DOCUMENT: Business System Manual	REVISION: N	ISSUE DATE: 4/29/14
ISSUED BY: Mike Gonzales	TITLE: Director of Quality	
APPROVED BY: Brad Lewis	TITLE: VP/GM	

Turbonetics

A Wabtec company

BUSINESS MANAGEMENT SYSTEM MANUAL

(Formerly: Quality Management System Manual)

When the ISO 9001:2008 standard is identifying the Quality Manual or Quality Management System, Turbonetics is representing this requirement with Business Management System. No requirements have been removed.

This Business Management System Manual is based on ISO 9001:2008 requirements

Highlighted type indicates updates from previous revision.

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INTRODUCTION

Turbonetics, Inc. is a manufacturer of aftermarket turbochargers, heat exchangers and regulators for automotive and commercial applications. Turbonetics, Inc. owns its own product designs and offers custom products built to customer specifications.

SCOPE

Turbonetics, Inc. has developed and implemented a Business Management System (BMS, aka Quality Management System Manual or Quality Manual) that complies with the International ISO 9001:2008 Standard. The BMS defines the authorities and responsibilities and outlines the controls that have been set to facilitate the performance of the BMS within Turbonetics, which includes; operations and activities that occur day to day to complete product for our customers while continuously improving. The intent, management commitment, responsibility and exclusions taken to the ISO 9001:2008 Standard are defined in this manual.
The BMS applies to every facet within the organization, including: subcontractors, suppliers and satellite locations. The BMS requirements will be applied to all processes, operations, tasks, waste, storage, processes and any other customer related function. The BMS includes the Quality Manual, Procedures, Forms, Work instructions, checklists, flow charts, records, and any other documentation needed to ensure effectiveness within the organization.

The BMS has involved every member of Top Management **(Leadership Team)** who are all 100% committed to ensuring that it is continually effective and suitable to meet Turbonetics, Inc.'s evolving needs. Top management is committed to continually ensuring that all necessary resources are available to all personnel. Every employee plays a vital role in bringing these principles to life. The development and empowerment of each employee in a team environment is necessary to ensure our continued prosperity.

EXCLUSIONS

Turbonetics does not provide outside servicing provision.
No other Exclusions have been taken to the ISO 9001:2008 Standard.

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4: BUSINESS MANAGEMENT SYSTEM (BMS)

4.1 General requirements

Turbonetics, Inc. has established, documented, implemented and currently maintains a quality management system. We continually improve its effectiveness in accordance with the requirements of ISO 9001.

The organization:

- has determined the processes needed for the Business Management System and their application throughout the organization,
- determined the sequence and interaction of these processes,
- determined criteria and methods needed to ensure that both the operation and control of these processes are effective,
- ensures the availability of resources and information necessary to support the operation and monitoring of these processes,
- monitors, measures where applicable, and analyzes these processes, and
- implements actions necessary to achieve planned results and continual improvement of these processes.
  These processes are managed by the organization in accordance with the requirements of ISO 9001.
- Where any outsourcing to any process is chosen that would affect product conformity with requirements, Purchasing & Quality shall ensure control over such processes by approving suppliers. Control and approval of all suppliers is the responsibility of the authorized Quality personnel (Title of Procurement Quality Assurance Representative or higher) and Purchasing.

4.2 Documentation Requirements

4.2.1 General

The Business Management System documentation includes:

- documented statements of a quality policy and quality objectives,
- a quality manual (aka; Business Management System Manual)
- documented procedures and records required by ISO 9001, including, but not limited to; Document Control, Record Control, Internal Audit, Control of Non-conforming Product, Corrective and Preventive Action,
- documents, including records, determined by the organization to be necessary to ensure the effective planning, operation and control of its processes.
  The ISO system is controlled on the ISO System Database, which is available for viewing at all internal computer stations. \\Turbo-storage\ISO9000\ISO 9001 User Access.xls

4.2.2 Quality Manual / Business Management System Manual

The organization has established and currently maintains a quality manual (aka; Business Management system Manual) that includes:

- the scope of the quality/business management system, including details of and justification for any exclusions,
- the documented procedures established for the Business Management System, or reference to them, and
- a description of the interaction between the processes of the Business Management System (see page 19).

