IBS ELECTRONICS GROUP

COMPONENT DIVISION

AS9120B & ISO 9001 Quality Systems Manual

Contents

i. Foreword

This manual is issued to describe the quality system employed by IBS ELECTRONICS (hereafter referenced as IBS). The Quality Manual is issued and controlled by IBS's QA.

The systems and processes described in this manual serve to ensure conformance to customer requirements, implementation of IBS's quality policy, as well as, conformance to the requirements of AS9120 and ISO 9001.

It is the responsibility of the IBS QA to ensure that this manual is maintained as a current reflection of the IBS Quality System. This manual and all QMS Documentation is stored on a secured Microsoft Team Site where access is read only and no changes can be made without proper security clearance.

ii. Introduction

IBS ELECTRONICS is a North American distributor of Electronics, Power and Electromechanical components from leading manufacturers worldwide and a provider of value-add solutions. Grounded in over 40 years of innovation and service, IBS ELECTRONICS provides customers and suppliers a unique combination of operational excellence and innovative business solutions through its ONE IBS business model.
Headquartered in Santa Ana, CA, IBS ELECTRONICS operates a global network of supply chain representatives and sales staff, strategically located service centers across the world, and a value-add HQ in Santa Ana, CA.

CUSTOMERS

Original Equipment Manufacturers and Contract Electronic Manufacturers primarily in the power, industrial, instrumentation, and medical industries as well as the aerospace related markets.

VISION STATEMENT

At IBS Electronics, our vision is to provide a better, stronger and more durable company for future generations, while protecting our IBS brand, investing in our people, and helping improve supply chain efficiency throughout the world.

1 Scope

1.1 Scope Statement

Authorized distribution of electronic components and provider of solutions through supply chain management, vendor managed inventory, and vendor consolidation.

1.2 Facilities within the Scope

The quality system applies to all processes, activities and employees within the company facility located at IBS ELECTRONICS, 3506 W Lake Center Dr, Santa Ana, CA 92704.

1.3 Non-Applicability

The following clauses of AS9120 and ISO 9001 were determined to be not applicable. IBS does not design or manufacturer any of the Semiconductors, Electronic Components, Supplies and Equipment it distributes therefore section 8.3 Design and Development of Products and Services is not applicable.

1.4 Scope of the Quality Management System Manual

This manual is prepared for the purpose of defining the company's interpretations of the ISO 9001 and AS9120 international standards, as well as to demonstrate how the company complies with these standards.

2 Normative References

The following documents, in whole or in part, are normatively referenced in this document and are indispensable for its application. For dated references, only the edition cited applies. For undated references, the latest edition of the reference document (including any amendments) applies.

AS9120 REVISION B – 2016

Quality Management Systems – Requirements for Aviation, Space, and Defense Distributors

ISO 9001:2015

Quality Management Systems – Requirements

AS9496

Counterfeit Mitigation

3 Terms and Definitions

3.1 Article

Material, part, component, assembly or appliance which is listed by the design organization as eligible for installation in/on the product or included in the design data approved by the authority.

3.2 Authorized Release Certificate

Document attesting that a product is released for use and certifying that the activities performed, and the results achieved, conform to the established organization, regulatory, and customer requirements.

3.3 Certificate of Conformity

Documented information that attests to product conformity; conformance to defined process, design, and customer requirements.

3.4 Counterfeit Part

An unauthorized copy, imitation, substitute, or modified part, which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer.

3.5 Distributor

An organization carrying out the purchase, storage, splitting, or sale of products without affecting product conformity. The term 'organization' in the context of this standard means a distributor.

3.6 Product Safety

Maintaining the state of product so that it is able to perform it's designed or intended purpose without causing unacceptable risk of harm to persons or damage to property.

3.7 Splitting

The division of product either physically or by batch quantity, without affecting the product characteristics or conformity.

3.8 Suspected Unapproved Part

A part for which there is objective and credible evidence indicating that the part is likely an unapproved or counterfeit part.

3.9 Test Report

Documented information that shows objective evidence provided by either the manufacturer or a certified testing facility that the product conforms with specific design requirements, product or performance characteristics.

3.10 Unapproved Part

A part that was not produced or maintained in accordance with approved or acceptable data and applicable statutory, regulatory, and customer requirements.

4 Context of the Organization

4.1 Understanding the Organization and Its Context

IBS has determined external and internal issues relevant to its purpose and its strategic direction and that affect its ability to achieve the intended result of its Quality Management System. IBS addresses the customer requirements and applicable statutory and regulatory requirements. IBS shall monitor and review information about these external and internal issues: **(Management Review)**

a) Issues with possible positive and negative factors or conditions.
b) Issues arising from legal, technological, competitive, market, cultural, social, and economic environments, whether international, national, regional, or local.
c) Issues related to values, culture, knowledge and performance of the organization.

4.2 Understanding the Needs and Expectations of Interested Parties

Due to their effect or potential effect on the organization's ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, the organization shall determine: **(Management Review) (Reference: Form RM101 - Risk Management)**

a) The interested parties that are relevant to the quality management system.
b) The requirements of those interested parties that are relevant to the quality management system.

Interested Parties	Requirements
Customers	High customer satisfaction
Employees	Highly developed employees and high technology utilization
External Providers	Supplier excellence
Management	Allocating Resources and Infrastructure

c) Interested Parties, Needs and Expectations are reviewed often and are continuously updated (Reference Current Risk Management Form Above) .

4.3 Determining the Scope of the Quality Management System

Based on an analysis of the above issues of concern, interests of private company ownership, and in consideration of its products and services, and consistent with Quality Objectives, IBS ELECTRONICS has determined that the scope of the management system as follows:

SCOPE OF QUALITY MANAGEMENT SYSTEM

Authorized distribution of electronic components and of provider solutions through supply chain management, vendor managed inventory, and vendor consolidation.

4.4 Quality Management System and Its Processes

IBS has established, implemented, maintained, and will continually improve a quality management system, including the processes needed and their interactions, in accordance with the requirements of the SAE AS9120B & ISO 9001 International Standards (See Appendix E).

The quality management system assigns the responsibilities and authorities for these processes (See Appendix B). These processes are continually reviewed on a regular basis by conducting management reviews, internal audits, risk assessments, and reviewing and monitoring quality objectives.

