

STEELRODE (PTY) LTD

QUALITY ASSURANCE POLICY MANUAL

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MANUAL CONTENTS IN ACCORDANCE TO
INTERNATIONAL ORGANIZATION TO STANDARDIZATION (ISO 9002)

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CONTROL OF THIS QUALITY ASSURANCE POLICY MANUAL

MANUAL CONTROL

This Manual is issued as a controlled document within the organization, and a register of all manual holders is kept by the company's Management Representative.

No part of this Manual is to be removed by any person for any reason, with the exception of replacing pages issued by the Management Representative.

This Manual is also available for issue to external organizations when requested, and approved by the General Manger. In these cases the Manual is only issued as an uncontrolled document (unless otherwise approved) and will not therefore be kept up to date with any revisions.REVISIONS

Revisions to this Manual are issued as required to reflect the current quality program status.

Revisions are made by replacing the applicable page (s), and each revised page is identified by a revision number and issue date.

All revisions are issued in a systematic manner to authorized holders of this Manual, and all obsolete pages must be destroyed on receipt of the new information.REVISIONS SHEET

In order to efficiently control revisions (and issues) to this Manual, a Revisions Sheet is used for recording contemplated changes which are reviewed and if necessary incorporated on a periodic basis.

COMPANY QUALITY POLICY STATEMENT

Steelrode was founded in 1994 by Warne Rippon as a trading company, buying parcels of steel and selling them for profit.

Today, Steelrode is an independent steel merchant and processor that buy its material mostly direct from Iscor and supply the medium

to smaller merchants as well as end users with coils, slit strip, standard sheets and cut to size blanks.

The company has embarked on an aggressive growth program investing into a new dedicated factory of 12 000m², a slitter incorporating the latest technology in quality, speed and packaging as well as a precision high speed "Synchrocut" rotary shear cut to length line with automatic stacking facilities.

Management of Steelrode have therefore, decided to formalize their quality management system, and base it on the requirements of the International Organization for Standardization . (ISO 9002).

The objective of Steelrode management and staff is to provide products and services which conform to the Customers requirements or our own in-house manufacturing standards and procedures.

To ensure conformance and provide objective evidence, all Steelrode's Steelwork will be done in accordance with this Manual and associated quality management system documentation. All our employees and I are therefore hereby committed to a policy of total quality assurance.

RESPONSIBILITY AND AUTHORITY

The lines of responsibility and accountability are shown on the organization chart. Also refer to the various procedures.

In addition to specific responsibilities and authority, all Steelrode employees are hereby given the authority to stop production or shipment of any product when circumstances arise that are detrimental to the quality of the product.

They may also initiate action to prevent the occurrence of product nonconformity, identify and record any product quality problems, initiate, recommend or provide solutions through their immediate supervisor, and verify the implementation of solutions.

The General Manager is the appointed quality system Management Representative and has the necessary authority and responsibility for ensuring that the requirement of the Code of Practice ISO 9002 are implemented and maintained.

Management has provided sufficient resources and personnel in keeping with our product range and services, to ensure the attainment of quality and market objectives.

Management also keep abreast of development in the market place concerning new opportunities, processes and technologies in order to allocate the necessary resources on a planned and timely basis in order to remain competitive.

The above aspects are reviewed on an annual basis by means of the Management Review task.

PURCHASER'S REPRESENTATIVE

The Company will provide any Purchaser's Representative with reasonable access to any part of the Company's operations, providing that timely arrangements are made with the Management Representative.

In accordance with Steelrode's quality policy, the complete quality management system is reviewed by Top Management on an annual basis to ensure that the documented system and its operation are still suitable to satisfy existing and future Company requirements and objectives.

Management review includes assessment of the results of the Company's Internal Quality Audits, adequacy of documentation, resources, personnel, etc.

For the full information on Management Reviews then refer to procedure number 1. QUALITY SYSTEM - GENERAL

Our quality Management system is based on the requirements of ISO 9002 and all sections of this Code of Practice have been addressed.

Also associated with this Manual are quality assurance procedures and these are related to each operation. They detail how the various processes are controlled, and the responsibilities and authorities for control.

The quality system includes procedures for the control of the following listed sections:

QUALITY SYSTEM - WORK INSTRUCTIONS

Work instructions are produced for those operations which are considered fairly complex, and would without the guidance of the work instructions be subject to different end results, and thus possible not comply with Customer requirements.

Work instructions comprise any of the following instruction, policy statements, procedures, in-house written work instruction, specifications, drawings, photographs, actual examples, etc.

