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Quality Assurance
Effective Date: August 2005

QUALITY ASSURANCE MANUAL

Quality Policy Statement:

Elcom, Inc. is dedicated to achieving the highest standard of material handling, quality control, and traceability to meet our customer's requirements, specifications, and quality standards.

Elcom, Inc. recognizes that in order to meet customer requirements and to follow the above stated policy, every employee must be allowed to participate, improve, or otherwise recommend process modifications with the intent of better satisfying customer requirements.

Company Market:

Today Elcom, Inc. is a broad line national distributor in the U.S. and overseas market. Please refer to the Elcom, Inc. line card.

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1.0 Scope

This manual describes the quality assurance program used at Elcom, Inc. It is intended to provide Elcom, Inc. employees, customers, and suppliers with an overview of the policies used by Elcom, Inc. to control the quality of their products. Detailed procedures for carrying out these policies are established and maintained to prevent and detect any non-conformity. As a result of those processes, we implement means to prevent reoccurrences of the nonconformity.

The following shall approve this document:

President
Vice President
General Manager

2.0 Management Responsibility:

Quality policy:

The Senior Management team of Elcom, Inc. defines the quality policy. It is published in the Quality Manual, displayed on the computer system and posted in various locations around the building. Management ensures the policy is implemented and maintained throughout the organization. It is the responsibility of each employee to know how to access the policy.

Organization:

Management generates and maintains an organizational chart. As a minimum, the chart will show the various organization levels with individual names and job classification titles for the areas. Job descriptions or the number of positions under a group are not required. The chart will be reviewed and updated on an annual basis as a minimum without affect on the revision of the manual.

Responsibility and Authority:

Individual employee responsibility and the relationship between personnel affecting qualities are defined and documented in job descriptions, procedures, work instruction, and the Quality Manual. It is each employee's responsibility to identify problems relating to product, process or the quality system. Management is responsible for identifying, recording and initiating corrective and preventive action to ensure compliance of the Quality Manual.

Resources:

Management is responsible for identifying and providing the resources needed to accomplish the work within their department. Management is responsible for verifying employment experience and educational history before hiring when prior experience or education are used in determining if the employee has the skills necessary for the job. Management is responsible for providing adequate verification activities of work performance, which includes internal quality audits.

2.1 *Quality System:*

Elcom, Inc.'s quality system is documented in the Quality Manual as well as in procedures and work instructions. Quality requirements are developed and maintained under each of the various organizations as necessary. Each procedure documents the procedure number and current revision, the history of the document and the quality records associated with that process. The amount of detail documented within each procedure is specific to the complexity of the work, the methods used, and the amount of detail necessary to carry out the activity. The process for implementing a procedure or procedure revision is specified within the Document Control procedure.

Management, prior to its purchase or implementation evaluates any new product or process. The evaluation is to determine if any new or additional quality requirements or plans are required to maintain the quality system. Quality Planning requirements are specified within the Quality Plans procedure.

2.2 *Contract Review:*

Product Management reviews written contracts, verbal contracts and customer purchase orders to ensure our ability to meet the customer requirements for cost, delivery, pricing, and manufacturer. The review ensures that:

- a) The customer requirements are adequately defined and documented
- b) Order requirements are agreed upon before acceptance of the order
- c) Differences between the customers' product requirements and Elcom, Inc. products are defined, documented and resolved as described in applicable procedures. Special requirement such as markings, packaging, or shipping instructions are documented on quality records and implemented before shipment to the customer as described in applicable procedures.

2.3 *Design Control:*

Elcom, Inc. does not design product at this time.

2.4 Document and Data Control:

Work Instruction, Control log, and customer-generated documents that define specific product requirements are the only documents considered to be controlled. Customer generated documents are controlled and maintained by the appropriate area manager as documented within specific procedures.

2.5 Purchasing:

Elcom, Inc. selects suppliers based on their ability to meet quality of product and services.

An Elcom, Inc. employee or customer may request a supplier assessment following the Supplier Qualification procedure. Suppliers are assessed in one or more of the following manners:

The General Manager maintains a listing of approved sources. Quality records are maintained which identify the acceptability of the sub-contractor and records, which demonstrate on going conformance to requirements as specified within the Supplier Tracking procedure. Supplier status indicates disqualified suppliers who have failed to meet sub-contracted requirements.