4.4.1 General

IBS will establish, implement, maintain and continually improve a quality management system, including the processes needed and their interactions, in accordance with the requirements of the SAE AS9120B & ISO 9001 International Standards

The organization's quality management system will also address customer and applicable statutory and regulatory quality management system requirements.
IBS has determined the processes needed for the quality management system and their application throughout IBS and Shall:

a.) Determine the inputs required and outputs expected from these processes
b.) Determine the sequence and interaction of these processes
c.) Determine and apply the criteria and methods (Including Monitoring, measurements and related performance indicators) needed to ensure the effective operation and control of these processes
d.) Determine the resources needed for these processes and ensure their availability
e.) Assign the responsibilities and authorities for these processes
f.) Address the risks and opportunities as determined in accordance with the requirements of 6.1
g.) Evaluate these processes and implement any changes needed to ensure that these processes achieve their intended results
h.) Improve the processes and the quality management system

4.4.2 General

These processes will be managed by IBS in accordance with SAE AS9120B & ISO 9001:2015 and other standards. A description of the processes needed for the QMS, their application, sequence and interaction are documented in appendix E, the Flow Charts and SOPs. Records and Information will be retained to support the operation of the QMS and ensure the QMS is being executed as planned.

5 Leadership

5.1 Leadership and Commitment

5.1.1 General

A major part of IBS's business philosophy is to be customer-focused. This can be evidenced throughout IBS's organization. In addition to the management review meetings, members of the QA and Management team participate in regular meetings and conference calls with all departments to identify areas for improvement and reinforce IBS's customer-centric service and sales strategies.

Management's commitment to excellent customer service has been carried through to IBS's vision statement, quality policy, quality objectives, performance metrics, corporate presentations and collateral material, and risk assessments. Quality goals and metrics are discussed in meetings throughout the organization to further reinforce IBS's tag line "ONEIBS".

IBS's management team is responsible for identifying and procuring the resources needed to fulfill the requirements of IBS's Quality System. Management shall continually validate that their teams are properly staffed with trained personnel who are committed to IBS's customer service and quality objectives. **(Management Review)**

5.1.2 Customer Focus

The QA and Senior Management employs a number of ways to ensure that customer requirements are identified and properly fulfilled. Methods include, but are not limited to the following:

Customer Satisfaction – IBS evaluates Customer generated Email Surveys, as well as, feedback via email is collected to determine needs, expectations of interested parties are being met. This data is compiled and reviewed with the QA. Where appropriate, customers are contacted for more specific feedback. Areas for improvement are identified and addressed.

The QA ensures that product and service conformity and on time delivery performance are measured and appropriate actions are taken if results are not or will not be achieved. **(Management Review)**

5.2 Policy

5.2.1 Establishing the Quality Policy

IBS's Quality Policy was developed by the QA to communicate IBS's commitment to quality and the associated requirements of AS9120 and ISO9001. The individual components of the quality policy are routinely reviewed and reinforced in both management and department meetings.

IBS'S QUALITY POLICY

IBS Technology is committed to comply with applicable requirements and continually improve the effectiveness of our Quality Management System to provide quality parts and services that exceeds our customer expectations ON TIME, EVERY TIME.

5.2.2 Communicating the Quality Policy

The QA and Top Management meets regularly to review Quality System performance and to discuss current and future Quality initiatives. Performance metrics, meeting notes and action items are posted electronically for the management team according to documented Management Review procedures. Summary metrics are posted, at minimum, during IBS's management review to ensure that all employees are fulfilling and meeting IBS's Quality System performance. The quality policy can be found on IBS's website for our interested parties.

5.3 Organizational Roles, Responsibilities and Authorities

Senior Management has defined authority and responsibility for ensuring that the requirements of AS9120 and ISO9001 as well as this manual are implemented, followed, maintained and communicated through system news and SharePoint. IBS has designated the QA Manager as the appointed member of management that has responsibility and authority for the oversight over the QMS with direct communication with senior leadership. An organization chart can be found in Appendix B of this manual.

The Quality Council is responsible and authority for ensuring the Quality Management System conforms to the requirements of AS9120B & ISO 9001 per this manual and **Management Review**;

b) The Senior Management is responsible and has the authority for ensuring that the processes are delivering their intended outputs;

c) The QA is responsible and has the authority for reporting on the performance of the Quality Management System;

d) The Senior Management Team, including the QA are responsible and has the authority for seeking out opportunities for improvement;

d) Senior Management & QA is responsible and has the authority for ensuring the promotion of customer focus throughout IBS;

e) The Senior Management is responsible and has the authority for ensuring that the integrity of the Quality Management System is maintained when changes to the Quality Management System are planned and implemented.

5.3.1 Management Representative

Senior Management has appointed QA as Management Representative for IBS. The Management Representative has the responsibility and authority for oversight of the requirements of Quality Management System. The Management Representative has the organizational freedom and unrestricted access to senior management to resolve quality management issues.

6 Planning

6.1 Actions to Address Risks and Opportunities

IBS considers risks and opportunities when taking actions within the management system, as well as when implementing or improving the management system; likewise, these are considered relative to products and services. When the QMS was initially planned many of the internal and external issues were present and considered when the QMS was planned and implemented. In addition to the issues, many of the same interested parties we have today were present in the initial planning of the QMS. Risks and opportunities were considered and where appropriate planned for in the QMS.

As the QMS has grown and matured, issues and interested parties has also grown. QMS planning was always structured around accessing risks and opportunities. With this new standard, issues and interested parties are better documented and monitored. Planning for new processes and changes to existing processes of the QMS**,** will consider the issues and customers, and their risks and opportunities. Risks and opportunities are managed in accordance with the document: Form RM101 – Risk Management **(Management Review)**

6.1.1 IBS will plan:

a) Give assurance that the Quality Management System can achieve its intended result(s);
b) Enhance desirable effects;
c) Prevent, or reduce, undesired effects;
d) Achieve improvement.

6.1.2

On existing QMS processes, process owners have taken actions to consider and address issues and the shareholders, and their risks and opportunities. This is documented in the processes SOP. As new issues or opportunities are identified IBS will plan how to:

a) Integrate and implement the actions into its Quality Management System processes (see 4.4);
b) Evaluate the effectiveness of these actions.
Actions taken to address risks and opportunities shall be proportionate to the potential impact on the conformity of products and services.

Form RM101 – Risk Management **(Management Review)**

6.2 Quality Objectives and Planning to Achieve Them

The goals of IBS's quality management system have been established and are monitored and communicated as part of the Management Review process. These objectives are reviewed at each Management Review meeting for consistency within the quality policy and updated as appropriate. The QA is responsible for insuring that these requirements are identified and met.

These objectives are listed within Appendix G of this manual and are additionally made available to employees via Microsoft Teams or SharePoint and other collateral materials.

