

Business Policy Manual

4. Business Management System

4.1 General

Avnet CM has selected ISO 9001-2000 as its model for Quality Assurance. The organization has planned, established, documented, and deployed the business management system (BMS) with the focus on continual improvement of the business in accordance with the requirements set forth within the Standard. The company is committed to improvement of the business management system on an ongoing basis.

To this extent, Avnet CM:

a) Has identified the key business processes and the other processes of the organization as demonstrated within the Business Model and the Business Policy Manual.

b) Both documents demonstrate the sequence and the interaction of these processes.

c) Has established the criteria for acceptable business performance through the **Strategic Planning process** and review of effectiveness within staff reports, management review, strategic planning and follow-up activities.

d) Annually conducts resource planning to ensure availability of resources, and provides the infrastructure necessary to support the operation and monitoring of these processes through predefined means.

e) Measures the effectiveness of business processes, monitors the effectiveness and analyses data to support the business objectives of the organization during the **Management Review process**.

f) As a result of the analysis of business performance to plans, establishes continual improvement of the business processes as outlined within the **Continual Improvement process**.

Where Avnet CM should outsource a key business process that affects product conformity with stated requirements, personnel are responsible for assuring the organization defines and assures control of processes and a Service Level Agreement is completed.

Avnet, Inc Vision:

Avnet Inc. will deliver the highest value to our customers, suppliers, employees and shareholders as the premier technology marketing, Distribution and Services Company, globally

Avnet Inc.'s Business Objectives:

- Shareholders: Increase return on capital and profitable growth.
- Customers: Attract and retain best customers; extend valuable services.
- Suppliers: Grow market shares; extend valuable services.
- Operations: Improve business processes critical to Driving Value.
- Employees: Develop employees and Driving Valued culture.

Avnet Inc.'s Business Policy:

Each Avnet, Inc. employee will provide defect-free services and products that meet or exceed our commitments to our internal and external customers. We will achieve this through the process of defining and understanding, as well as agreeing and conforming to, customer requirements.

Avnet commits to continually improve the effectiveness of the Business Management System (BMS) implemented to realize this quality policy.

Avnet Computer Marketing Vision:

To grow our indispensable role in the information technology industry.

We do this by realizing the...

Avnet Computer Marketing Mission:

Create differentiating value for our trading partners, opportunity for our employees, and encouraging returns for our investors.

Avnet CM Objectives

- Leverage CM's core competencies to evolve and accelerate the business to a services-enhanced product distribution model.
- Exploit future growth opportunities in enterprise serves, storage, networking, and software and resold services.
- Attract, develop, and retain the best talent in the industry and still a "value based" management culture throughout CM.
- Enhance supply chain indispensability and operational efficiencies with our trading partners.
- Exceed our trading partners' expectations by consistently delivering on our commitments and improving our performance.
- Generate a higher return on capital through the implementation of a "value based" management culture.

Quality Mission Statement

Quality will interface with all areas of Avnet CM globally; ensuring compliance to International standards, manufacturer/customer requirements and CM documented Business Management System for Quality.

Assurance will be obtained by trained employees, internal and



customer/manufacture audits and effective corrective and preventive actions.

4.2 Documentation Requirements

4.2.1 General

Additional documents required for effective planning, operation, and control of processes are documented and controlled on a departmental basis and located on the Avnet CM Intranet.

Records required by the Standard are identified within our system documentation and retained as described by the **Control of Records process**.

4.2.2 Business Policy Manual

The Business Policy Manual has been established to:

- a) Define Management’s policy, objectives for and commitment to Quality.
- b) Define guidance on methods of accomplishment and reference to the company’s Business Flows that further define responsibilities and required methods to operate.
- c) Clarify compliance to ISO 9001:2000 requirements.
- d) Lead Avnet CM employees to supporting documentation of our Business Management System.

Copyright in this Business Policy vest in Avnet CM and any issue of the same is made on the express understanding that it is treated as confidential and that it may not be copied, used or disclosed to others for any purpose except as authorized by the company.

Avnet CM Scope of Registration by location:

Canada - Sales, Distribution, Services of computing products for Value Added Resellers and End User Markets.

Arizona - Sales, Distribution, Services and Integration of computing products and Networking Equipment for Value Added Resellers and End User Markets.

Texas - Sales, Distribution, Services and refurbishments of computing products and Networking Equipment for both Value Added and Non Value Added Resellers.