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The Quality Department is responsible for maintaining and controlling the Business Management System Manual.

Business Management Procedure QP-4.2.3, Control of Documents has been established to define the controls needed to approve documents for adequacy prior to issue, to review and update as necessary and re-approve documents. It also ensures that changes and the current revision status of documents are identified, that relevant versions of applicable documents are available at points of use, that documents remain legible and readily identifiable and their distribution controlled, and to prevent the unintended use of obsolete documents, and to apply suitable identification to them if they are retained for any purpose.

Business Management Procedure QP-4.2.4, Control of Records has been established to define the controls needed for identification, storage, protection, retrieval, retention time and disposition of records. Records must remain legible, readily identifiable and retrievable to personnel and customers.

5.0 MANAGEMENT RESPONSIBILITY

5.1 Management Commitment

Top management **(Leadership Team)** provides evidence of its commitment to the development and implementation of the quality/business management system and continually improve its effectiveness by:

- communicating to the organization the importance of meeting customer as well as statutory and regulatory requirements,
- establishing the quality policy,
- ensuring that quality objectives are established,
- conducting management reviews, and
- ensuring the availability of resources.

Top management is considered to be the **Leadership Team**, which includes the following members (See Organization Chart).

5.2 Customer Focus

The Leadership Team ensures that customer requirements are determined and are met with the aim of enhancing customer satisfaction.

5.3 Quality Policy

The Leadership Team ensures that the quality policy:

- is appropriate to the purpose of the organization,
- includes a commitment to comply with requirements and continually improve the effectiveness of the quality management system,
- provides a framework for establishing and reviewing quality objectives,
- is communicated and understood within the organization, and
- is reviewed for continuing suitability at each Management Review.

The stated quality policy is as follows:

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QUALITY POLICY

Turbonetics, Inc. is committed to developing and manufacturing the highest quality turbocharger, heat exchanger, pressure control and forced induction related products for our Customers by:

- ***Striving to meet or exceed our Customers' requirements and expectations for product, quality, performance and delivery.***
- ***Assuring quality objectives are established, monitored and reviewed through our Plan, Do, Check and Act System.***
- ***Continuously improving our processes and systems through Customer feedback, Quality audits and Management reviews.***
- ***Ensuring our personnel are properly informed, trained and empowered to improve quality and process control to better serve our Customers.***
- ***Treat each other with Dignity and Respect.***

The Director of Quality (Management Representative) is responsible for ensuring the quality policy is reviewed during the Management Review process (Twice a year).

5.4 Planning

5.4.1 Quality Objectives

Quality Objectives / Continuous Improvement goals are set, measured and communicated appropriately through our **Plan, Do, Check, Act** system (see page 18). Our Quality Policy and Objectives are continuously reviewed in management meetings for compliance, consistency, suitability, effectiveness, updates, changes and improvements as the system continues to evolve.
All members of management are involved in reviewing the effectiveness of the Business Management System. The quality policy and objectives are documented, monitored and reviewed routinely on Form QF-209, QF-210 and the ISO 9001 system database.

5.4.2 Quality/Business Management System planning

The Leadership Team ensures that:

- the planning of the quality/business management system is carried out in order to meet the requirements given in section 4.1, as well as the quality objectives, and
- the integrity of the quality/business management system is maintained when changes to the quality/business management system are planned and implemented.

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5.5 Responsibility, Authority and Communication

Business Management Procedure QP 5.5, Managements Role has been established to Identify Managements commitment and every day role in the quality management system, and to ensure that all resources are always available.

5.5.1 Responsibility and authority

The leadership Team ensures that responsibilities and authorities are defined and communicated within the organization. This is achieved by regularly scheduled Leadership Team meetings, Production Meetings, Company Wide Meetings.
Method used; e.g. Organization chart, Flow Charts, Procedures, Work Instructions, Quality Posts/ Alerts, etc. ***See page 17 for Org Chart.***

5.5.2 Management Representative

The Leadership Team has appointed the Director of Quality as the "Management Representative" and "driver" of the BMS in its entirety. The Director of Quality has the authority and responsibility for the following:

- Keeping the momentum of the BMS from becoming stagnant, out of control, overlooked, or outdated.
- Ensuring that processes and documentation is established, implemented and maintained appropriately.
- Reporting to top management on the performance of the quality management system and any requests or needs for improvement, enhancement, etc.
- Continually ensuring and promoting Customer requirements, Customer awareness and Customer feedback to all personnel.