6.3 Planning of Changes

When the QA determines the need for changes to the quality management system, the changes shall be carried out in a planned manner (see section 4.4).

The organization shall consider:

a) The purpose of the changes and their potential consequences;
b) The integrity of the quality management system;
c) The availability of resources;
d) The allocation or reallocation of responsibilities and authorities.

7 Support

7.1 Resources

7.1.1 General

IBS's Senior Management is responsible for identifying and procuring the resources needed to fulfill the requirements of IBS's Quality System. Management shall continually validate that their teams are properly staffed with trained personnel who are committed to IBS's customer-service and quality objectives.

Resource allocation is done with consideration of the capability and constraints on existing internal resources, as well as needs related to supplier expectations. IBS's management team is responsible for maintaining a proper work environment to ensure achievement of Quality Management System objectives. **(Management Review)**

7.1.2 People

IBS determines and provides the employees necessary for the effective implementation of its Quality Management System and for the operation and control of its processes.

7.1.3 Infrastructure

IBS Senior Management determines, provides, and maintains the infrastructure necessary for the operation of our processes and achieve conformity of products and services. Infrastructure needs are evaluated and planned during process improvements. Infrastructure needs are also identified in Corrective Actions, as required.

7.1.4 Environment for Operation of Processes

IBS also determines the knowledge necessary for the operation of its processes and to achieve conformity of products and services. This may include knowledge and information obtained from:

a) Internal sources, such as lessons learned, feedback from subject matter experts, and/or intellectual property;
b) External sources such as standards, academia, conferences, and/or information gathered from customers or suppliers.

7.1.5 Measurement Traceability

Though requirements of clause 7.1.5 are addressed, IBS has no measuring or monitoring equipment at present, used for inspection activities. The requirements are addressed considering future requirements, if any.

7.1.6 Organizational Knowledge

This knowledge shall be maintained and made available to the extent necessary. When addressing changing needs and trends, IBS shall consider its current knowledge and determine how to acquire or access the necessary additional knowledge.

7.2 Competence

Training requirements are determined by job requirements, inputs obtained from employee performance reviews, audit results, and/or Improvement Initiatives/Corrective Actions generated. Competence is based on education, training, skills, experience and ongoing job performance.

IBS has documented procedures for determining competence, identifying training needs and providing for the training of all personnel performing activities affecting the quality of IBS's service. Records are maintained as part of the Training procedures.

a. Managers determine the required competence for each position.

b. IBS identifies training requirements during initial hiring and employee performance reviews using education, training, skills, and experience listed in the Job Description and departmental training procedures.

c. Training is evaluated for effectiveness through departmental training procedures, employee performance reviews and Corrective Action follow-up.

d. IBS maintains Training Records and a log on each active employee. These records will contain

objective evidence of an individual's education and training.

7.3 Awareness

The QA is responsible for ensuring that their employees are aware of the relevance and importance of their activities and how these tasks contribute to the achievement of IBS's quality objectives and compliance to the quality policy. The quality policy is posted throughout the facility. Employees are aware the implications of nonconformance and of their contribution to product safety and the importance of ethical behavior. All IBS Employees shall follow IBS Code of Conduct listed in the Handbook posted on Intranet Document Center.

7.4 Communication

The QA ensures internal communication takes place regarding the effectiveness of the quality management system on a biannual basis. Internal communication methods include:

a) Use of corrective and preventive action processes to report nonconformities or suggestions for improvement.
b) Use of the results of analysis of data.
c) Meetings (periodic, scheduled and/or unscheduled) to discuss aspects of the QMS.
d) Use of the results of the internal audit process.
e) Regular company meetings with all employees.
f) Internal emails/ Microsoft Teams or memos to employees.
g) The QA "open door" policy which allows any employee access to discussions on improving the quality system.

7.5 Documented Information

7.5.1 General

In accordance with the requirements of AS9120 and ISO9001 IBS has established, implemented and maintains documented procedures to control all documentation and data that relate to Quality System requirements.

7.5.2 Creating and Updating

The appropriate department shall file external documentation as received and remove any obsolete document upon notification by customer. Revision control will be the responsibility of the issuing party.

When creating and updating documented information, IBS shall ensure appropriate:

a) Identification and description (e.g. title, date, author, reference number).
b) Format (e.g. language, software version, graphics) and media (e.g. paper, electronic).
c) Review and approval for suitability and adequacy.

7.5.3 Control of Documented Information

All documents directly affecting the quality function are reviewed and approved for adequacy by designated department personnel prior to issue. This is done according to Document Control procedures.

(7.5.3.1) Cont.

Records have been established and are maintained which specifically provide evidence of meeting requirements and the effectiveness of the Quality Management System. This will include records of product origin, conformity and shipment in accordance with customer, statutory and regulatory requirements, where appropriate.

Records required by the Quality Management System and AS9120B & ISO 9001 are controlled to ensure availability and suitability. Records required by processes are listed within local procedures. Records are maintained per Master Document Control Index and are adequately protected by the record keeper.

7.5.3.2 Cont.

Procedures posted on SharePoint for employees to access and can only be modified by QA and the Team Owners who have privileges to make changes. Revision History can be found on all procedures. Revision control is also specified in Master Document Control Index.

Obsolete Documents will be marked with “Uncontrolled Copy” or "For Reference Only" or “Archive” when kept for any reason per QA requirements and this manual. Records stored in electronic form have defined back-up procedures. They are secured to prevent unauthorized alteration or change and will not be corrupted due to software system changes.

8 Operation

8.1 Operational Planning and Control

IBS plans and develops the processes needed for product requirements and services. Planning of product requirements is consistent with the other processes of the management system (see QMS Appendix E). Such planning considers the information related to the context of the organization (see section 4.0), resources and capabilities, as well as product and service requirements.

8.1(a) IBS has determined the requirements for:

the products and services in the planning. Additionally, Managers and QA who own processes will evaluate the following for possible requirements

1. personal and product safety;
2. prevention, detection, and removal of foreign objects;
3. handling, packaging, and preservation;

b. Senior Managers and QA that own processes will establish criteria for:

1. the processes;
2. the acceptance of products and services;

c. Senior Managers and QA that own processes will determine the resources needed to achieve conformity of the product and service requirements and to meet on-time delivery services;

d. Managers and QA that own processes will implement control of the processes in accordance with the criteria,

e. Managers and QA that own processes will determine, maintain, and retain documented information as necessary:

1. to have confidence that the processes have been carried out as planned;
2. to demonstrate the conformity of products and services to their requirements;

f. Managers and QA that own processes will determine the processes and resources to support the use and maintenance of the products and services.

g. Managers and QA that own processes will engage with representatives of the affected function, for operational planning and control.

h. Managers and QA that own processes will determine the products and services to be obtained from

external providers;
i. Managers and QA that own processes will establish the controls needed to prevent the delivery of nonconforming products and services to the customer.
j. The output of this planning shall be suitable for the Managers and QA operations.
k. When further planning is needed, such as a corrective or preventive action, or process improvements including when unintended changes occur, Managers and QA will follow the requirements of Corrective Action and Risk Management Procedures to mitigate the risks of any adverse effects as necessary.
l. Managers and QA are responsible for ensuring control over Processes, as per QA and Quality Manual.

