SNAP-ON INCORPORATED

QUALITY FORWARD SYSTEM
MANUAL OF PRACTICE

Approval:	Date: 05/01/05

SNAP-ON INCORPORATED
QUALITY MANAGEMENT SYSTEM TABLE OF CONTENTS

Section **Page No.**

Quality Policy ..... **For display purposes**

0.0 Introduction and overview of the Manual of Practice **1**

1.0 Scope – Purposes of the Quality Forward System **1**

2.0 Standard and documents incorporated by reference **1**

3.0 Definitions **2**

4.0 Quality Management System (QFS) **3**
4.1 General requirements 3
4.1.1 Setting annual goals and establishing action plans 3
4.1.2 Metrics 3
4.2 Documentation requirements 4
4.2.1 General 4
4.2.2 Manual of practice 5
4.2.3 Control of documents 6
4.2.4 Control of records 8

5.0 Management responsibility **8**
5.1 Management commitment 8
5.2 Customer satisfaction 9
5.3 Quality policy 9
5.4 Planning 9
5.4.1 Quality objectives 9
5.4.2 Quality management system planning 9
5.5 Responsibility, authority and communication 10
5.5.1 Responsibilities and authority 10
5.5.2 Roles and responsibilities of SEQ personnel 10
5.5.3 Internal communication 12
5.6 Management review 12
5.6.1 General 12
5.6.2 Management review discussion and analysis 12

6.0 Resources management **13**
6.1 Provision of resources 13
6.2 Personnel 13
6.2.1 General 13
6.2.2 Competence, awareness and training 13
6.3 Infrastructure and capital investment 14
6.4 The work environment 14

7.0 Product realization **14**
7.1 Planning of product realization 14
7.2 Customer related processes 15
7.2.1 Determination of requirements related to the product 15
7.2.2 Review of requirement related to the product 15
7.2.3 Customer communication 16
7.3 Design and development 16
7.3.1 Design and development planning 16
7.3.2 Design and development inputs 17
7.3.3 Design and development output 17

SNAP-ON INCORPORATED
QUALITY MANAGEMENT SYSTEM TABLE OF CONTENTS

Section **Page No.**

7.3.4 Design and development review 17
7.3.5 Design and development verification 17
7.3.6 Design and development validation 17
7.3.7 Control of design and development changes 18
7.4 Purchasing 18
7.4.1 Purchasing process 18
7.4.2 Purchasing information 18
7.4.3 Verification of purchased products 18
7.5 Production and service provision 18
7.5.1 Control of production and service provision 19
7.5.2 Validation of processes for production and service 19
7.5.3 Identification and traceability 19
7.5.4 Customer property 20
7.5.5 Preservation of products 20
7.6 Control of monitoring and measuring devices 20

8.0 Measurement, analysis and improvement of customer satisfaction, processes and product 20
8.1 General 20
8.2 Monitoring and measurement 21
8.2.1 Customer satisfaction 21
8.2.2 Internal audit 21
8.3 Control of nonconforming product 22
8.4 Analysis of data and improvement 22
8.4.1 Continual improvement 22
8.4.2 Corrective and preventive action 22

Snap-on Incorporated

QUALITY POLICY

Snap-on Incorporated commits itself to Quality as its number one objective. Our Quality Policy is to:

- Design, manufacture and market products that exhibit superior performance, reliability, durability and comfort that consistently meet or exceed the expectations of customers;

- Continuously improve quality, while providing complete and on-time delivery of quality products and services, in the most effective manner possible;

- Require each manager to provide adequate resources to carry out the Quality Forward System requirements.

The Quality Forward System is the Snap-on business process for implementing our Quality Policy and:

- Provides for the establishment and communication to responsible associates relevant quality performance metrics; requires each associate to assume responsibility and be accountable for improving the quality of his or her work;

- Will be periodically reviewed with regard to internal and external customer expectations and requirements.

Jack Michaels
Chairman, President & CEO

Rev. 05/01/05

0.0 Introduction and overview of the Manual of Practice

The objectives of the Snap-on Quality Policy will be achieved through implementation of the Quality Forward System (QFS). The QFS is the business process adopted by Snap-on for quality system management. This QFS Manual of Practice establishes the framework that is applicable to all Snap-on Incorporated entities worldwide. *Business unit management is responsible for the implementation of QFS at their facilities, including the delegation of responsibility to appropriate individuals.* At their discretion business unit management may set additional business unit specific quality requirements or standards.

The QFS is based upon and certified to the "ISO 9001:2000 Quality Management System – Requirements" under a multi-site certification. This certification allows all Snap-on entities that satisfy the requirements of the QFS to be included on this single certificate. Based upon customer requirements, inclusion on the ISO Certificate may or may not be necessary, however, adherence by all Snap-on entities to the fundamentals of the QFS is mandatory.