5.5.3 Internal communication

The Leadership Team ensures that appropriate communication processes are established within the organization and that communication takes place regarding the effectiveness of the quality management system. This is achieved by weekly scheduled meetings, Company Intranet, email announcements, training, etc.

5.6 Management Review

Business Management Procedure QP 5.6, Management Review has been established to provide review of the business management system (BMS) at planned intervals ensuring continued suitability, adequacy and effectiveness including assessing opportunities for improvements, and the need for changes to the BMS, objectives, policies, and goals.

The Leadership Team reviews the organization's Business Management System, at planned intervals (Twice a year), to ensure its continuing suitability, adequacy and effectiveness. This review includes assessing opportunities for improvement and the need for changes to the Business Management System, including the Quality Policy and Quality Objectives.
Records from management reviews are maintained on the ISO System Data base and can be viewed at all company computer terminal at \\Turbo-storage\iso9000\ISO Coordinator Only\Quality Management Review\QMR main.xls

The input to management review includes information on:

- results of audits,
- customer feedback,
- process performance and product conformity,
- status of preventive and corrective actions,
- follow-up actions from previous management reviews,
- changes that could affect the Quality/Business Management System, and
- recommendations for improvement.

5.6 Management Review *(Continued)*

The output from the management review includes:

- any decisions and actions related to improvement of the effectiveness of the Quality/Business Management System and its processes,
- improvement of product related to customer requirements, and
- resource needs.

As a minimum, the Leadership Team shall be present at the Management Review Meeting (See Organizational Chart page 17).

6: RESOURCE MANAGEMENT

Business Management Procedure QP 6.1, Provisions of resources, Infrastructure and Work Environment has been established to determine and provide the necessary resources throughout the organization and to implement, maintain and continually improve the effectiveness of the BMS while enhancing customer satisfaction and requirements.

6.1 Provisions of Resources

The organization determines and provides the resources needed to implement and maintain the quality management system and continually improve its effectiveness and to enhance customer satisfaction by meeting customer requirements. Resource needs are discussed during management review.

6.2 Human Resources

6.2.1 General

Personnel performing work affecting conformity to product requirements are deemed competent on the basis of appropriate education, training, skills and experience. The Human Resources Department and department leads are responsible for assessing competence. Competency requirements are defined in job descriptions, job postings, etc**.**

Business Management Procedure QP-6.2.2, Competence, Training and Awareness has been established by management to ensure necessary competence for personnel performing work which affects product quality, providing training or take other actions to satisfy the needs, to

evaluate the effectiveness of the actions taken, to ensure that personnel are aware of the relevance and importance of their activities and how they contribute to the achievement of the Quality Objectives and to maintain appropriate records of education, training, skills and experience.

6.3 Infrastructure has been established that provides and maintains the infrastructure needed to achieve conformity to product requirements.
Infrastructure includes, as applicable:

- buildings, workspace and associated utilities,
- process equipment (both hardware and software), and
- supporting services (such as transport, communication or information systems).

6.4 Work Environment

Turbonetics, Inc. determines and manages the work environment needed to achieve conformity to product requirements. The Facilities Department is responsible to identify and control work environment requirements. The work environment is monitored and control from the company intranet.

7: PRODUCT REALIZATION

7.1 Planning of Product Realization

Business Management Procedure QP-7.1 Planning of Product Realization has been established to define the planning and development of all processes needed for production realization, which is consistent with the requirements of the processes within the BMS. The quality objectives and requirements for the product, processes, documents, resources, verification, validation, monitoring, inspection and test activities specification to the product and criteria for acceptance and records needed as evident that the results met the requirements are all part of the procedure. The outputs are in a form suitable to the methods of operation.