8.1.1 Not Used

8.1.2 Configuration Management

Configuration management consists of unique part numbers assigned to product by both the manufacturer and by IBS. If a part is changed for any reason, the manufacturer will sell the product to IBS with another unique part number assigned by the manufacturer. Customer part numbers / aliases are not part of Configuration Management. IBS does not sell assemblies requiring Configuration Management. Configuration Management is the responsibility of the customer and component manufacturer.

8.1.3 Not Used

8.1.4 Prevention of Counterfeit Parts

IBS shall only purchase parts for resell from the Manufacturer or from Manufacturer's Authorized Distributors. When IBS purchases from a Non-Authorize but Approved Distributors, authorization such as Distributor CofC is a standard requirement and any flow down requirements from a customer will dictate extra requirements. IBS's counterfeit mitigation procedures follow AS6496 guidelines.

IBS employees receive training on the identification and prevention of counterfeit parts being introduced in to the supply chain. Throughout all stages of the fulfillment process, inventory is verified for kind, count and condition. Where IBS proposes to verify purchased product at its supplier's premises, IBS shall specify verification arrangements and the method of product release in the associated IBS purchase orders.

Where specified in the contract, our customer shall be afforded the right to verify at source and/or upon receipt that purchased product conforms to specified requirements. This may include review of supplier paperwork.

Acceptance by the customer of products in question does not relieve IBS from ongoing verification procedures and does not restrict the customer from later rejecting the product.

8.1.5 Prevention of Suspected Unapproved Parts

Throughout all stages of the fulfillment process, inventory is verified for kind, count and condition. Any part identified as having a potential nonconformity due to having not been produced and/or maintained in accordance with customer requirements shall be removed from inventory and placed into a controlled area for evaluation and possible disposal.

Any suspect part discovered during the RMA process shall be quarantined in a secure area until a disposition is determined. Suspect parts will not be commingled with existing inventory nor sold to any

other entity as an authorized product.

8.2 Requirements for Products and Services

As a minimum, contracts are reviewed by the Sales Department before acceptance for:

- Order requirements being clearly defined and documented.
- Delivery time required for parts.
- Customer-specific standards and requirements.
- Special packaging and shipping requirements.
- IBS's ability to meet the customer's requirements.
- Inventory or credit risks using internal ERP system.

The following departments are consulted, as necessary, during the contract review process: Marketing, Sales, Purchasing, Finance and Operations.

Any exceptions to the customer's specifications are agreed upon and communicated with the customer prior to accepting or altering an order or contract. The results of the contract review process are documented by the Sales department and go through management approval processes.

IBS maintains documented procedures that describe the customer order process per Sales Processes.

8.2.3 Customer Communication

Communication methods are dictated by IBS's customers. Order requirements are typically communicated via phone, e-mail or EDI. The same is true with customer complaints. IBS will make every effort to utilize the required tools and methods to ensure effective communication and customer satisfaction.

IBS has implemented effective communication with customers in relation to:

a) Providing information relating to products and services;
b) Handling inquiries, contracts or orders, including changes;
c) Obtaining customer feedback relating to products and services, including customer complaints;
d) Handling or controlling customer property;
e) Establishing specific requirements for contingency actions, when relevant.

Results of any customer communication will be reviewed during Management Review.

8.2.4 Determining the Requirements for Products and Services

Basic customer requirements, specific manufacturer and part number, quantity, and delivery service are selected by the customer at the time the order is requested. Post-delivery activity consists of RMA claims, product returns and customer-initiated Corrective Actions. Any additional requirements considered necessary, including special requirements and operational risks such as but not limited to, short delivery timeframe, ability and capacity to provide, and new technology, will be determined and addressed at the time the order is placed by the customer. Customer requirements arising after order placement will be handled on a case-by-case basis.

All applicable statutory and regulatory requirements, such as hazardous material, have been determined and met. During the intake of new business, IBS captures:

a) Requirements specified by the customer, including the requirements for delivery and post-delivery activities;
b) Requirements not stated by the customer but necessary for specified or intended use, where known;
c) Statutory and regulatory requirements related to the product;
d) Customer order Updates and Cancellations handled per Sales SOPs.
e) Surveys are used to measure customer Satisfaction
f) Product Change Notification (PCN) for material, lifecycle, part number and specification/datasheet changes are all handled per SOP 1.7 Change Management Procedure.
g) Any additional requirements determined by IBS.

8.2.5 Review of the Requirements for Products and Services

IBS maintains documented procedures that describe the customer order process. Any exceptions to the customer's specifications are agreed upon and communicated with the customer prior to accepting or altering an order or contract. The results of the contract review process are documented by the Sales department and retained in the computer database.

8.2.5.1

IBS Management reviews the applicable statutory and regulatory requirements during their process to introduce products to inventory.

IBS receives request from customers to purchase product via couple processes. These types of inquires/leads and sales are addressed in Sales/CSR SOPs.

8.1.1 Changes to Requirements for Products and Service

Any changes or amendments to the original order shall be documented and retained, and all internal and external parties are informed of the changes.

8.3 Design and Development of Products and Services (See 1.2 Exclusion)

8.3.3 General N/A

As a distributor, IBS does not design any of the products it sells. IBS excludes Design and Development, it is not applicable to IBS's scope of business in section 4.3.

8.3.2 Design and Development Planning N/A

8.3.3 Design and Development Inputs N/A

8.3.4 Design and Development Controls N/A

8.3.5 Design and Development Outputs N/A

8.3.6 Design and Development Changes N/A

8.4 Control of Externally Provided Processes, Products and Services

8.4.1 General

IBS is an Authorized Distributor for the products distributed. IBS purchases semiconductors, electronic components, supplies, and equipment for resale from manufacturers or their franchised distributors. IBS does not manufacturer.

