



SYSTEM PROCEDURE

Corrective Action and Opportunities for Improvement

REVISION: 04

PROCEDURE NO.: 21

DATE EFFECTIVE: 1/4/18

1. PURPOSE

- 1.1. To establish a documented Corrective Action and Opportunity for Improvement System that ensures: 1) effective initiation of actions pertaining to the voice of the customer and reports of product nonconformances; 2) Determines the actual or potential cause of nonconformances relating to the product, process, or quality system; 3) initiates actions to eliminate these causes; 4) the results of the actions taken are retained and reviewed for effective implementation.

2. SCOPE

- 2.1 This procedure applies to the processing of all Corrective Actions and Opportunities for Improvement initiated to comply with the purpose of this procedure.

3. PROCEDURAL REQUIREMENTS and RESPONSIBILITIES

- 3.1 President, Chief Financial Officer, Vice President of Operations, Vice President of Sales, Sales Operations Manager, Purchasing Agents, Quality Assurance Manager, Engineering Managers and/or any of their authorized personnel may initiate and administer Corrective Actions whenever product nonconformances, process problems, or quality system departures from documented policies and procedures occur through a documented Corrective Action Report (CAR) system. This shall include the logging of each document issued, maintaining a record of completed CAR's, ensuring that root causes are determined, and that controls are established to ensure that the necessary corrective action is determined, implemented and is effective.
- 3.2 Corrective taken will eliminate the actual or potential cause of nonconformances or potential nonconformances in order to prevent their recurrence or occurrence. Corrective Actions or Opportunities for Improvement shall be appropriate to the effects of the nonconformances encountered, and classified into one of the following categories/sources:
 - Product
 - Process
 - Internal Audit
 - Voice of the Customer
- 3.3 The Process Owner to whom the CAR has been issued is responsible for the investigation of the cause of the problem using a team based disciplined problem solving approach (brainstorming, testing, recreating the problem, etc.), determination of actions to be taken, successful implementation, and verification of the effectiveness of the actions taken taking the following items into consideration:
 - 3.3.1 Mistake proofing, the use of process or design features to prevent the manufacture of nonconforming material, shall be used if appropriate.
 - 3.3.2 Where applicable, the CAR Team shall apply the corrective action taken, and controls implemented, to eliminate the cause of nonconformity to other similar processes and products
 - 3.3.3 Flow down the corrective action requirements to a supplier, when it is determined that the supplier is responsible for the root cause.
 - 3.3.4 Update the risks and opportunities determined during planning, if necessary;
 - 3.3.5 Ensure that all of the required information is documented on the CAR, including recording any changes to affected procedures.
 - 3.3.6 The Process Owner will also take remedial actions where timely and/or effective corrective actions are not achieved. After ensuring effectiveness of the corrective actions taken, the Process Owner will review and verify and indicate approval the Corrective Action Report



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3.4 Vice President of Operations, Vice President of Sales, Sales Operations Manager, Product Engineers, Customer Service, Sales Managers and Quality Assurance will ensure the effective handling of all Voice of the Customer feedback and reports of product nonconformance as determined appropriate, in accordance with this procedure. A Corrective Action Report will be initiated to document action taken to address Voice of the Customer feedback when it is determined necessary by Vice President of Operations and Sales Operations Manager.

3.5 Customer returns are to be identified and controlled per SP 20, Control of Nonconforming Product. This includes documenting the detailed analysis of the product returned and to the extent applicable report the corrective action initiated in association with the analysis.

3.6 Corrective Action trends will be reviewed in the management review and will be taken into consideration during the evaluation of the Risk Mitigation & Opportunity for Improvement Matrix.

Opportunities for Improvement

3.7 Opportunities for improvement will be determined, selected and implemented with the necessary actions to meet customer requirements and enhance customer satisfaction. All personnel may identify opportunities for improvement for the business and consider any internal and external issues, as well as the requirements and needs of interested parties as appropriate.

3.8 Opportunities for improvement include any suggestions or feedback that can achieve improvement in products and services to meet requirements, address future needs and expectations, correcting, preventing or reducing undesired effects and/or improving the performance and effectiveness of the quality management system. Actions taken to address opportunities will be proportionate to the potential impact on the benefit to the business or improvement in products and services.

3.9 Opportunities for Improvement can be initiated based on the review and evaluation of the following sources of information:

- Risks and opportunities determined during planning
- Opportunities for improvement identified during internal audits
- Review of processes and work operations
- Voice of the Customer
- Employee feedback
- Quality records

3.10 Actions to implement opportunities for improvement will be documented and evaluated for effectiveness. Documentation may consist of any appropriate format, including the management review meeting minutes, action plans or with a formal Corrective Action, as long as the actions and effectiveness of the actions taken are documented.