Planning of product realization is consistent with the requirements of the other processes of the quality management system.

7.2 Customer-related Processes

Business Management Procedure QP-7.2, Customer related processes, Quoting, sales has been established to determine if customer, regulatory and statutory requirements can be met, including delivery and post-delivery, and includes stated/not stated requirements, risks, pricing, production, delivery and any special skills or outside processes that may be necessary.

7.2.1 Determination of requirements related to the product

Turbonetics, Inc. determines:

- requirements specified by the customer, including the requirements for delivery and post-delivery activities,
- requirements not stated by the customer but necessary for specified or intended use, where known,
- statutory and regulatory requirements applicable to the product, and

- any additional requirements considered necessary by the organization.

The Quality, Sales and Engineering Department is responsible for determining all customer requirements, whether specified; not stated, but necessary; or statutory and regulatory. Requirements are determined by customer documentation, market research, competitive analysis, surveys, market testing, etc.

7.2.2 Review of requirements related to the product

Turbonetics, Inc. sells through distributors for standard (off the shelf) forced induction products. In the event, that a special Intercooler, Turbocharger, wastegate or regulator is requested (forced induction products), the following system is used. Turbonetics, Inc. reviews the requirements related to the product. This review is conducted prior to the organization's commitment to supply a product to the customer (e.g. submission of tenders, acceptance of contracts or orders, acceptance of changes to contracts or orders) and ensures that:

- product requirements are defined,
- contract or order requirements differing from those previously expressed are resolved, and
- the organization has the ability to meet the defined requirements.

Requirements are reviewed by New Products Request EF-806, Product Realization Work Sheet EF-820, RFQ Review, Spearco Intercooler Job Order PF-312, Contract PO Review QF-206, etc.

Records of the results of the review and actions arising from the review are maintained. Sales and Engineering are responsible for the review and for maintaining the records.
Where product requirements are changed, the Engineering or Sales department ensures that relevant documents are amended and that relevant personnel are made aware of the changed requirements.

Business Management Procedure QP-7.2.3, Customer Communication has been established to define the best methods of communication to customers in relation to product information or status, inquiries, orders, order handling, amendments, feedback and customer complaints. This procedure also includes monitoring and measuring customer satisfaction and determines if customer perceptions and requirements have been met.

7.3 Design and Development (D&D)

D&D is hardware that will be delivered to customer for evaluation.
R&D is hardware that will not be delivered to customer for evaluation (internal use only)

7.3.1 Design and development planning (See Business Management Procedure QP-7.3, D&D)

Turbonetics, Inc. plans and controls the design and development of product. The Engineering Department is responsible for controlling all stages of the design process, and for maintaining the appropriate records.

During the design and development planning, the organization determines:

- the design and development stages,
- the review, verification and validation that are appropriate to each design and development stage, and
- the responsibilities and authorities for design and development.

Turbonetics, Inc. manages the interfaces between different groups involved in design and development to ensure effective communication and clear assignment of responsibility.

Planning output is updated, as appropriate, as the design and development progresses. Planning output includes project schedule, correspondence, forms, flowcharts, meeting minutes, etc**.**

7.3.2 Design and development inputs (See Business Management Procedure QP-7.3, D&D)

Inputs relating to product requirements are determined and records maintained. These inputs include:

- functional and performance requirements,
- applicable statutory and regulatory requirements,
- where applicable, information derived from previous similar designs, and
- other requirements essential for design and development.

The inputs are reviewed for adequacy. Requirements are complete, unambiguous and not in conflict with each other. Design inputs include specifications, application requirements, marketing data, etc..

7.3.3 Design and development outputs (See Business Management Procedure QP-7.3, D&D)

The outputs of design and development are in a form suitable for verification against the design and development input and are approved prior to release.

Design and development outputs:

- meet the input requirements for design and development,
- provide appropriate information for purchasing, production and service provision,
- contain or reference product acceptance criteria, and
- specify the characteristics of the product that are essential for its safe and proper use.

7.3.4 Design and development review (See Business Management Procedure QP-7.3, D&D)

At suitable stages, systematic reviews of design and development are performed in accordance with planned arrangements:

- to evaluate the ability of the results of design and development to meet requirements, and
- to identify any problems and propose necessary actions.

