored by the Improvement process

8.4 Analysis of Data

AREA 51 ESG shall use the results of the measurement methods identified in section 8.0 Measurement, Analysis and Improvement, in order to implement continuous improvement of product, ability to meet customer requirements and the effectiveness of the Quality Management System.

AREA 51 ESG Top Management reviews the results of the measurement, analysis and improvement activities, in support of the Quality Policy and Quality Management System, which include:

- Continuous Improvement - Corrective & Preventive Actions
Internal Audit Findings Results of Continuous
Process Improvement Team(s)
- Customer Satisfaction - Customer Complaints by reason
Early/Late Production Shipments and reason
- Customer Returns - Customer Returns (By reason) Qty
- Supplier Performance – Performance for Critical Suppliers (quality & delivery)

8.5 Improvement

General

Corrective and preventative actions apply to

- Handling of customer issues



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- Supplier corrective action
- Product, Process, and Quality System nonconformances

The President, the Management Representative, and the Warehouse Manager are responsible to record, assign, track, verify, and close all preventive and corrective actions.

Continuous Improvement Teams are responsible for the identification, implementation and maintenance of those corrective or preventive actions that will improve the effectiveness of the Quality Management System.

Corrective, preventive actions and continuous improvement are reported to Top Management, as defined in 5.6 Management Review.

8.5.1 Continuous Improvement

AREA 51 ESG prepares a continuous improvement plan, which will facilitate the process, by eliminating identified problems and providing visibility for future improvements. This plan will be generated for approved continuous improvement projects.

The Continuous Improvement Team is to determine the responsible Department Management and gain agreement and authority for the implementation of the improvement plan.

All continuous improvement plans is to be analyzed for effectiveness and shall be reviewed with Top Management as defined in section 5.6 Management Review.

8.5.2 Corrective Action

AREA 51 ESG has developed and maintains a documented procedure, as required by the standard for Corrective & Preventive Action processes.

AREA 51 ESG maintains a corrective action system to

- Handle customer issues
- Provide Supplier corrective action
- Investigate cause of product, process and quality system nonconformities
- Determine corrective and preventive action to eliminate cause of nonconformities

The following are reviewed for corrective action

- Nonconforming product control reports
- Customer issues
- Internal Audit Reports

The Internal Audit Team and all appropriately trained Company employees can initiate a corrective action.

Action steps are defined to be implemented to correct conditions adverse to quality.

Corrective actions are evaluated to ensure corrective action is taken and that it is effective as noted by preventive action.

All corrective action results are maintained as Records as defined in section 4.2.4 Records.

8.5.3 Preventive Action



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AREA 51 ESG maintains a preventive action program, which is noted and tracked through Continuous Process Improvement, to ensure preventive action is taken and is effective.

Processes and identifying issues, which may potentially cause nonconformity, are reviewed as part of the preventive action program.

To eliminate potential causes of nonconforming product or process, AREA 51 ESG analyzes

- Corrective Action Reports
- Internal Audit Reports
- Customer Issues
- Continuous Process Improvement Activities

The President, Warehouse Manager, and the Internal Audit Team, can initiate preventive action.

Procedures document the steps needed to deal with problems requiring preventive action.

Results of preventive action are maintained as Records as defined in section 4.2.4 Record

APPENDIX A ORGANIZATION CHART



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APPENDIX B CONTROLLED DOCUMENTS MATRIX



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APPENDIX C PROCESS FLOW