Although primarily used and implemented at manufacturing, distribution, and repair facilities, the system has applications for all areas of the business with the focus of providing quality products and services to our customers, both internal and external.

1.0 Scope – Purpose of the Quality Forward System

a) Specify a commitment of Snap-on worldwide to continual improvement and meeting or exceeding our customers' expectations with regard to product and service quality.

b) To use ISO 9001-2000 as a framework and our internal specifications as tools in meeting customer expectations. All Snap-on entities worldwide shall adhere to the system requirements as applicable.

c) To communicate the aspects of our quality system to customers, partners and stakeholders worldwide.

d) For QFS to focus on parts of business units that have the most impact on deliverables to our customers: production centers, distribution centers, repair services, engineering design and supplier quality assurance.

2.0 Standards and documents incorporated by reference

a) ISO 9001-2000 Quality Management System

b) ISO 19011 – Audit Standards

c) ISO 17025 (ANSI NCSL-2540-1-1994) Laboratory Calibration Standard

d) SEQ Standards

   i. SEQ80.01 – Facility Specific Requirements

   ii. SEQ80.40 – Purchasing Requirements

   iii. SEQ80.50 – Customer Focus and Satisfaction Monitoring

iv. SEQ80.90 – Audit Protocol

e) SEQ Guidance documents

i. SEQ80.10G – FMEA Process For Quality Problem Solving

ii. SEQ80.20G – Statistical Process Control Tools

iii. SEQ80.30G – Determining Cost of Quality

iv. SEQ80.60G – SEQ Replacement Processing Center Reconnaissance Audits

f) Snap-on Product Realization Cycle (CS60.11M.2 and associated references) – latest revision or brand equivalent product design document

g) A Change/Deviation system:

i. For Diagnostics/Equipment groups, worldwide: CS60.10.3, Product Change Notice and Deviation Procedure for Diagnostics/Equipment

ii. For U.S. Heritage and Power Tools: CS60.10.1, Product Change Notice and CS60.10.2, Deviation from Product Specification

iii. For other product groups: a documented approved product change system.

h) Snap-on Corrective/Preventive Action Procedure CS60.11.41

i) Internal product standards generated by the various Snap-on business segments: Diagnostics and Information, Commercial and Industrial and the Dealer Group

3.0 Definitions

QFS – Quality Forward System, Snap-on's established Corporate quality management system.

SEQ – Safety, Environment and Quality Group.

Business Segment – The three primary entities within Snap-on Incorporated. They include Snap-on Dealer Group, Commercial and Industrial, and Diagnostics and Information.

Business Unit – Distinct groups within the business segments.

CS – Corporate Standards

Operating Unit – A facility or group of facilities within a business unit.

Product Realization – ISO 9001-2000 and the Snap-on QFS defines product realization as all the processes and inter-related activities which transform inputs to outputs. This should not be confused with Snap-on's new product design process designated as the Product Realization Cycle (PRC).

Tier I – Highest level of quality management system documentation, establishes corporate conformance with the international ISO standard. Prepared by SEQ.

Tier II – Next level of quality management system documentation, includes standards that establish specific facility level requirements, as well as other documentation that provide information for the facilities' use. Also includes internal auditing procedures. Prepared by SEQ.

Tier III – Documentation written by the operating unit or facility specific to their operations.

4.0 Quality management system (QFS)

4.1 General requirements

It is the responsibility of every business/operating unit within Snap-on, as applicable, to adopt the Corporate Product Standards, strategies, procedures, work instructions and processes to meet specific quality objectives in support of the Quality Policy set forth in this Manual of Practice. Each facility is required to demonstrate conformance to this system by applying relevant critical-to-quality processes as set forth in Section 8 of this document and in the SEQ Standards.

4.1.1 Setting annual goals and establishing action plans (mandatory written)

The aim of the Quality Forward System is to serve as a tool to continually improve products and services thereby meeting or exceeding the expectation of customers. Each business/operating unit will set annual goals for improvement, consisting of measurable objectives, and based upon the needs and expectations of its internal and external customers. These goals shall be submitted to the Business Unit SEQ Coordinator and communicated to the business unit management as appropriate.

Each business/operating unit shall make plans showing how the specific goals will be achieved and on what timetable. The business/operating group will review the plans, as well as the goals, annually to determine their continued suitability, with revisions as needed.

Plans and goals shall be established in conjunction with and in consideration of the annual budgeting process of the unit. Unplanned operating conditions during the year shall require appropriate adjustments in plans and goals in response to changing market conditions.