Participants in such reviews include representatives of functions concerned with the design and development stage(s) being reviewed. Records of the results of the reviews and any necessary actions are be maintained.

7.3.5 Design and development verification (See Business Management Procedure QP-7.3, D&D)

Verification is performed in accordance with planned arrangements to ensure that the design and development outputs have met the design and development input requirements. Verification activities include Records of the results of the verification and any necessary actions are maintained.

7.3.6 Design and development validation (See Business Management Procedure QP-7.3, D&D)

Design and development validation is performed in accordance with planned arrangements to ensure that the resulting product is capable of meeting the requirements for the specified

application or intended use, where known. Wherever practicable, validation is completed prior to the delivery or implementation of the product. Records of the results of validation and any necessary actions are maintained.

7.3.7 Design and development changes (See Business Management Procedure QP-7.3, D&D)
Design and development changes are identified and records maintained. The changes are reviewed, verified and validated, as appropriate, and approved before implementation. The review of design and development changes includes evaluation of the effect of the changes on constituent parts and product already delivered. Records of the results of the review of changes and any necessary actions are be maintained.

7.4 Purchasing

7.4.1 Purchasing Process (See Business Management Procedure QP-7.4)
Turbonetics, Inc. ensures that purchased product conforms to specified purchase requirements. The type and extent of control applied to the supplier and the purchased product is dependent upon the effect of the purchased product on subsequent product realization or the final product.

Turbonetics, Inc. evaluates and selects suppliers based on their ability to supply product in accordance with Turbonetics and Customer requirements. Criteria for selection, evaluation and re-evaluation are established. See Supplier Quality Surveys QF-238.

Criteria	Selection	Evaluation/ Re-evaluation
System performance and reliability data	**x**	**x**
Capabilities and experience	**x**	
Price and availability	**x**	
Product quality		**x**

Records of the results of evaluations and any necessary actions arising from the evaluation and re-evaluation are maintained in MAPICS (MRP System) and Quality Department.

The Purchasing Department is responsible for controlling the purchasing process and for maintaining appropriate records. Approved suppliers are listed in Mapics (MRP System).

Suppliers in good standing are considered to be approved.

7.4.2 Purchasing information
Purchasing information describes the product to be purchased, including where appropriate:
- requirements for approval of product, procedures, processes and equipment,
- requirements for qualification of personnel, and
- Quality Management System requirements.

Purchasing information includes: Engineering Drawings, Quality Clauses, Purchase Orders, etc…
Turbonetics, Inc. ensures the adequacy of specified purchase requirements prior to communication to the supplier and is stated on the Purchase Order (Procurment Requirements).

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Supplier Procurement Requirements can be found on our Web Site:
http://www.turboneticsinc.com/procurement_requirements

7.4.3 Verification of purchased product

Turbonetics, Inc. establishes and implements the inspection or other activities necessary for ensuring that purchased product meets specified purchase requirements. Purchased product is verified by Receiving Inspection by use of the current blueprint/document located in the "Drawings Released" folder on the Server. When applicable, incoming product is inspected in conjunction with the current blueprint/document and form QF-252 "Inspection Plan". Also when applicable, product is accompanied by supplier Certificate of Conformance (cert's) documentation, which is reviewed by QA for correct information (such as quantity, material/chemical/physical properties, etc). Upon review, approved certs are filed in the Quality document control department by supplier name. If incoming product is required to have Certificate of Conformance documentation or other relevant documentation but is missing or incorrect, the Receiving department shall place the product on "hold" before being put into Receiving Inspection department, and shall also issue a NODOM (Notification Of Delay Of Material form QF-239). The form is issued to the Purchasing department so that correct documentation can be attained, upon which the products may be received into Receiving Inspection department.
Where the organization or its customer intends to perform verification at the supplier's premises, the organization states the intended verification requirement on the Purchase Order

7.5 Production and Internal service provision (Warranty System)

7.5.1 Control of production and internal service provision

The organization plans and carries out production and internal service provision (Warranty system) under controlled conditions. Controlled conditions include, as applicable:

- the availability of information that describes the characteristics of the product,
- the availability of work instructions, as necessary,
- the use of suitable equipment,
- the availability and use of monitoring and measuring equipment,
- the implementation of monitoring and measurement, and
- the implementation of product release, delivery and post-delivery activities.