The documented procedures established for the Business Management System are listed on the Document Administrator Revision log.

The Key Business Processes that constitutes the Avnet CM Business Management System includes:

Document Title	Document Number
Business Policy Manual I	BP01-0001
<u>Business Model</u>	BF01-0001
<u>Business Management System</u>	BF01-0002
<u>Business Flow</u>	BF01-0003
<u>Control of Documents</u>	BF01-0004
<u>Control of Records</u>	BF01-0005
<u>Internal Audits</u>	BF01-0006
<u>Corrective & Preventive Actions</u>	BF01-0007
<u>Control of Nonconforming Product</u>	BF01-0008
<u>Resources & Organization Development Process</u>	BF01-0009
<u>Strategic Planning</u>	BF01-0010
<u>Sales Order Flow Nonintegrated</u>	BF01-0011
<u>Sales Order Flow Integrated</u>	BF01-0012
<u>ESD Control</u>	BF01-0013
<u>Calibration & Maintenance</u>	BF01-0014
<u>Continual Improvement</u>	BF01-0015
<u>Purchasing</u>	BF01-0016
<u>Integration Center Order Workflow</u>	BF01-0017
<u>Generic Order flow for Credit</u>	BF01-0018
<u>Distribution Flow</u>	BF01-0019

4.2.3 Control of Documents

Master documents supporting the Avnet CM Business Management System for updates/changes will be controlled through the Department’s Document Administrator.

Controlled copies of the processes that constitute the Business Management System are located on the Avnet CM server and records are controlled at the departmental level. The procedure that specifies the process is **Control of Documents**.

a) The Documentation process specifies approval of documents for adequacy prior to issue according to their Document Administrator Revision Log. Records are maintained to demonstrate this has been effectively implemented.

b) The Document Control process provides for review and update of documents, including approval when changes occur.

The Quality Manager/Document Administrators can approve changes that have no impact on the intent of the procedure such as; spelling errors, correct paragraph numbering, indentation, format accuracy and revision changes in reference documents names and numbers.

c) Only the copy posted on the Avnet CM server is considered controlled. Printed copies are not considered controlled.

d) Where working copies are used for reference or environmental constraints do not lend to usage on-line, departmental management shall provide means for assuring only current information is being used.

e) Legibility and identification of document status and integrity is maintained electronically. Where hard copies/references are printed, they shall be safeguarded from unauthorized change, destruction or alteration as determined by area leadership.



f) Where documents of external origin, such as customer specifications or standards are used, departmental management shall provide for assuring integrity and control in a central repository.

g) Controlled Documents are posted on the Intranet to prevent inadvertent use. Build instructions are printed from the network at the time of use to assure current revision is being used.

4.2.4 Control of Records

Avnet CM has established and maintains documented procedures for the identification, collection, indexing, access, filing, storage, maintenance and disposition of records as specified in our **Control of Records**.

Records are maintained to demonstrate conformance to specified requirements and the effective operation of the Business Management System. Applicable records from supplier/subcontractors are also maintained.

All records are legible and are stored and retained in such a way that they are readily retrievable in facilities that provide a suitable environment to prevent damage or deterioration and to prevent loss.

When contractually specified by the customer, records are made available to the customer or the customer's representative for evaluation for an agreed period.

5 Management Responsibilities

5.1 Management Commitment

Senior Management is responsible to ensure deployment of the business policy, objectives and commitment to quality throughout the organization is achieved. In order to establish the Business Management System,

deploying it to Avnet CM workforce and continually improve it, Management:

a) Communicates the importance of meeting customer and statutory/regulatory requirements via establishing the build document.

b) Establishes the Business Policy via this Business Policy Manual and underlying system documentation.

c) Ensures business objectives are established within the business through the **Strategic Planning process**, performance reports, the Triennial Global Managers meeting including the Business Review, and the Management Review.

5.2 Customer Focus

Management is responsible for ensuring customer requirements are determined and met with the goal of enhancing customer satisfaction as defined with the business processes.

5.3 Business Policy

Management assures that the business policy:

a) Is appropriate to the purpose of the organization.

b) Includes commitments to comply with requirements and for continuous improvement of the business system effectiveness.

c) Includes framework for communicating and reviewing business objectives.

d) Is communicated and understood within the organization and.

e) Is reviewed for continuing suitability.