Work instructions are available for reference at the appropriate work place, and for full details of work instruction development, documentation, approval, distribution, review and control, refer to procedure number 2. (Also refer to procedure number 3 - Contract

Review).

PROCEDURE SECTION OR NUMBER ACTIVITY

1. Management Review
2. Quality System
3. Contract Review
4. Document Control
5. Purchasing
6. Purchaser Supplied Product
7. Product Identification and Tractability
8. Process Control
9. Inspection and Testing
10. Inspection, Measuring and Test Equipment
11. Inspection and Test Status
12. Control of Nonconforming Product
13. Corrective Action
14. Handling, Storage, Packing and Delivery
15. Quality Records
16. Internal Quality Audits
17. Training
18. Statistical Techniques - sampling Plans.

NOTE: The above procedures are confidential to Steelrode, and are contained in the QUALITY ASSURANCE PROCEDURES MANUAL.

CONTRACT REVIEW

Order or contract inquiries are all checked on receipt to ensure that the requirements of the specification are complete and can be complied with.

Before a new contract is entered into, an extensive review of the requirements is undertaken to ensure that the identification, planning and acquisition of any new controls to ensure product quality e.g. Manufacturing equipment and processes, fixtures, tooling, inspection equipment, manpower and skills, work instructions, etc. Any items requiring clarification or revision are resolved with the Customer.

For details see procedure number 3 - Contract Review.

DOCUMENT CONTROL
We have established a system for approving and controlling all quality management system documentation, which ensures that:-

All documentation affecting quality is properly identified, and new or revised documentation is reviewed and approved by at least the originator's immediate supervisor.

The control and issue of the appropriate documentation pertaining to locations where the operations are being performed, and the destruction of all superseded documents.

Master lists are retained and maintained of all quality documents in order to ascertain revision levels and facilitate reissue after a practical number of changes have been made.

For Document Control operations see procedure number 4.

PURCHASING

Supplies are only purchased from companies, which appear on the approved supplier's list.

Control of suppliers is conducted through the receiving inspection function, and should any nonconforming product be received then it is handled via the Control of Nonconforming Product and Corrective Action procedures.

Suppliers may be taken off the approved supplier's list for any reasons of nonconformance to requirements.

Purchase orders contain a full description of the product required, including all specification and inspection or test data where necessary.

The purchase order is used to control the supplies into the goods receiving area, to ensure that the product does conform to the ordered requirements prior to acceptance into the warehouse.

For full details of the control of Purchasing activities refer to procedure number 5.

PURCHASER SUPPLIED PRODUCT
Purchaser supplied product is inspected at receiving inspection in accordance with the relevant Purchaser delivery documentation, in order to check for description, quantity, damage, etc.

Should any Purchaser product be short supplied, unsuitable or damaged, then the Purchaser will be advised accordingly.

Although supplied product is checked against the Purchaser's documentation, it does not absolve the Purchaser of the responsibility to provide acceptable product to us in the first instance.

All Purchaser supplied product is identified, handled and stored in accordance with our standard procedures.

Refer to procedure number 6 - Purchaser Supplied Product.

PRODUCT IDENTIFICATION AND TRACEABILITY

All materials and products from receipt through storage, manufacturing, packing, dispatch and delivery are suitably identified in accordance with specified requirements.

When traceability (e.g. . material certification) is required, then the individual product or batches are suitably identified and the relevant information is recorded.

Refer to procedure number 8 for details of Product Identification and Traceability.PROCESS CONTROL

The systems developed and maintained for the control of manufacturing activities are based on providing suitable production equipment, inspection and testing equipment, etc., and human resources for ensuring the required product quality, and when required appropriate Work Instructions are developed, maintained and adhered to.

Conformance to quality requirements is monitored during the production processes and the results are recorded, nonconforming product is strictly controlled in accordance with formal procedures.

Processes identified as requiring special attention are only performed under the necessary controlled conditions, using certified equipment and personnel when called for, adequate records are also maintained.

Process Control is conducted in accordance with procedure number 8.

INSPECTION AND TESTING

The purchase order is used to control the supplies through the goods receiving and inspection operations to ensure that the product does conform to requirements prior to use.

All items of product specified for final inspection and testing are checked in accordance with the relevant work instruction and / or specification, and the results are recorded to provide sufficient visible evidence of compliance with contractual requirements.

When in-process inspections and / or tests are called for, then the results of these are checked to ensure compliance with requirements before final acceptance of the product.

Should any product be rejected for any reason, then it is dealt with in accordance with the Control of Nonconforming Product and Corrective Action procedures.

