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Section 1

Scope of Manual

- 1.1 The purpose of this manual is to demonstrate and document the ability of MTO Performance to provide a consistently high quality of work in accordance with the requirements and expectations of our customers.
- 1.2 The quality control practices and standard operating procedures described in the manual apply to all aspects of our work, specifically including: order processing, work order creation, distribution of drawings or technical information, preliminary inspection, ordering/issuing of materials, all aspects of the manufacturing process, final inspection, packaging, shipping, and billing.
- 1.3 Equipment calibration is fundamental to ensuring a high quality product. The methods of obtaining and maintaining calibrated equipment are documented herein.
- 1.4 MTO Performance LLC values a culture of continuous improvement. Any quality issues, whether internal or external, are indicative of an opportunity for improvement. The process for corrective actions described in this manual ensures that any issues are systematically evaluated and the relevant processes are reviewed.
- 1.5 The internal audit system described therein, proactively verifies that all standard operating procedures are being followed on a routine basis.
- 1.6 All relevant documents to be included inline with their associated sections.

Section 2

QC Management Responsibility

- 2.1 The Vice President of Operations reports to the President and serves as the manager responsible for oversight and direction in regards to quality control.
- 2.2 The Vice President of Operations responsibilities in terms of managing quality consist of the following:
- a. Communication of all expectations related to quality control.
 - b. Investigate any quality exceptions to determine the root cause.
 - c. Identify and implement corrective actions necessary to resolve a quality exception.
 - d. Responds to any customer inquiries regarding our quality control methods and procedures.
 - e. Coordinates any customer-initiated audits of our quality systems.
 - f. Oversees maintenance of calibration records for measuring equipment.
 - g. Generation of customer specific incoming/outgoing inspection reports as needed, to be filled out by shop personnel.
 - h. Ensure work order instructions are consistent with customer expectations.
 - i. Ensure all appropriate drawings and technical information are clearly conveyed to shop personnel.
 - j. Ensure appropriate materials are specified and used in adherence with customer requirements.
- 2.3 The Vice President of Human Resources and compliance reports to the President and bears the responsibility for training on this manual and conducting internal audits for compliance, or his/her designee.
- 2.4 All managers, supervisors, and employees are required to comply with all provisions of this Quality manual as it relates to their specific operational responsibilities.

Section 3

Order Processing

- 3.1 All jobs, both quoted and time and material, require customer to furnish a purchase order or written authorization from a qualified customer representative before work can begin. "Written authorization" includes a signed email.
- 3.2 Any purchase orders received via fax or email are to be forwarded to Administrative Support for processing.
- 3.3 All customer purchase orders and written authorizations are scanned to our job software for archival purposes.
- 3.4 Upon release of purchase order the customer is to provide MTO with any necessary documents required to complete the work such as drawings, customer specifications or requirements.
- 3.5 A work order is generated by Administrative Support, using a quote as the template from which the work order information is taken. The work order is to be reviewed for accuracy versus the purchase order by shop personnel and shop supervisors. The customer will be notified in the event of any discrepancies.
- 3.6 Once the work order is generated, an order acknowledgement is sent to the customer for review, confirming the scope of the work to be done, expected completion dates, and price if applicable.
- 3.7 The work order is then distributed to the shop floor along with any other supplementary documents (such as drawings or inspection sheets) and serves as the governing document regarding the job.
- 3.8 Jobs specifically for research and development purposes with feature an "R" designation at the end of the job number.
- 3.9 Changes to the scope of work for a job must be confirmed by the customer with a formal change order, or with written authorization from a qualified customer representative.
- 3.10 Any changes to the scope of work of a job require a Change Order Form to be completed. The changes are then documented via a revision to the work order, traveler, and drawing if applicable. All existing work orders, travelers, and drawings are to be pulled from production and replaced with the revised documents. The revision is confirmed to the customer by sending a new order acknowledgement; internal confirmation is achieved via an email to relevant parties.