5.4 Business Management System Planning

5.4.1 Business Objectives

Management has established business objectives that are identified within the Business Policy Manual, Processes and Work Instructions. The objectives are communicated to the organization and our measurements may be visually displayed throughout the facilities or within management reports.

5.4.2 Planning

Management has ensured:

a) Business Management System planning is undertaken to achieve the objectives through the **Strategic Planning process**

b) Business Management System integrity is a critical element of change management practice. Avnet CM assures this integrity by management reviews and timely planning.

5.5 Responsibility, Authority and Communication

5.5.1 Responsibility and Authority

Avnet, Inc. is comprised of (4) four functional organizations: Applied Computing, Computer Marketing Group, Industrial Marketing Group and Electronics Marketing Group with headquarters located in Chandler, Arizona.

The organizational charts for Avnet CM are located on the CM Intranet and controlled by Executive Administration.

Avnet CM has defined and documented the responsibility, authority and inter-relationship of personnel who manage, perform and verify work-affecting quality as defined by documented procedures. This responsibility is delegated through the organization structure with lines of adequate and continuous control over all activities affecting.

5.5.2 Management Representative

Located within Avnet CM and reporting to the Sr. Vice President of Global Supply Chain is the Vice President of Quality Assurance who is appointed the Management Representative for Avnet CM facilities.

The Management Representative is responsible for:

- a) Ensuring that the business system processes are established, implemented and maintained in accordance with the requirements of ISO 9001-2000.
- b) Reporting the performance of the business system to executive management.
- c) Ensuring the promotion of awareness of customer requirements throughout the organization.

5.5.3 Internal Communication

Management communicates the business system elements and their effectiveness throughout the organization via document distribution, visual management and meetings that include effectiveness of the business management system.

5.6 Management Review

5.6.1 Executive Management of each Avnet, Inc. functional division reviews the Business Management System periodically to ensure it continues to be suitable, adequate and effective in satisfying the requirements of the appropriate ISO standard, Avnet's business policy and objectives.

The management review includes assessing opportunities for improvement and the need for changes.

The process detailing the specific requirements for management review is specified in the **Management Review process**. The Management Representative maintains records of the reviews.

5.6.2 Input to management review includes:

- a) Audit results (Compliance and Issues recorded).
- b) Customer Feedback including Suggestions and Complaints.
- c) Process performance and product conformity (Return Material Authorization - RMA's).
- d) Status of corrective actions/preventive actions (Process Investigation Request – PIR's and RMA's).
- e) Status actions from previous reviews.
- f) Business changes that could influence the integrity of the BMS (Change management).
- g) Recommendations for improvement.

5.6.3 Output to management review includes

Review documentation includes documented evidence of actions and decisions from the management review:

- a) Improvements identified for the Business Management System and processes.
- b) Third party improvements requests.
- c) Resource needs.

6 Resource Management

6.1 Provision of resources

Avnet CM has a formal program established where the organization determines and provides the resources needed to achieve stated objectives.

- a) Resource considerations are made with respect to implementation and maintenance of the Business

Management System and improvement of effectiveness.

- b) To enhance customer satisfaction by meeting customer requirements.

6.2 Human Resources

6.2.1 General

Personnel performing work are selected based on competency, education, training, skills or experience.

6.2.2 Competence, Awareness and Training

- a) Avnet CM has determined the competence of personnel via the employee selection, as designated within the Human Resource job descriptions.
- b) Leadership identifies and supports training or other actions to satisfy training and competency needs annually, and where appropriate and other intervals.

- c) Evaluations of action effectiveness are recorded.

- d) Employees are made aware of the importance of their activities and the contribution to achievement of business objectives through *visual management*, Quality reporting and inclusion of process owners and constituents in process training.

- e) Records are retained.

6.3 Infrastructure

Avnet CM plans and provides for the company infrastructure to achieve desired results including conformity to product requirements.

- a) Buildings, workspace and utility are planned by Administrator Department and communicated to management.
- b) Process Equipment including hardware and software used for product



realization are planned and provided, where needs analysis demonstrate purpose for adequate processing of goods or services.

c) Communications and infrastructure support are planned by Avnet CM and communicated to management; deliverable is the product of the work team or Corporate Services, dependant on need and outlined per the associated processes on file with Global eServices.