8.4.1.1 General

a) IBS maintains a register of suppliers, which includes their current approval status. Authorized suppliers are IBS's preferred principal suppliers, some can be identified on IBS's line card. Approved suppliers are designated as Non-Authorized suppliers that are authorized for the sale of their product. QA is responsible for maintaining and updating the Approved Suppliers Register and Disqualified Supplier Register.
b) Suppliers are selected and maintained based upon their ability to meet IBS Quality standards and specifications. Selection is done by IBS's Management and/or QA using various criteria including product offering and technology, quality, exclusivity, representation network, service, profitability and where appropriate, records of previously demonstrated capability and performance. There are documented procedures outlining this process. Our customers mandate which products and suppliers they want to purchase. As a distributor, it is our job to monitor supplier performance and act, as required, to provide customers with the best level of service and satisfaction possible.
c) Supplier Quality Meetings can be commonly held throughout the year to monitor supplier performance, which includes, but is not limited to, on-time delivery, acknowledgement rating and quality specifics issues. Action items are created if the suppliers do not meet IBS's evaluation and performance criteria. Corrective Actions are initiated for any supplier that is determined to be failing to meet customer product requirements.
d) IBS will ensure, when appropriate, that all applicable suppliers as well as IBS use customer-approved special process sources.
e) Suppliers and items are categorized based on various risk factors.
f) IBS has identified and managed the risk associated with the external provision of processes, products and services, as well as the selection and use of external suppliers.
g) IBS's Purchase Order Terms and Conditions inform suppliers to assure all relevant Purchase Order Requirements are flowed down to sub-tier suppliers where required.
h) IBS's supplier selection process is designed to prevent the purchase of counterfeit/suspect unapproved products. IBS only sells products that we are contractually authorized to sell. Any exceptions are documented with the customer at time of quotation and are noted in all written down communication with customer.

(8.4.2) Type and Extent of Control

IBS ensures that externally provided processes do not adversely affect the organizations ability to consistently deliver conforming products. IBS also ensures that externally provided processes remain within control of IBS's QMS. The external provider performance is reviewed and discussed

annually or more frequent as deemed necessary by QA during management review.

IBS inspects incoming product for kind, count and condition and processes discrepancies via the Receiving Inspection. IBS does not currently receive raw materials.

(8.4.3) Information for External Parties

Purchasing information describes the product to be purchased. For products IBS resells, this requires only an accurate manufacturer or supplier part number.
Purchasing Department purchasing requirements are reviewed prior to being communicated to the supplier. See SOP Purchasing. Purchasing information on other supplies and services that affect quality requirements of the QMS will describe the supplies or services in terms familiar to the supplier. Employees purchasing these supplies and services will, as needed, document and communicate any IBS or Customer requirements. The following requirements are flowed down to suppliers at IBS:

a. Requirements regarding the need for the supplier to notify IBS of nonconforming processes, products, and services, and obtain IBS approval for nonconforming product disposition.
b. Notify IBS of changes in processes, or services, changes of suppliers, change of manufacturing facility location and obtain IBS approval.
c. Flow down to external providers (suppliers) the applicable requirements including customer requirements.
d. Retain records including retention periods and disposition requirements.
e. Right of access by IBS, the customer and regulatory authorities to the applicable areas of all facilities and to applicable documented information, at any level of the supply chain.
f. The importance of ethical behavior
g. Their contribution to product safety, and product and service conformity.
h. Requirements for a certificate of conformity.
j. Prevent the use of counterfeit parts.
k. The use of customer-designated or approved external providers, including process sources when applicable.
l. The control and monitoring activities of the external provider's performance to be applied by IBS.

The following requirements will be addressed as needed.

a. Requirements for IBS approval of products or services, procedures, processes and equipment.
b. Requirements for competence and qualification of persons.
c. The need to implement a Quality Management System.
d. Requirements for the processes, products, and services to be provided including identification of relevant technical data such as specifications, drawings, process requirements and work instructions.
e. Requirements for design and development control, test, inspection, verification, use of statistical techniques for product acceptance and related instructions for acceptance by the organization.
f. Any requirements for verification or validation activities that IBS or our customers, intend to perform at the external providers premises.
g. Provide test specimens for design approval, inspection/verification, investigation, or auditing.
h. When specified by the contract, products, materials, and services are purchased from customer approved sources.
i. Approved suppliers are found on SharePoint and Microsoft Teams.
j. Risks has been determined and is managed when selecting and using suppliers.

8.5 Production and Service Provision

(8.5.1) Control of Production and Service Provision

To control its provision of parts or services, IBS considers, as applicable, the following:

a) The availability of information or records that define the characteristics of the parts, as well as the results to be achieved.
b) The availability and use of suitable monitoring and measuring resources.
c) The implementation of monitoring and measurement activities.
d) The use of suitable infrastructure and environment.
e) The appointment of competent persons, including any required qualifications.
f) The validation, and periodic revalidation, of the ability to achieve planned results of the processes for production and service provision, where the resulting output cannot be verified by subsequent monitoring or measurement.
g) The implementation of actions to prevent human error.
h) The implementation of release, delivery and post-delivery activities.
i) The establishment of criteria for workmanship.
j) The accountability for all products.
k) The availability of evidence that all production, inspection, and verification operations have been completed as planned, or as otherwise documented and authorized.
l) The provision for prevention, detection, and removal of foreign objects.
m) The control and monitoring of utilities and supplies.
n) The consequences of obsolescence.

At this time, IBS does not utilize any in-house “special processes” where the result of the process cannot be verified by subsequent monitoring or measurement.

(8.5.1.1) Control of Equipment, Tools and Software Program

Equipment, tools and software programs used to automate, control, monitor, or measure processes are validated and maintained. Storage requirements are defined for distribution equipment or tooling including any necessary periodic preservation or condition checks. At IBS, Production and Service provision are not required. IBS validates any processed thru use of methods, documented information and quality records. The inspection system includes the use of customer and part specification, and/or support of sales group and/or processing of incoming and outgoing products in the computer system. Sales group and Quality will ensure all materials meet IBS's standards by documented information. These controls ensure parts received, stored via appropriate verification. Nonconforming parts are segregated and discrepancies are resolved by Quality and Sales Group.

(8.5.2) Identification and Traceability

Received product is identified by purchase order, part number and quantity. If further identification is required, the product shall be delivered to the Non-Conforming area. QA personnel may contact the supplier or appropriate buyer to complete the verification process.

Purchase order information does not provide lot traceability. Product identification and traceability activities are controlled by the appropriate information, which provide levels of identification and control to prevent mixing conforming to Non-Conforming Product. Product status and control exist from receiving through shipment to the customer.