Section 4

Engineering Drawings

4.1 All engineering drawings are kept in our drawing files. These drawing files are managed and maintained by Expediting and CAD.

4.2 A copy of the drawing used on each job is to be scanned to the relevant job file, for purposes of reference and history.

4.3 Any CAD drawing or sketch produced by MTO Performance is assigned a drawing number and stored in the drawing files.

4.4 Copies of drawings are distributed to the floor by expediting and are collected at the completion of each job.

4.5 In the event that drawings for a job are unavailable, work should be performed in accordance with the specifications documented on the work order, from working sketches, and per customer instructions.

Section 5

Incoming Inspection

- 5.1 All customer equipment received with intent to repair is to be cleaned and inspected as needed to properly evaluate the condition of the part or system.
- 5.2 Customer-supplied incoming inspection sheets and processes will be completed as requested, provided the request is made prior to quoting the job. In the event that no inspection sheet is supplied by the customer, the standard MTO inspection sheet will be used.
- 5.3 Customized incoming inspection processes can be developed by MTO as requested by the customer.

Section 6

Inventory Control

- 6.1 Material handlers verify all incoming stock materials for correct dimensional accuracy, and verify that they match PO descriptions.
- 6.2 Once verified, all materials are to be received into inventory, and stored in their designated locations.
- 6.3 The types and quantities of materials to be stocked are determined by the purchasing department.
- 6.4 All incoming materials ordered for specific jobs are to be identified with a description, a job number and are to be placed in the staging area, away from standard stock.
- 6.5 Raw material certifications will be provided to the customer only on an as requested basis. Requests for certifications must be made prior to the pricing of the job.
- 6.6 All materials must be ordered via a purchase order placed through Purchasing.
- 6.7 Materials used on a job are to be designated as such by tying the PO to the job or by issuing materials with stock to the job.
- 6.8 Material inventory is audited at least annually for correctness of type and quantity versus system records.

Section 7

Final Inspection

- 7.1 All work is to be performed in accordance with customer specifications.
- 7.2 In the event that no customer drawing is available work is to be performed in accordance with the specifications documented on the work order, from working sketches, per customer instructions.
- 7.3 Upon completion, all work must be final inspected by the employee performing the work. Customer-supplied final inspection sheets will be used provided the request is made prior to quoting the job. In the event that no inspection sheet is supplied by the customer the standard MTO final inspection sheet will be used. All field matching or field service work requires a completed field service report.
- 7.4 For equipment repair work, the scope of the standard final inspection is to include only dimensions affected by the work performed at MTO
- 7.5 For new parts made, the scope of the final inspections is to include all machined features and drawing dimensions. For orders of multiple parts a sample of 10% of parts will be inspected.
- 7.6 In the event parts contain features which cannot be measured with conventional measuring tools, shop management will develop a plan for inspection.
- 7.7 Customized inspection programs for equipment or projects will be developed as required by the customer. Such requests must be made prior to pricing the job.
- 7.8 In-process inspection will be performed during and after each manufacturing process. Job-specific expectations for any in-process inspection will be supplied by Engineering or Shop Management.
- 7.9 At the completion of each job the assigned supervisor is to review the work to verify that it has been carried out as instructed on the work order, and that all work was performed with good workmanship.

Section 8

Identification, Packaging, and Shipping

- 8.1 All work is to be clearly marked with the customer name and a job number immediately on arrival.
- 8.2 A work order and traveler are to be generated in a timely manner, once the scope of work is determined.
- 8.3 The traveler is to be sleeved and attached to the job on the floor. It is to stay with the work throughout the manufacturing process. In the event that a job is divided among work centers, multiple copies of the traveler are to be distributed so that each person working on the job has an available copy.
- 8.4 On completion, all work to be packaged in accordance with purchase order instructions. In the event that no specific packaging instructions are specified on the PO, MTO will package the equipment using industry standard methods such as by pallet.
- 8.5 A rust preventative compound will be applied to all machined or ground surfaces as a standard practice, unless requested otherwise by the customer.
- 8.6 Work received in a customer-supplied container will be returned in the same container.
- 8.7 The planned method of shipping jobs is outlined on the Order Acknowledgement, which is sent to each customer at the onset of a job. On quoted jobs the shipping method is defined on the quote. Additional shipping charges may apply for jobs outside of our standard delivery region or for jobs that require transport on a semi-trailer.
- 8.8 When a job is delivered to a customer they are given a copy of a packlist documenting the parts shipped to them. A signed copy of the packlist is kept in the job files at MTO to document the delivery of the job to the customer.