6.4 Work Environment

Avnet CM determines the appropriate work environment necessary to ensure product integrity and conformance to requirements are achieved. This is accomplished by providing secure areas for product storage, prevention of product deterioration, including packaging and storage, as well as environmentally sensitive material considerations. This includes provisions for environmentally sensitive materials per **Electrostatic Discharge - ESD process**.

7 Product Realization

7.1 Planning or product realization

Avnet CM plans for product realization as indicated within the Business Model.

a) Product related objectives and requirements are specified within the build document. Every order processed by the integration center has an associated build document. This can be in the form of SOA, SOW, DV, DR, CFR file, ER or Customer-supplied build document. This build document is all the necessary information to integrate the order, where as the pull packet will include this plus all documentation created during this process like serial number sheets and QA checklist.

b) Equipment, integration process, build documents and technical considerations are a critical element of the product

realization activities and are recorded within the build document.

c) As an integrator, Avnet CM's verification, validation, reporting, inspection and test activities are designated on an individual basis according to agreed requirements with customers.

d) Documentation to demonstrate evidence of satisfactory results of the product realization process are recorded and include pull packets, engineering records, customer acceptance information and Quality checklists that are an element of the build document.

7.2 Customer Related Processes

7.2.1 Determination of requirements related to the product

Customer requirement definition is initiated within the **Order Entry process**, Avnet CM provides for product related considerations within the Business Management System and these are realized within the same process and include the following:

a) Requirements specified by the customer are communicated by various means which may include but are not limited to: Discovery documents, customer supplied documentation including specifications, notes, or other, Contracts, Agreements, Quote Requests or Purchase Orders.

b) Where clarification or unknown requirements necessary for functionality appear, subject matter experts resolve with the customer.

c) Where customer communicates statutory and or regulatory requirements that are above and beyond those provided by manufacturer, consideration to these requirements are documented.

d) Any additional requirements determined by Avnet CM.

7.2.2 Review of requirements related to the product

Avnet CM reviews requirements of the customer as communicated within the customer's request for quote. During this discovery process, clarifications are established and agreed when the customer places a purchase order which includes:

a) Product requirements (parts list)

b) Changes to parts list are reflected in an update to the Sales Order and/or BOM and subsequent build document.

c) Ability to meet the requirements.

The record of review is the SCN and/or the build document and Invoice that concur.

Where the customer does not provide a documented requirement, the verbal instruction shall be recorded by Avnet CM and retained as a record.

Where product requirements are changed, Avnet CM makes necessary updates to internal documents to assure communication of the change to pertinent parties. Changes may result in updates to SCN's, build document, using HOLD tags or other suitable means. Change records are maintained.

7.2.3 Customer Communication

Lines of communication have been established with the customer in order to have effective communication through:

a) Product /technical information specialists.

b) Central point of contact for orders handling/status/and change requests

c) Feedback mechanisms that include conduit for recording suggestions, changes, and complaints.

7.3 Designs and Development



7.3.1 Design and Development Planning

Plans have been established for each design and development activity. These plans describe activities with defined responsibilities for implementation.

Organizational and Technical interfaces between different groups, which input into the design process, are defined and the necessary information documented, transmitted, and regularly reviewed.

7.3.2 Design and Development Inputs

Design Input requirements relating to the product, including when appropriate statutory and regulatory requirements are identified, documented and their selection reviewed for adequacy.

Incomplete, ambiguous or conflicting requirements are resolved with those responsible for imposing these requirements.

Contract Review activities are taken into consideration during the Design Input process.

7.3.3 Design and Development Outputs

Design Outputs are documented and expressed in terms that can be verified against design input requirements and validated.

Design Output will:

- a) Meet input requirements.
- b) Contain or make reference to acceptance criteria.
- c) Identify characteristics of the design that are crucial to the safe and proper functioning of the product (e.g. operating storage, handling, maintenance and disposal requirements when appropriate).

Design Output documents are reviewed prior to their release.

7.3.4 Design and Development Review

At appropriate stages of the design, formal documented reviews of the design results are planned and conducted. Participants at each design review include representatives of functions concerned with the design stage being reviewed, as well as other specialists personnel, as required. Records of Design review are maintained.

7.3.5 Design and Development Verification

At appropriate stages of design, design verification is performed to ensure that the design stage output meets the design stage input requirements. Design verifications are recorded. Design verification may include activities such as;

- a) Performing alternative calculations.
- b) Comparing the new design with a similar proven design, if available.
- c) Undertaking test and demonstrations.
- d) Reviewing the design stage documents before release.