Evidence of final inspection and approval for release, is done in accordance with procedure number 9 - Inspection and Testing.INSPECTION, MEASURING AND TEST EQUIPMENT

Appropriate inspection, measuring and test equipment is suitably identified, controlled, calibrated and maintained to demonstrate the conformance of product to the specified requirements.

In-house reference standards are themselves calibrated against known standards which are traceable to National Standards, and all equipment is handled, preserved and stored in such a manner that the accuracy and fitness for use is maintained.

Scheduled calibrations are only conducted by authorized persons in accordance with approved work instructions which includes the required accuracy, and if any equipment is found to be out of its limits, then the validity of previous inspections will be assessed and the conclusions recorded.

Records of all calibrations are maintained, refer to procedure number 10 for full details of Inspection. Measuring and Test Equipment control.

INSPECTION AND TEST STATUS

Inspection and test status is indicated by either the Supervisors or Senior Controllers signature for the various operations on the relevant documentation. e.g. Production Order.

Where product has been identified as nonconforming, the relevant identification can only be removed after dispositioning, by appointed and authorized personnel.

Where no visible identification is evident (that is, not identified as nonconforming product) then the product is deemed to be acceptable to proceed to its next inspection point.

For details of Inspection and Test Status, refer to procedure number 11.CONTROL OF NONCONFORMING PRODUCT

Nonconforming material or product noted during receipt, manufacture and inspection is identified, and where possible, segregated to prevent unauthorized use.

Nonconformance reports are compiled stating the discrepancy and possible or actual rectification needed to correct the problem, which is then assessed by the responsible persons and the disposition is recorded.

Reworked product is inspected in accordance with the original inspection Work Instruction, and should the product not be acceptable then a deviation to use "as is" or downgrade etc., may be applied for, and the outcome is recorded.

All unsuitable products (scrap) is disposed of as soon as possible.
Refer to procedure number 12 - Control of Nonconforming Product.

CORRECTIVE ACTION

Corrective action procedures have been established for recording and investigating the cause of any nonconforming product, quality system deficiency and Customer complaint, and for taking the necessary corrective action to resolve the problem and prevent recurrence.

Analysis is conducted of all relevant quality records in order to detect and eliminate potential causes of nonconforming product, quality system deficiencies, etc., and ensure that corrective actions already taken have in fact been effective in preventing recurrence.

Corrective Action is conducted in accordance with procedure number 13. HANDLING, STORAGE, PACKING AND DELIVERY

Trained personnel, utilizing suitable handling equipment, which is periodically checked for cleanliness and safety, perform product handling.

Product is stored in such a way as to prevent damage and deterioration and where possible or necessary the principle of "first in" , "first out" is practiced from receipt through to dispatch.

All products from receipt through to delivery is suitably marked and adequately packaged to provide clear identification.

Refer to procedure number 14 - Handling, Storage, Packing and Delivery. QUALITY RECORDS

A procedure has been established for the identification, collection, filing, storage and disposition of quality records.

Quality records are maintained to demonstrate the achievement of the required product quality and the effective operation of the quality management system, and also to record nonconformance's and the corrective actions taken.

All quality records are legible and identifiable to the product concerned, they are also safely retained for established periods, and available for Customer evaluation if necessary.

Quality Records are controlled and maintained in accordance with procedure number 15.

INTERNAL QUALITY AUDITS

The quality management system as detailed in the quality manuals, is audited on a continuous basis to ensure compliance to all the stated requirements.

Audits are carried out by persons independent of the area being audited, in order to ensure an objective appraisal of these activities.

Results of the internal audit findings are recorded and should any corrective action be necessary, then this is fully documented and followed up to ensure effective implementation.

Records of these audits are maintained and are available to the Customers representative on request.

For full details of performing the Internal Quality Audits, refer to procedure number 16. TRAINING

All personnel performing activities, which affect product and service quality, are adequately trained.

Training ranges from "on the job instruction" to formal class room tuition, and all education and training records are maintained.

All Company personnel are required to know the quality management system that affects their area of operation.

The effectiveness of employee training is assessed to ensure that it is adequate for the job requirements.

Refer to procedure number 17 - Training.

STATISTICAL TECHNIQUES

At this point in time we do not consider it practical or cost effective to institute any statistical process control techniques.

Receiving and manufacturing inspection is however controlled in accordance with statistical sampling plans (when required) to provide adequate assurance of product quality, to a predetermined acceptable quality level.

When required by contract, the Customers sampling plans will be used.
Refer to procedure 18 for details of Statistical Techniques - Sampling Plans.