4. PROCEDURAL FLOW

The sequential steps for Tempco Electric Heater Corporation Corrective & Preventive Action Process are presented in flowchart format on the next three (3) pages. The function and/or position responsible for the activity in the flow is identified outside the initial activity. This responsible function and/or position continues until a change is identified. The function of a decision or option requires the responsible function and/or position be identified for each result.

5. RECORDS

5.1. Corrective Action Report

5.2. Opportunities for Improvement



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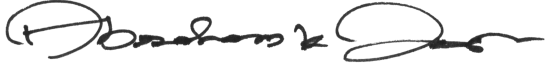

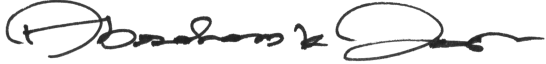
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6. REVISION HISTORY

REVISION LEVEL	DATE OF REVISION	SECTIONS	DESCRIPTION OF CHANGE
00	07/08/08	All	Initial release
01	6/6/14	3.1 3.4 3.6	Clarified authorized personnel to initiate CPAR Added Sales Managers for VOC feedback Clarified authorized personnel to initiate Preventive action
02	6/1/16	3.3	Last sentence of paragraph updated
03	5/23/17	3.2, 3.3, 3.4, 3.5	3.2- clarified sources; 3.3 added appropriate employee, 3.4 added VP Sales and Product Engineers; 3.5 fixed typo
04	1/4/18	All	Was Procedure 8.5. Purpose, Scope, 3.1, 3.3, 3.6, and 3.7-3.10 to remove the requirement to use a Preventive Action and use opportunities for improvement & updated process flow charts

7. AUTHORIZATION

POSITION	HELD BY	AUTHORIZATION SIGNATURE OR INITIALS
Prepared By: Vice President of Operations	Abe Joseph	
Senior Management Representative: Chief Financial Officer	Paul Wickland	
Management Representative:	Abe Joseph	