Purchasing Data:

Purchase orders contain (as a minimum) the part to be received (by manufacturer's part number) the quantity, the purchase price, the delivery date, and Elcom, Inc. purchase order number. When applicable specific customer requirements or specifications are included on the purchase order form. Management reviews and approves the purchase order prior to release ensuring its ability to meet specified requirements.

Elcom, Inc. verifies material in one or more of the following ways as required by product, process or the customers needs: first article evaluation, inspection at receipt, at point of stocking, picking or at quality assurance. Specific procedures detailing inspection criteria and verification are listed under section 2.9 inspection.

Purchased product which requires verification at the Sub-contractor's premises is documented as a drop shipment on the purchase order. Customer agrees to the acceptability of the suppliers internal verification process and reports any instances of non-conformance to Elcom, Inc. as specified within the Customer Returns procedure.

2.6 *Control of Customer Supplied Product:*

Customer supplied product is identified with either a unique part number and/or customer name. This product is not used for any other customer except by mutual agreement and the product is purchased from the customer following standard purchasing procedure. Customer supplied product is verified and maintained in accordance to standard processing procedures. If materials are found to be non-conforming and/or damaged, the customer is notified and product disposition is determined by following standard nonconforming procedures.

2.7 *Product Identification:*

All products are identified and tracked through the system from the point of receipt. Each lot of material is identified by manufacturer, part number and date code, if identifiable. The pick ticket and the manufacturer's certificate of conformance for military products are quality records that link a shipment to a specific lot. A unique identifier is given to specific lots which require segregation from standard product.

2.8 *Process Control:*

Documented procedures have been established and are implemented as necessary. Each process is controlled to ensure compliance with respective standards, customer specifications and workmanship criteria. Work instructions may exist where specifications and/or workmanship criteria need clarification beyond the detail specified within applicable procedures. Qualifications for personnel are documented within the training procedure.

2.9 *Inspections:*

Specific requirements are determined by product, process and the customers' needs. Criteria for inspection is detailed within specific procedures and work instructions, within the system and on quality records associated with the process.

Receiving Inspection:

All material received into Elcom, Inc. Distribution centers is verified against the open purchase order per specific inspection criteria specified within receiving procedures. Standard Inspection is performed verifying material for correct part number, manufacturer, quantity and part Orientation. Inspection also includes verification of date code, when identifiable and a visual inspection to ensure product and packaging is not damaged.

Supplier tracking records evidence of material conformance for major suppliers. Quality percentages which fall below an acceptable range may require preventive action to be taken by Elcom, Inc., if corrective action is not effectively implemented by the supplier.

Final Inspection:

All material regardless of product or process is verified by quality assurance that ensures all requirements have been met as specified by the customer and within final inspection procedures.

2.10 *Control of Inspection, Measuring Equipment:*

Procedures which detail how measuring equipment is controlled, calibrated and maintained.

Equipment requiring calibration receives calibration at documented intervals. Calibrated equipment is documented on the calibration log identifying the location, frequency of checks required and acceptance criteria. Procedures specify the action to be taken when results of the calibration are below the acceptable range. Each piece of calibrated equipment is identified by a label that indicates the acceptability of the previous calibration and expiration date.

2.11 *Inspection:*

Inspection of product is documented and maintained on quality records as specific procedures. Rejected material is segregated and identified as nonconforming per nonconforming material procedures.

2.12 *Control of Non-Conforming Product:*

Material, which does not conform to specified requirements, is segregated to prevent shipment to the customer or use. All non-conforming material is evaluated and marked accordingly by authorized individuals to ensure appropriate handling.

2.13 *Corrective and Preventive Action:*

Corrective and Preventive action is taken based upon the degree of the discrepancy found and its potential adverse effect on the quality system, product or process and potential risk to the customer.