Section 9

Billing

- 9.1 Our job is not finished until the invoice is sent, and our goal is that all invoices will be sent promptly and accurately to the appropriate contact.
- 9.2 Each bill is expected to have a clear description of the services rendered and accurate pricing for these services.
- 9.3 On Time and Materials jobs, a price update is available at any time upon customer request.
- 9.4 Appropriate customer documents, such as purchase order number, requisition number, or equipment serial number shall be referenced on the final invoice.

Section 10

Equipment Calibration

10.1 A restricted area (Tool Room) is maintained for the control of all tooling and gages. A system is in place to control the issue and return of all equipment released from this area.

10.2 All standards are certified yearly. Certification documents are kept on file in the Tool Room and are available for customer review upon request.

10.3 All micrometers, both personally and company owned, are set to standards bi-annually. These records are maintained and stored in the Tool Room.

10.4 The tool room manager ensures that micrometers are properly set to a standard each time a micrometer is checked out of the Tool Room.

10.5 Quarterly training is done to ensure that all necessary personnel know how to properly set micrometers to standards.

10.6 Quality checks such as vibration analysis and leveling are performed as part of a preventative maintenance program at least annually on each machine, or as symptoms are observed. Any problems found are recorded in the PM files.

Section 11

General Workmanship Standards

11.1 Unless otherwise indicated on engineering drawings, all Shop work is to conform to the general workmanship standards.

11.2 Machining:

a. All machines surfaces are to be free of nicks, scratches, and are to have a 250 micro-inch Ra finish or better.

b. All sharp edges to be broken and de-burred.

11.3 Disassembly/Reassembly:

a. All components to be dimensionally checked for proper fits prior to assembly.

b. When installing bearings and seals, all manufacturer-recommended standard practices are to be observed. This includes recommended bearing fits.

c. Service-removable thread locking compound is to be used on all fasteners as a standard practice. Other types of thread locking compounds may be used depending on customer requests and the application.

Section 12

Corrective Action Procedures

12.1 All possible precautions are taken to ensure that quality exceptions never occur. In the event that an exception does occur, the highest priority is given on getting an acceptable part to the customer as soon as possible.

12.2 As part of our continuous improvement philosophy, any quality exception is viewed as a potential to improve.

12.3 For any quality exception, whether discovered internally or by a customer, a rework analysis is performed. The purpose of this analysis is to understand the root cause of the issue and to identify measures that can be taken to prevent similar issues from occurring in the future.

12.4 All rework hours on jobs are to be flagged as such, for appropriate tracking.

Section 13

Internal Audit System

13.1 An internal audit system is in place to verify that all policies and practices outlined in this manual are being carried out.

13.2 The Vice President, Human Resources and Compliance bears the responsibility for conducting and reviewing internal audits.

13.3 Full audits are to be conducted at least twice yearly. Partial audits may be conducted if concerns of adherence to specific areas of the program arise.

13.4 Once complete, audits are reviewed by management. Any concerns identified during the audit will be addressed by the supervisor of the responsible department.

13.5 All completed audit paperwork will be kept on file in the office of the Vice President, Human Resources and Compliance.

Section 14

Training

- 14.1 All employees are to be trained on the contents of this manual when hired.
- 14.2 Each employee is to be given a copy of this manual for reference.
- 14.3 Follow-up training may be carried out in the event of revisions to the manual.
- 14.4 The training program is conducted by the Vice President, Human Resources and Compliance.