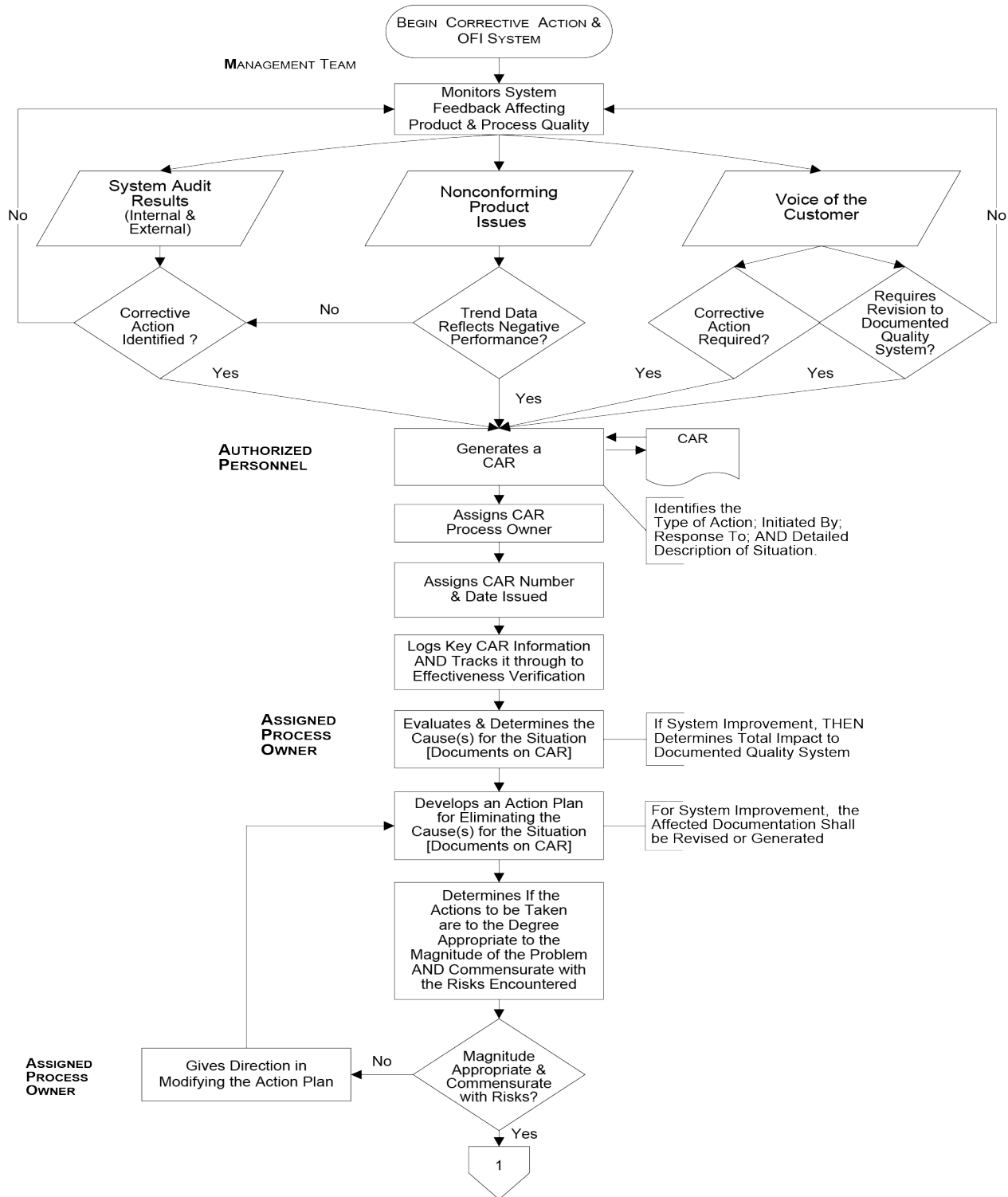
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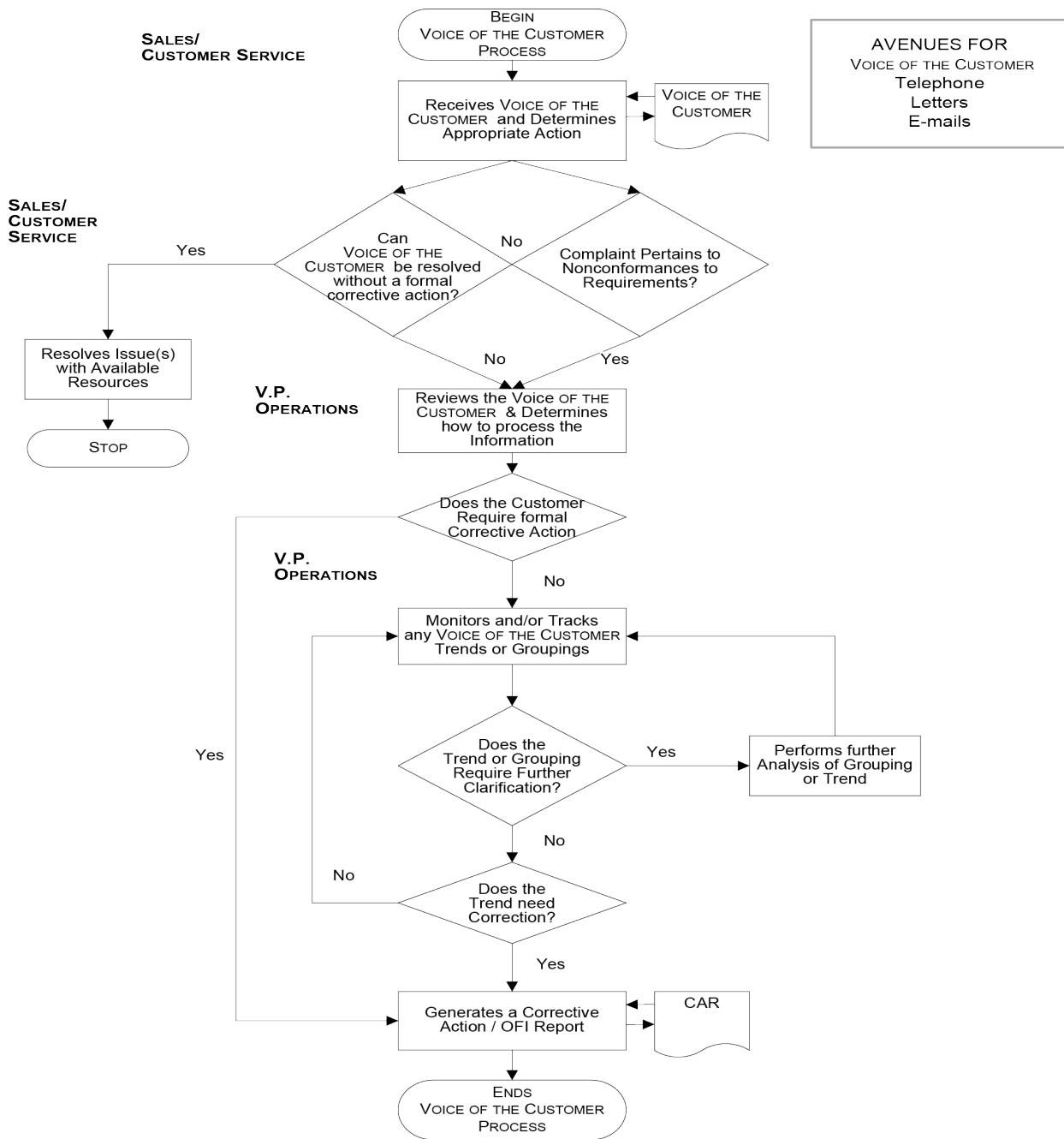
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