Corrective Action:

Corrective action procedures address the elimination of the cause of discrepancies by effective handling of customer complaints and product non-conformities. Investigation of the non-conformance includes product, process and quality system review ensuring corrective action will eliminate the root cause of the discrepancy. Corrective action results are documented according to related procedures with appropriate levels of review to ensure effectiveness. Internal re-audits verify that corrective action was taken and measures the overall effectiveness of the quality system.

Preventive Action:

Preventive action procedures address the elimination of potential causes of discrepancies. Some procedures may include preventive action as a portion of the overall corrective and preventive action planning. Internal audit corrective action results, customer complaints and additional reports, as documented in specific procedures are reviewed on a regular basis to verify the effectiveness of previous corrective actions and to evaluate trends which may require preventive action.

Condition of overall quality system and relevant preventive action which may have been taken are documented for Senior Management review on a regular basis. Proactive planning and actions are taken which are not covered in procedures but which utilize technology advancements, continuous process improvements, and total quality management techniques to implement process change and facility changes before discrepancies or non-conformities occur. These include continuous enhancement and identification of training needs, enhancements of computer hardware and software tools in addition to new tools and equipment as they become available. These actions are not documented but are evidence of preventive action.

2.14 *Handling, Storage, Packaging, Preservation and Delivery:*

Each employee receives adequate training before handling material. To ensure it is handled in a manner to protect it from becoming damaged. All material is used on a first-in, first-out (FIFO) basis based on the computer or on package receipt date for material not handled by the computer. All products is handled and stored within an ESD protected area to ensure product conformity. Product is assessed on a regular basis to determine disposition and if a stock rotation is necessary to return slow moving inventory.

Any special product packaging or marking requirements is documented on the pick ticket or traveler, as applicable. Standard procedural requirements are

followed where no special requirements are defined by the customer, product or process.

Product is identified and segregated upon receipt as specified within receiving procedures. Packaging of moisture sensitive material is inspected for damage to ensure product preservation. The FIFO system ensures oldest product is processed first and ESD protection procedures ensure product is handled according to specified requirements.

Elcom, Inc. strives to ensure that product is delivered in a method that guarantees the product will not be damaged during normal handling. Packing and Shipping processes ensure that all customer specified shipping requirements are met.

2.15 *Control of Quality Records:*

Each procedure documents the handling, collection and quality records associated with that process and how long the records are to be maintained.

All quality records are maintained either in filing cabinets or in a database for electronically collected records to prevent records from becoming damaged, deteriorated or lost. All electronic records are backed up and archived to prevent loss and ensuring accessibility or historic data.

All records are readily available for customer review during an on site audit.

2.16 *Internal Quality Audits:*

Routine audits of the processes are performed based upon the importance of the activity in relationship to the quality of product. Internal audits measure our ability to meet specified requirements as documented within the Internal Audit procedure.

An audit schedule is generated on a regular basis ensuring auditors are independent of the area being audited. The schedule is updated monthly documenting each audit performed and to allow for re-audits which verify the effectiveness of corrective actions from previous non-conforming audits. The schedule is published to all area managers, the auditors and Management Representative for review.

Non-conforming audits are given to the area manager to ensure appropriate corrective and preventive action is taken in a timely manner. The Management Representative reviews the corrective action that was taken to ensure the action would correct the non-conformance.

Audit summaries are generated detailing audit results which are published to Senior Management on a regular basis. Senior Management reviews the effectiveness of the overall quality system.

2.17 Training:

All employees performing activities affecting quality receive training after hire specific to the functions or position held by the employee. Employee education and experience are verified as part of the hiring process when that education or experience is to be used to determine employee qualifications. Employees chosen to perform specific tasks after hire may be qualified or certified by an outside source or in-house training as specified within the Training procedure. Employees experience with Elcom, Inc. may be used to determine employees' qualification.

Training is documented by the individual conducting the training and records are maintained for the length of time specified within the training procedure.

2.18 Servicing:

Elcom, Inc. does not perform service and installation at this time.

2.19 Statistical Techniques:

Elcom, Inc. Management defines statistical techniques and requirements. Area management maintains application control of statistical techniques to verify process capability and measure trends. Trends may be used to identify areas of needed process improvement or preventive action.