The Customer Service, Warranty and Production is responsible for controlling all phases or product and Internal service provision and for maintaining appropriate records.
Note: *Turbonetics does not provide outside servicing provision.

7.5.2 Validation of processes for production and *Internal service provision

Turbonetics, Inc. validates processes for production where the resulting output cannot be verified by subsequent monitoring or measurement and, consequently, deficiencies become apparent only after the product is in use or the service has been delivered.
Validation demonstrates the ability of these processes to achieve planned results.

Turbonetics, Inc. establishes arrangements for these processes including, as applicable:

- defined criteria for review and approval of the processes,

- approval of equipment and qualification of personnel,
- use of specific methods and procedures,
- requirements for records, and
- revalidation.

Note: *Turbonetics does not provide outside servicing provision.

7.5.3, Identification and Traceability (See Quality Procedure QP-7.5.3)
Where appropriate, Turbonetics, Inc. identifies products by suitable means throughout product realization. Products are identified by one or more controls (also pending on customer requirements): ID tags, Serial numbers, Heat Lots, tags, marked containers, production planning, and documentation.
Turbonetics, Inc. identifies the product status with respect to monitoring and measurement requirements throughout product realization.

Where traceability is a requirement, purchasing, quality and engineering controls the unique identification of the product and maintains records. Traceability is documented by use of various permanent marking methods (Vibroetched, Chemical etch, Metal stamp, etc.) Material is traceable from foundry batch/lot numbers.

Business Management Procedure QP-7.5.4, Customer Property has been established to define the method of care given to customer property, including intellectual property. The procedure includes identification, verification, and protection, safeguarding and reporting any lost, damaged or unsuitable usages of such property. Records are maintained following QP-4.2.4, Control of Records.

Business Management Procedure QP-7.5.5, Preservation of Product has been established to define the methods of product, component part, and customer property, preservation including identification, handling, packaging, storage and protection. This procedure includes internal processing and delivery to intended destinations and supplier or process handling.

Business Management Procedure QP-7.6, Control of Monitoring and Measuring Devices has been established to define the method of calibration, calibration instructions, adjust or re-adjustments, determine calibration status, be safeguarded from adjustments that would invalidate measurement results, protected from damage and deterioration during handling, maintenance and store, device recall list (including specified intervals) and how results will be recorded. The purpose is to ensure evidence of conformity and that monitoring and measuring can be carried out in a manner consistent with requirements. This procedure includes assessing and recording validity of previous measuring results when devices to not conform to requirements and ensure action on equipment and any product affected is taken. Records are maintained following QP-4.2.4, Control of Records.

8: MEASUREMENT, ANALYSIS AND IMPROVEMENT

8.1 General (See Business Management Procedure QP-8.1)
Turbonetics, Inc. plans and implements the monitoring, measurement, analysis and improvement processes needed:

- to demonstrate conformity to product requirements,

- to ensure conformity of the quality management system, and
- to continually improve the effectiveness of the quality management system.

This includes determination of applicable methods, including statistical techniques, and the extent of their use. The Quality Department and Customer Service is responsible for systems related to monitoring, measurement, analysis and improvement.

8.2 Monitoring and Measurement

8.2.1 Customer satisfaction

As one of the measurements of the performance of the quality management system, Turbonetics, Inc. monitors information relating to customer perception as to whether the organization has met customer requirements.

Customer satisfaction is monitored by means of surveys, customer interviews, measuring repeat sales, measuring rates of returned products, market research, etc.

The Sales Department and Customer Service determine the methods for obtaining and using this information. Surveys and Customer satisfaction results are posted for visual awareness (Scorecard).