(8.5.3) Property Belonging to Customers or External Providers

IBS shall exercise care with customer / external provider property if there is reason. At the current moment IBS does not handle customer / external provider property.

(8.5.4) Preservation

IBS's processes for handling, storing, packaging, preserving and delivering inventory are described in the Warehouse procedures.

Only authorized personnel may handle product. Inventory shall be handled in such a fashion as to protect against damage and preserve its integrity as a quality product. Whenever possible, product is kept in the manufacturer's original packaging in order to minimize handling.

Preservation of product shall also include, where applicable in accordance with product specifications and applicable statutory and regulatory requirements, provisions for:

a) Cleaning – IBS does not sell product that needs cleaning.
b) Prevention, detection and removal of foreign objects.
c) Special handling for sensitive products – When applicable, IBS has ESD procedures in place as well as a segregated ESD/Moisture Sensitive stocking area.
d) Marking and labeling including safety warnings - Products are shipped in packages that clearly identify the part number. Each product is identified by a unique IBS part number that references the supplier and the manufacturer's part number, ensuring segregation of similar products. Shipping documentation is printed out and affixed to the shipment.
e) Shelf life control and stock rotation – IBS routinely buys per customer requirement. IBS does not buy products to store which involve shelf life.
f) IBS can provide as a special service special handling and storage for hazardous materials.

Inventory shall be stored in structurally sound and well-maintained warehousing facilities. Storage methods are determined by the product's manufacturer, size, quantity and type. Whenever possible, material is kept in the manufacturer's original packaging. When necessary, inventory shall be stored in appropriate containers to prevent deterioration.

Where contractually specified, IBS shall extend protection to include delivery to destination.

8.5.5 Post-Delivery Activities

As applicable, IBS conducts the following activities which are considered "post-delivery activities":

- Customer surveys
- Statutory and regulatory requirements
- Customer requirements
- Corrective actions
- Returns processing

Post-delivery activities are conducted in compliance with the management system defined herein which includes investigation and reporting. When problems are reported after delivery, IBS shall take appropriate action including investigation and reporting. IBS will gladly support any request by an end

customer for Failure Analysis. We will work with the customer and manufacturer to get the customer an answer.

8.5.6 Control of Changes

IBS reviews and controls both planned and unplanned changes to processes to the extent necessary to ensure continuing conformity with all requirements.

8.6 Release of Products and Services

8.6.1 Release of Orders

IBS is responsible for the release of orders to customers that meet agreed on terms and conditions of sales. IBS is also responsible for compliance with any statuary or regulation concerning the order and the parts within the order.

8.6.2 Acceptance Criteria

Account or Order level acceptance criteria can be entered by Sales. This criterion can include date code requirements, NAFTA COO and Aerospace Packing List. Part level criteria is set in the system and can include Export Compliance, Environmental Compliance and Hazardous Material handling.

8.6.3 Sales Release of Orders

Orders are reviewed by Sales at the time of entry into the system. Acceptance is verified when the Sales employee executes the order on the system. The Sales employee's identification is recorded in the system.

8.6.4 Order Pulling Release of Orders

Sales orders are sent digitally to the Warehouse with acceptance criteria. Order Pullers are sent specific lines of the order with acceptance criteria electronically. They review the acceptance criteria. They pull the order and set on inspection station. The Order Puller's identification is recorded.

8.6.5 Shipping Release of Orders

Shipping employees prepare and set all orders on inspection table ready for final inspection. Shipping also ensures correct packing and required documentation is with the order. Release is recorded in the System.

8.6.6 Control of Changes

IBS reviews and controls both planned and unplanned changes to processes to the extent necessary to ensure continuing conformity with all requirements.
Service provision changes are authorized by QA.

IBS is responsible for the release of orders to customers that meet agreed on terms and conditions of sales. IBS is also responsible for compliance with any statuary or regulation concerning the order and the parts within the order.

Acceptance criteria for parts are defined in appropriate documentation. Reviews and inspections are conducted at appropriate stages to verify that the product and service requirements have been met. This is done before parts are released or services are delivered. Requested documents can be obtained from the external provider. Each shipment is provided with a certificate of conformity which identifies product conformance to customer requirements and manufacturer's specifications.

8.7 Control of Nonconforming Outputs

IBS has Inventory Control Procedures for identifying, documenting, evaluating, segregating, and dispositioning of nonconforming product.

Product that has been identified as possibly nonconforming, receiving exceptions, and all customer returns are stored in a separate Inventory Control area that is physically isolated from regular stock. The computer system prohibits products in Inventory Control from shipping to customers.

Qualified Inventory Control personnel perform determination of nonconformance. Product is inspected for kind (correct manufacturer part number), count, and condition (visual inspection). Where failure of a technical nature is suspected, material is treated as nonconforming. Only product found to be conforming is returned to regular stock.

Inventory Control personnel notify Sales or Purchasing of the presence and disposition of nonconforming product when appropriate. Customers are notified when previously shipped product may present a risk to them.

IBS does not repair, re-work, re-grade or accept product by concession. Product found to be nonconforming is returned to the original supplier for repair or replacement, or it is scrapped. Where appropriate, a Corrective Action will be issued to address non-conformity.

In situations where product passes kind, count and condition inspections but does not meet customer-specific requirements, associated shipments will be held until the account is contacted and customer authorization is received. If the product is not accepted, it will be moved to the Inventory Control and handled according to documented Inventory Control procedures.

9 Performance and Evaluation

9.1 Monitoring, Measurement, Analysis and Evaluation

9.1.1 General

IBS maintains monitoring, measurement, analysis and improvement processes needed to ensure quality system conformity and effectiveness. These processes also ensure customer expectations are continually achieved. These are monitored through the established IBS Quality Objectives.

Statistical techniques may be employed to collect, analyze, and interpret data relating to the performance of both IBS and its suppliers. Any statistical measurements used shall be incorporated within the departmental procedures that verify the acceptability of process and product. These measurements shall be reviewed as part of the Management Review process.

9.1.2 Customer Satisfaction

As one of the measurements of the performance of the quality management system, IBS monitors information relating to customer perception as to whether IBS has fulfilled customer requirements. The methods used to obtain this information are through customer surveys, customer report cards and IBS management visits.

- Recording customer complaints;
- Product rejections or returns;
- Repeat orders for product;
- Changing volume of orders for product;
- Trends in on-time delivery;
- Obtain customer scorecards from certain customers;
- Submittal of customer satisfaction surveys.