7.3.6 Design and Development Validation

Design Validation will be performed, when appropriate, to ensure that product conforms to defined user needs and/or requirements.

Note:

1. Design validation follows successful design verification.
2. Validation is normally performed under defined operating conditions.
3. Validation is normally performed on the final product, but may be necessary in earlier stages prior to product completion.
4. Multiple validations may be performed if there are different intended uses.

7.3.7 Control of Design and Development Changes

Design changes and modifications are identified, documented, reviewed, and approved by authorized personnel before their implementation.

7.4 Purchasing

7.4.1 Purchasing Process

This policy describes the activities of Avnet, Inc. and Avnet CM that have been established and implemented to control the quality of purchased products from franchised suppliers, non-franchised suppliers and value added subcontractors.

Avnet has established and maintains documented procedures to ensure that purchased product and/or services conform to specified requirements.

The procedure for purchasing is as specified in the **Purchasing process**.

Avnet CM performs evaluations of suppliers/subcontractors in accordance with the procedure.

Avnet CM evaluates and selects suppliers/subcontractors based on their ability to supply product in accordance with our requirements.

This control is dependent upon the type of product, the impact of the supplied product/ service on the quality of the final product and performance of the suppliers/subcontractors.

Avnet CM has established and maintains records of acceptable suppliers and subcontractors as defined in the procedure.

7.4.2 Purchasing information

Purchasing documents contain information that clearly describes the



product to be ordered. This information includes where applicable:

- a) Type, class, grade or other precise identification.
- b) Title or other positive identification and applicable issues of specifications, drawings, process requirements, inspection instructions and other relevant technical data, including requirements for approval or qualification of product, procedures, process and equipment.
- c) Requirements for qualification of personnel.
- d) Quality Management System requirements.

Due to the nature of the electronic distribution business, purchase orders for standard off-the-shelf product are frequently transmitted by electronic means and product is immediately dispatched. Therefore, for off-the-shelf product, a review and approval of a purchasing document prior to release is not possible.

For procurement of product with special customer requirements, a review and approval is performed of the purchasing documents for adequate information prior to release.

7.4.3 Verification of purchased product

Avnet CM implements an adequate system to ensure that purchased products meet the purchase requirements as described in the **Inspection and Testing process**.

When Avnet CM proposes to verify purchased product/services at the supplier/subcontractor's premises, Avnet's purchasing documents specify these verification arrangements and the method for release of product.

When specified in a contract, the customer or his representative shall be afforded the right to verify at the supplier/subcontractor or upon receipt at

Avnet that product conforms to specify requirements.

7.5 Production and Service Provision

7.5.1 Control of Production and Service Provision

Avnet CM plans and employs integration under controlled conditions that may include, but are not limited to:

- a) Technical information regarding product characteristics as documented within the build document.
- b) Instructions where necessary to adequately perform work.
- c) Equipment suitable for the needed task and desired results and provisions for equipment integrity as outlined in the Manufacturer programs.
- d) Monitoring and measuring devices as outlined in the **Control of Inspection, Measuring and Test Equipment Process**.
- e) Measurements for monitoring.
- f) Processes for the release, delivery, and post sales support as outlined in the **RMA process**.

7.5.2 Validation of processes for production and service provision

- a) Integration validation is specified within the build document that is created as the quality plan per build/order as specified within the **Integration process**. Validation records are recorded using the quality checklist, which is a critical element of the build document and includes:
 - b) Defined criteria for review and approval defined in the build document.
 - c) Equipment is designated within the AMS and controlled per the **Maintenance process**.

d) Integration methods and procedures for material processing are established.

e) Re-validation of processes or equipment is specified as appropriate.

7.5.3 Identification and traceability

Product is identified by suitable means from receipt and during all stages of production, delivery and installation.

Product serial numbers are recorded by distribution centers for traceability of manufacturer warranties.

Purchasing and/or Sales Representative ensures that when a customer requests identification/traceability requirements, they are clearly noted on applicable purchasing documents. Customer requirements for traceability and product identification must be clearly noted on the shipper and purchasing documents by Purchasing or Sales Representative/associate to communicate these requirements to warehouse operations/inspection personnel and purchasing/asset managers/ personnel.

7.5.4 Customer Property

Applicable Avnet facilities have established and maintain documented procedures for the identification, verification, protection and safeguarding of customer supplied product provided for incorporation into the supplies or for related activities.