Business Management Procedure QP-8.2.2, Internal Auditing has been established to ensure every area of the BMS gets audited at planned intervals, which helps determine if the BMS conforms to planned arrangements that include the ISO Standard, Customer, Regulatory requirements, and ensure it is effectively implemented, personnel trained and maintained. The auditing shall be scheduled and planned with criteria, scope and frequency based on status of last audit or importance of process. The selection and conduct of auditors shall ensure objectivity and impartiality of the process. Auditors are not allowed to audit their own work or department. Records are maintained following QP-4.2.4, Control of Audits and include plan, results, auditors name, date, what department was audited, who would be responsible for any corrective action, follow up activities including verification of actions taken, closing date and who signed off on corrective action.

8.2.3 Monitoring and measurement of processes

Turbonetics, Inc. applies suitable methods for monitoring and, where applicable, measurement of the quality management system processes. These methods demonstrate the ability of the processes to achieve planned results. When planned results are not achieved, correction and corrective action is taken by the appropriate personnel, to ensure conformity of the product.

Methods for monitoring and measuring of processes include internal audits, quality performance data, Production and Safety Meetings, Employee suggestions etc. See 5.4.1 above.

8.2.4, Monitoring and Measuring of Product (See Business Management Procedure QP-8.2.4)

Turbonetics, Inc. monitors and measures the characteristics of the product to verify that product requirements have been met. This is carried out at appropriate stages of the product realization process in accordance with the planned arrangements.

Methods for monitoring and measuring of products include inspection results, testing results, etc. Evidence of conformity with the acceptance criteria is maintained. Records indicate the person(s) authorizing release of product for delivery to the customer. Product and service release is indicated by means of completed and accepted Work orders, Production Planning, and completed forms.
The release of product and delivery of service to the customer does not proceed until the planned arrangements have been satisfactorily completed, unless otherwise approved by a relevant authority and, where applicable, by the customer.

Business Management Procedure QP-8.3, Control of Nonconforming Product has been established to define methods of control for product that does not conform to requirements. This procedure includes designating who is responsible and authorized to deal with nonconforming product, who has authority to stop processes or shipments, how product needs to be identified and prevention measures of unintended use or delivery action to be taken. A method for immediate action to eliminate the nonconforming, release or acceptance concessions by relevant authority, re-verification for reworked parts, notification/action after delivery, customer notification and release and action to preclude original intended use or application is included in the procedure. Records of nonconformance, actions taken, customer notification and concessions are maintained following QP-4.2.4, Control of Records.

8.4 Analysis of data

Turbonetics, Inc. collects and analyzes appropriate data to demonstrate the suitability and effectiveness of the Business Management System and to evaluate where continual improvement of the effectiveness of the Business Management System can be made. This includes data generated as a result of monitoring and measurement and from other relevant sources.
The analysis of data provides information relating to:

- customer satisfaction,
- conformity to product requirements,
- characteristics and trends of processes and products including opportunities for preventive action, and
- suppliers.

Data analysis is conducted by means of management review, team meetings, summary reports, surveys, etc.
The Management Representative is responsible for determining the data requirements and for coordinating with other departments to collect and subsequently analyze the data in order to make improvements (Value Added Data).

8.5 Improvement

8.5.1 Continual improvement

Turbonetics, Inc. continually improves the effectiveness of the Business Management System using the Quality Policy, Quality Objectives, audit results, analysis of data, Corrective and Preventive Actions and Management Review.

Business Management Procedure QP-8.5.2, Corrective Action has been established to define action to be taken to eliminate the cause of nonconformities to prevent recurrence and trends. The procedure includes reviewing nonconformities (internal, supplier, customer complaints, feedback, returns), determining the cause, evaluating the need for action to ensure

recurrence is not probable and determine, implement and review action necessary or taken. Records are maintained for all results and action taken following QP-4.2.4, Control of Records.

Business Management Procedure QP-8.5.3, Preventive Action has been established to determine action to be taken to eliminate cause and occurrences of potential nonconformities before they take place, where possible. This procedure includes determining potential nonconformities and their causes, evaluating action to prevent occurrences of nonconformities, determine and implement action needed, review preventive action and make all employees aware of such proactive measures. Records of results, requests, and action are maintained following QP-4.2.4, Control of Records.