The Corrective Action system shall be used to develop and implement plans for customer satisfaction improvement that address deficiencies identified by these evaluations and assess the effectiveness of the results.

9.1.3 Analysis and Evaluation

IBS shall analyze and evaluate appropriate data and information arising from monitoring and measurement. The results of the analysis shall be used to evaluate:

a) Conformity of products and services;
b) The degree of customer satisfaction;
c) The performance and effectiveness of the Quality Management System
d) The effectiveness of planning;
e) The effectiveness of actions taken to address risks and opportunities;
f) The performance of external providers;
g) Other improvements to the management system.

9.2 Internal Audit

Internal quality audits are planned and conducted for each identified key process a minimum of once every year to monitor the effectiveness of the overall system and to ensure that all quality-related activities comply with written procedures and the requirements of AS9120, ISO9001 and AS6496.

Audit frequency is scheduled, and shall be adjusted, to give priority and heightened attention to areas based on the status and importance of their activities. Results of previous audits are also used to determine frequency of area audits.

The QA is responsible for the creation and maintenance of the internal audit schedule.

Internal auditors shall not audit their own work in order to remain impartial and insure objectivity. The results of the audit shall be documented according to IBS's Internal Audit Procedure and brought to the attention of the personnel having responsibility for the area being audited. It is the area manager's responsibility to take timely action on the deficiencies found by the audit.

The results of audits are recorded and maintained according to the Quality Records procedure. These audit reports are used to help plan follow up audits and verify the effectiveness of any action taken against non-conformances noted in previous audits.

(9.3) Management Review

(9.3.1) General

Management Review meetings are held with the QA on a yearly basis to review the Quality System and ensure that it is effectively satisfying the requirements of AS9120, ISO9001 and AS6496, the quality policy, and IBS's business needs. Records are maintained for each management review meeting.

(9.3.2) Management Review Inputs

The following are reviewed as part of Management Review to assess the ongoing suitability of IBS Quality System:

a) The status of actions from previous management reviews.
b) Changes in external and internal issues that are relevant to the Quality Management System.
c) Information on the performance and effectiveness of the Quality Management System, including trends in;

1. Customer satisfaction and feedback from relevant interested parties.
2. The extent to which quality objectives have been met.
3. Process performance and conformity of products and services.
4. Non-conformities and corrective actions.
5. Monitoring and measurement results.
6. Audit results.
7. The performance of external providers.
8. On time delivery performance.

d) The adequacy of resources.
e) The effectiveness of actions taken to address risks and opportunities.
f) Opportunities for improvement.

(9.3.3) Management Review Outputs

During Management Review meetings, management will make appropriate decisions and take actions regarding the following:

a) Opportunities for improvement.
b) Any need for changes to the Quality Management System.
c) Resource needs.
d) Risks identified.

The responsibility for required actions is assigned to members of the management team. Decisions made regarding action items (due dates, description of action item, action taken) are recorded on a Management Review Action Item List. Meeting notes are also recorded.

(10.0) Improvement

(10.1) General

IBS uses the management system to improve its processes, products and services. Such improvements aim to address the needs and expectations of customers as well as other interested parties, to the extent possible.

Improvement shall be driven by an analysis of data related to:

a) Conformity of products and services;
b) The degree of customer satisfaction;
c) The performance and effectiveness of the management system;
d) The effectiveness of planning;
e) The effectiveness of actions taken to address risks and opportunities;
f) The performance of external providers;
g) Other improvements to the management system;
h) Correcting, Preventing, or reducing undesirable effects.

(10.2) Nonconformity and Corrective Action

IBS maintains documented procedures that describe how corrective and preventive action is implemented. The QA is responsible for overseeing this process and ensuring that the action taken is commensurate with the amount of risk encountered.

IBS has a comprehensive corrective action program, which includes the investigation and correction of product and process complaints. The system handles corrective action, customer complaints,

suppliers and quality system non-conformances. Failure of product, process or quality requirements is an indication that the process or system was not followed or is inadequate.

There are procedures in place describing the corrective action process. These procedures include a process for escalation to a higher level of management should a timely corrective action not be implemented.

Any changes to documented procedures, as a result of corrective action requests, will be handled according to Document Control procedures.

The QA receives copies of all corrective action requests and is responsible for follow-up to ensure that the corrective action is in place and that it is effective

(10.3) Continual Improvement

IBS is continuously looking for ways to improve customer satisfaction as well as its business practices. IBS relies heavily on its Quality Management System to drive these improvements.

Internal audits are used to evaluate compliance to AS9120, ISO9001 and documented system requirements. These reviews are also conducted to identify ways to improve IBS's operational processes and related systems. By doing this, the auditors and management team validate that IBS's Quality System is not only conforming but also functional and effective.

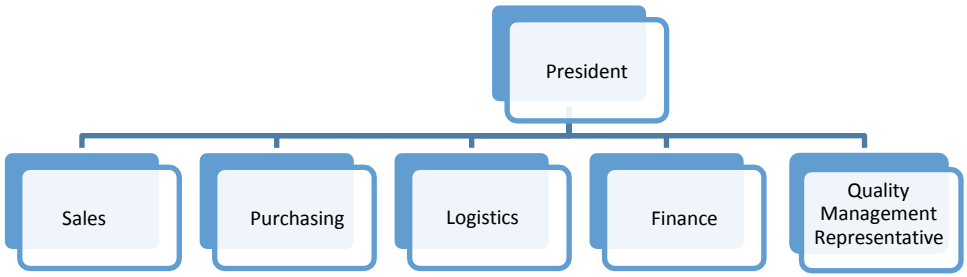
Management Review is another process used to drive continuous improvement. Various sources of data are reviewed and discussed. Issues are prioritized and action items are established all with the goal of fulfilling IBS's quality policy.

Appendix A. Quality Manual Revision History

Rev	Revised By	Date	Nature of Revision
0	S. Mouzoon	10/1/18	Original Version
1	S. Mouzoon	7/15/19	Original Version

Appendix B. Organizational Chart

Organizational Chart



Revision History

Rev	Revised By	Date	Nature of Revision
0	S. Mouzoon	10/1/18	Original Version

Appendix C. Organizational Descriptors

Organizational Descriptors

The overall responsibility for quality in the organization rests with QA of IBS ELECTRONICS. He has defined the Quality Policy for the company and is committed to its implementation.

The responsibility for further detailing of the quality program and for its execution is delegated to the QA.