Customer Owned Inventory (COI) is processed in accordance with the **Receiving process**. Any customer-supplied product that is lost, damaged or otherwise found to be unsuitable for use is recorded and reported to the customer as specified in the procedure.

7.5.5 Preservation of product

Avnet CM safeguards product to assure integrity is maintained throughout the



warehousing, integration and dispatch to the customer. Environmental controls prevent inadvertent damage in facility. Packaging methods assure shipping integrity and handling methods are in accordance with manufacturer recommended methods where designated appropriate.

Avnet, Inc. has established and maintains documented procedures for identification, handling, storage, packaging, protection and preservation of product as defined in the operations business processes, or by the manufacturing partners.

Rack mounted systems will not be shipped VIA "AIR" unless expressly authorized.

- Hall-Mark orders must be approved by President or Executive VP and VP Sales or SR VP of Operation.
- Avnet Computer orders must be approved by president or SR VP of Operations.
- Address changes need to be approved by SR VP of Operations and VP of Distribution, or Distribution managers and Traffic management.

Avnet CM has established methods of handling product to prevent damage and/or deterioration.

Avnet CM uses designated storage areas and stockrooms to prevent damage or deterioration of product, pending use and delivery. Appropriate methods for authorizing receipt to and dispatch from such areas are as specified in the **Handling, Storage, Packaging, Preservation and Delivery-process.**

In order to detect deterioration, the condition of product is assessed at appropriate intervals.

Avnet CM controls packing, packaging, and marking processes (including materials used) to the extent necessary to ensure conformance to specified requirements.

Avnet, CM facilities apply appropriate methods for preservation and segregation of product when the product is under their control.

Avnet CM arranges for the protection of the quality of product after final inspection and test. When contractually specified by the customer, this protection is extended to include delivery to destination.

7.6 Control of monitoring and measuring devices

Subject matter experts (in some cases our manufacturer's are the experts) determine the monitoring and measurement activities appropriate to demonstrate conformity of product to predetermined requirements that are documented within the build document or subsequent Customer Inspection Instructions.

Where necessary to ensure valid results, equipment used for validation, verification, precision settings, or measurements shall be verified or calibrated as outlined in the **Control of Inspection, Measuring and Test Equipment process.** The provisions set forth within this process ensure:

- Calibration frequency is designated and calibration is traceable to recognized measurement standards; where alternate methods are used, methods and acceptability is recorded.
- Adjustments are performed as necessary.
- Enabling calibration status determination.

d) Safeguarding equipment from adjustments that could invalidate measurement results.

e) Safeguarding equipment from damage and deterioration.

Records of calibration results and adjustments are maintained per procedure and used for determining necessary action for out of tolerance conditions affecting product.

Where equipment is found to not meet requirements appropriate actions shall be recorded and include provisions for traceability and recall, as appropriate.

Especially, the ability of computer software to satisfy the intended application shall be confirmed prior to initial use and reconfirmed as necessary, in a similar way.

8 Measurement, Analysis, and Improvement

8.1 General

a) Avnet CM plans and implements the monitoring and measurement during the realization of product during the **Inspection and Test process** as designated within the build document and provides for analysis and improvement during the **Control of non-conformance material process.**

b) Internal Audits, RMA's, In-Process Failures (IPF's), Customer Complaints, Corrective/Preventive Actions and the Management Review are used to ensure the conformity of the Business Management System and continually improve its effectiveness.

8.2 Monitoring and Measurement

8.2.1 Customer Satisfaction

Avnet continually seeks feedback from customers to determine their level of

satisfaction. Avnet solicits this feedback consistently throughout the fiscal year, allowing for the identification of negative trends and subsequent actions for improvement.

Customer Satisfaction Policy Statement:

Enhance the sales and marketing teams' ability to identify, measure, analyze and prioritize customer dissatisfaction and applicable process deficiencies. Resolve customer issues swiftly so that sales revenue is positively impacted. Reengineer those processes that affect customer service in order to improve efficiency and reduce operating cost.

8.2.2 Internal Audit

Avnet CM utilizes quality planning to establish Internal Audits on a regular basis. Audit planning activities assure each Key Process within the Business Model and is subject to audit annually.