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Documentation and Record / Process Control

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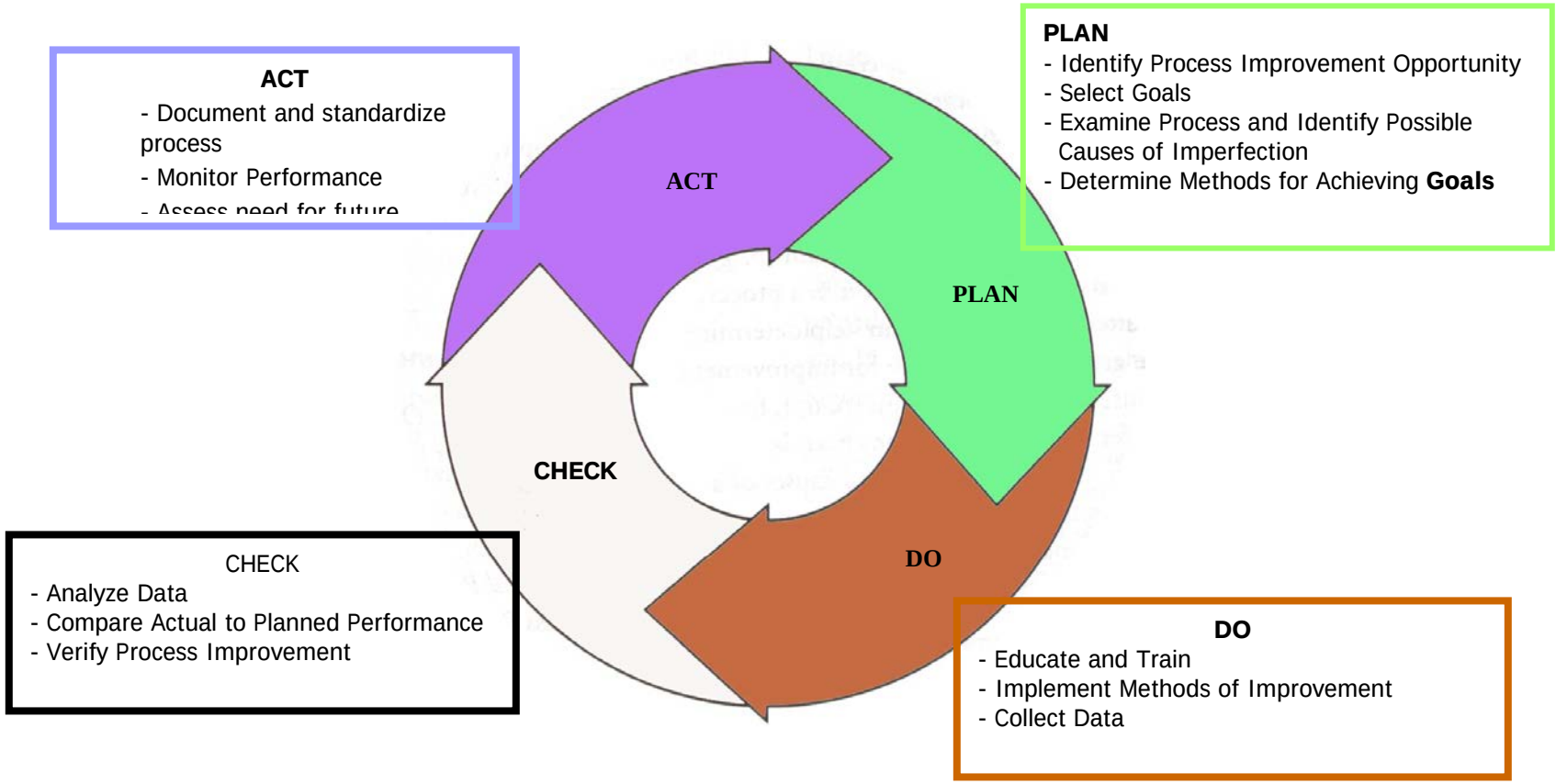
Turbonetics "Quality Objectives" are built around the *Plan-Do-Check-Act* cycle, which is a basic model of Systemic Improvement (Ref. Form QF-210).



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