The Quality Representative is responsible for the following:

- Planning the overall Quality Program.
- Ensuring the Quality System is properly implemented and maintained.
- Verifying that AS9120B, ISO9001:2015 requirements are being satisfied within the confines of IBS's Quality System.
- Overseeing the Internal Audit process.
- Overseeing the Corrective and Preventive Action/Improvement Initiative processes.
- Overseeing the Document Control process.
- Overseeing the Management Review process.
- Ensuring that the documents and data that relate to AS9120B, ISO 9001:2015 requirements are controlled.
- Ensuring that necessary documents are approved by appropriate personnel.
- Ensuring that current issues of documents are available where necessary.
- Ensuring that obsolete documents are promptly removed from all points of use.

The QA is responsible for the following:

- Ensuring that the requirements of the Quality System are implemented, understood, and maintained within their assigned area.
- Ensuring proper maintenance of quality procedures and supporting metrics.
- Handling of quality issues that are initiated within or involve their assigned area.
- Maintaining open and continual lines of communication with the Operations Support Coordinator.
- Participating in the Corrective & Preventive Action/Improvement Initiative processes in order to prevent and correct Quality System problems.
- Overseeing Quality training within their department or location.

Internal Auditor is responsible for the following:

- Performing systematic and independent examinations to determine whether quality activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.
- Recording the findings of their audits and submitting them to the QA

Revision History

Rev	Revised By	Date	Nature of Revision
0	S. Mouzoon	10/1/18	Original Version

Appendix D. Incorporated Documents

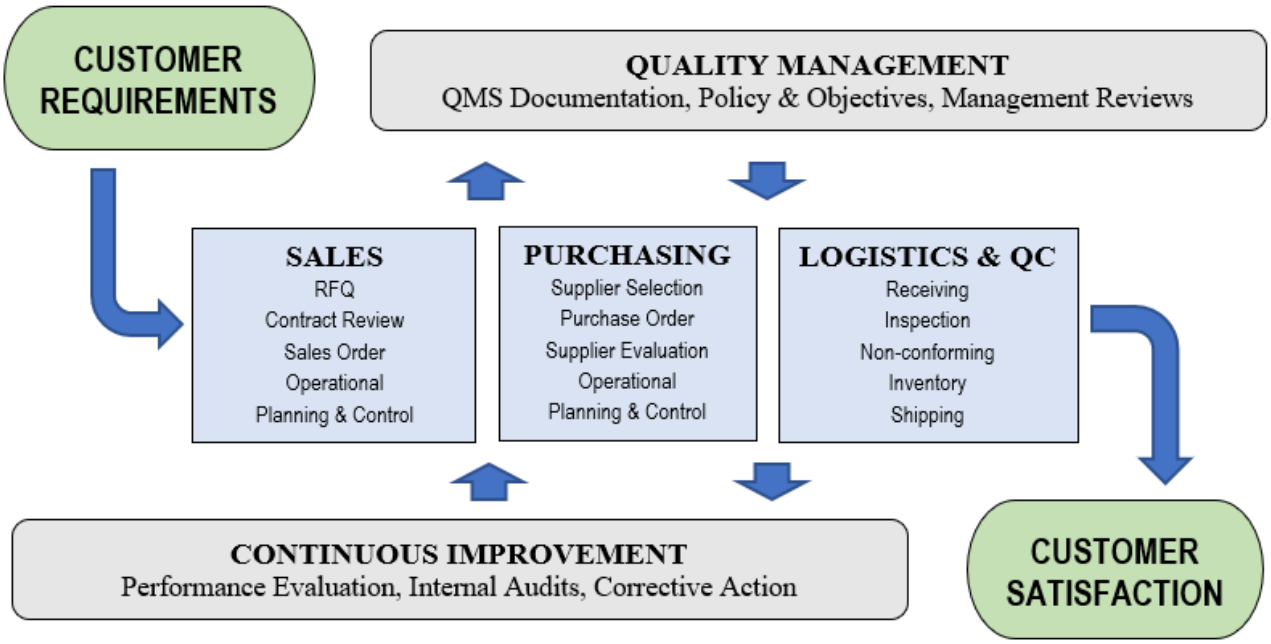
Required Procedures

Section	Procedure
Creating and Updating(7.52)	SOP 1.7
Control of Documented Information (7.5.3)	SOP 5.8
Control of Non-Conforming Outputs (8.7, 10.2)	SOP 13.5
Internal Audit (9.2)	SOP 17.5
Nonconformity and Corrective Action (10.2)	SOP 14.5 & SOP 14.6
Actions to Address Risks and Opportunities (6.1, 10.3)	RM101

Revision History

Rev	Revised By	Date	Nature of Revision
1	DM	3/1/19	Original Version

Appendix E. Quality Management System Process Flow



Appendix F. Outsourced Activities

Outsourced Processes

Process	Responsible Department	Corresponding Procedure(s)
N/A	N/A	N/A

Revision History

Rev	Revised By	Date	
0	S. Mouzoon	10/1/18	Original Version

Appendix G. Quality Objectives

Quality Objectives

Objective	Metric
On-Time Delivery to Customers	95%
Customer Satisfaction	95%
On-Time Delivery from External Providers	95%

Customer Performance:

- Sales.CR3 to find Top Customers
- Ship.CR6 to Calculate Performance

External Provider Performance:

- AP.CR1 to find Top Suppliers
- Receipts.CR6 to Calculate Performance

Measurement:

- Performance Measurement for Both Supplier and Customer are +- 4 Days.

Process	Objective	Metric	Current Target	Actual
Customer Survey	Customer Satisfaction	Overall Positive	Majority Positive	See Mgt. Review
Sales Performance	On Time Delivery Customer	Ship.R6 Performance Percentage	+- 4 Days Early / Days Late	See Mgt. Review
Supplier Performance	On Time Delivery External Provider	Receipts.CR6 Performance Percentage	+- 4 Days Early / Days Late	See Mgt. Review

Customer Quality:

- Sales.CR7 to find Customer Quality

External Provider Quality:

- Receipts.CR7 to find Supplier Quality

Measurement:

- Total Items shipped against Customer Orders and RMA's issued.
- Total Items received from supplier against total Returned to Vendor Issued(RTV).

Process	Objective	Metric	Current Target	Actual
Sales Quality	Shipping Quality Customer	Sales.CR7 Quality Percentage	Less than 5 Returns Per Month	See Mgt. Review
Supplier Quality	Receiving Quality External Provider	RECEIPTS.CR7 Quality Percentage	Less than 5 Returns Per Month	See Mgt. Review

Revision History

Rev	Revised By	Date	Nature of Revision
0	S. Mouzoon	10/1/18	Original Version