Avnet, Inc. has established and maintains documented procedures for planning and implementing internal quality audits to verify whether quality activities and related results comply with planned arrangements and to determine the effective implementation and maintenance of the Business Management System as specified in the procedure listed within this **Business Policy Manual**.

The **Internal Audit process**, assures that assessments include conformance to the ISO 9001:2000 Standard, as well as to the requirements of the organization that are designated by Process Owners via the established process document.

Internal Quality Audits are scheduled on the basis of the status and importance of the activity to be audited and the results of previous audits and are carried out by personnel independent of those having

direct responsibility for the activity being audited.

Results of audits are recorded and brought to the attention of the management having responsibility for the area audited in order to take action without undue delay.

Follow-up audit activities to determine implementation and effectiveness of the corrective action taken are verified and recorded per the procedure.

The results of Internal Quality Audits are reported to the management representative for inclusion in the management review.

8.2.3 Monitoring and measurement of Processes

Avnet CM has identified performance indicators to monitor the ability of the processes to achieve the planned results.

Where planned results are not achieved, correction and corrective action is taken to assure product conformity is achieved.

8.2.4 Monitoring and measurement of Product

In-process inspection and testing and final inspection and test in accordance with the planned arrangements are carried out to verify that product meets the requirements.

Appropriate records give evidence of conformity with the acceptance criteria and indicate the person(s) authorizing release of product.

Unless otherwise approved by a relevant authority, where applicable by the customer, product is not delivered until the planned arrangements have been satisfactorily completed.

8.3 Control of Non-Conforming Product

Avnet CM has established and maintains documented procedures to ensure that product that does not conform to specified requirements is prevented from unintended use or delivery.

Control is provided for identification, documentation, evaluation, segregation (when practical), and disposition of nonconforming product and for notification to the functions concerned within the different processes and especially in the **Control of Non-Conforming Material process**.

The responsibility for review and authority for the disposition of nonconforming product is defined in the corresponding procedures.

Action is taken to correct nonconformity in accordance with predetermined arrangements. This may be:

- Taking action to eliminate the detected nonconformity;
- Authorizing its use, release or acceptance under concession by a relevant authority and, where applicable, by the customer;
- Taking action to preclude its original intended use or application.

Appropriate records are maintained. Repaired and/or reworked product is re-inspected to demonstrate conformity to the requirements.

When nonconforming product is detected after delivery or use has started, Avnet CM takes action appropriate to the (potential) effects.

8.4 Analysis of Data

The organization analyzes data to determine the suitability and the effectiveness of the Business

Management System. Analysis of data including process, product, customer satisfaction, supplier performance, and trends identifying opportunities for improvement within the business.

8.5 Improvement

8.5.1 Continual Improvement

The organization uses as the basis for continual improvement of the effectiveness of the Business Management System:

- Business Policy Manual.
- Business Objectives (strategic plans).
- Audit Results (internal and 3rd party assessments).
- Analysis of Data (management reviews).
- Corrective and Preventive Actions (Alerts and PIR's).
- Management Reviews (Executive and Staff levels).

8.5.2 Corrective Action

Avnet CM has established and maintains a documented procedure for implementing corrective and preventive actions.

Avnet's corrective and preventive action system is the Process Investigation Request (PIR).

The requirements for corrective and preventive actions are as specified in the **Corrective and Preventive Actions process**.

Any corrective or preventive action taken to eliminate causes of actual or potential nonconformity's are to a degree appropriate to the magnitude of problems and commensurate with the risks encountered. This may include

departmental tracking systems for error handling and problem solving.

Avnet CM implements and records any changes to the documented procedures resulting from corrective and preventive actions taken.

The procedures for corrective action include:

- a) Effective handling of customer complaints and reports of nonconformities.
- b) Investigation of the cause of nonconformities and recording the results of the investigation.
- c) Evaluating the need for action to ensure the nonconformities do not recur.
- d) Determination and implementation of the corrective action needed to eliminate the cause of nonconformities, including registration and application of controls to ensure that corrective action is taken and that it is effective.
- e) Ensuring that relevant information on actions taken is submitted for management review.

8.5.3 Preventive Action

The procedure for preventive action includes:

- a) Determining potential nonconformities and their causes.
- b) Evaluating the need for action to prevent occurrence of nonconformities.
- c) Determination and implementation of the preventive action needed, including registration and application of controls to ensure that preventive action is taken and that it is effective.
- d) Ensuring that relevant information on actions taken is submitted for management review.

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