4.1.2 Metrics

Each business/operating unit shall measure aspects/attributes critical-to-quality and its performance with regard to its specific planned and stated goals of improvement no less than monthly.

Each business/operating unit shall take relevant and appropriate action if performance or progress is deviating in an unfavorable way from its plans and goals.

Independent of the facility-initiated course of corrective and preventive action the SEQ Group or the Business Unit SEQ Coordinator may require that a root cause analysis be performed if a product or service quality problem has been identified by surveys of field sales and service personnel, marketing personnel, end customer entities or third party auditors. Failure Mode and Effect Analysis (FMEA) is the preferred option for analyzing significant product and service quality failures. However, other root cause analysis methodologies may be used.

Each business/operating unit shall implement as far as feasible the recommendations of the root cause analysis/conclusions.

4.2 Documentation requirements

4.2.1 General

QFS documentation may be in any suitable form as long as the conditions of Section 4.2.2 are satisfied. Documentation at the System (Tier I) and Procedural (Tier II) level of the QFS system will be established and maintained by the Corporate SEQ Group on the SEQ website. Any hard copies of Tier I and Tier II documents must be viewed as uncontrolled by the user.

The following outlines documents required by the QFS to meet contractual requirements, statutory or regulatory requirements and the needs and expectations of Snap-on customers worldwide.

Management System Documentation Overview

NOTE: The following information is intended to outline the Tier I and Tier II level management system documentation, prepared by Corporate personnel, as well as typical documents that would be prepared at the business unit or facility level (Tier III). More detailed information follows.

Corporate level (Tier I and Tier II) – The SEQ Manual of Practice includes as Tier I documentation the Quality Policy and all information required to establish conformance with the ISO Standard (e.g., requirements related to document control, record control, internal audits, corrective and preventive action, etc.). The Manual also includes Tier II documents, namely, general operational standards. The business units or individual facilities use this documentation set (Tier I and Tier II) as they prepare procedures specific to their operational needs.

Business unit/Facility level (Tier III) – Tier III documentation may include quality objectives and targets, local goals and action plans, work instructions, and all other facility level procedures recording how they comply with Corporate requirements.

It is the usual case that procedural documents are obsolete when superceded by another document. Documents are reviewed at least biennially, and revised as necessary. Records, on the other hand, are retained for prescribed minimum retention times (See Section 4.2.3) and then disposed of in accordance with Corporate or Business unit/facility policy.

a) Required documents should be generated based upon the following criteria:

   i. Accessibility to users.

   ii. Simplicity/reduced complexity.

   iii. Ease of use.

   iv. Elimination of redundancy.

   v. Consistency with quality policies and goals.

   vi. Consistency with current and future information needs (example: work instructions to detail aspects of tasks which are critical-to-quality and which assist in providing consistency to the task).

vii. Expectations of customers, suppliers and associates.

4.2.2 Manual of practice

The Manual of Practice, developed and maintained by the SEQ Group, provides the necessary structure to meet the quality goals and objectives for products and services of Snap-on entities worldwide as well as the needs and expectations of our customers.

The Manual of Practice has been structured into three tiers.

4.2.1.1 Tier I – The QFS

The Tier I document is the responsibility of the SEQ Group. Tier I defines our Quality goals and objectives and provides the general scope of all required activities. Tier I defines, in general terms, the system in place to:

a) Identify areas in need of improvement by analyzing information (data) generated internally and externally. The information to be collected, tracked, and analyzed shall be determined by the Business Unit/Facility based upon the quality requirements and related key performance indicators identified by the Business Unit/Facility.

b) Document measurements of effectiveness (meeting expectations) and efficiencies (minimize expenditure resources) in meeting expectations.

c) Devise and select activities that generate and implement solutions that ensure sustainability and continual improvement over time.

4.2.1.2 Tier II – "How to Conform"

Tier II of the QFS Program is defined in SEQ Quality Standards. The emphasis of Tier II is prevention, not detection, to meet Corporate Quality System requirements. The Tier II standards focus on factors critical-to-quality within a business unit.

Audit Protocol - SEQ shall develop the audit protocol, which constitutes the final element of the Quality Manual.

4.2.1.3 Tier III – Facility Work Instructions (Critical-to-Quality Processes)

Each operating unit shall write work instructions for each facility covering all processes required for delivery of quality products and services as required by the marketplace. Work instructions will focus on the factors critical-to-quality as outlined in Tier II SEQ Standards. Each facility shall be responsible for knowing what in the Tier II Standards applies to its products and/or service and institute the appropriate level of control. The purpose of work instructions are to identify what is to be done, who is to do it, how to measure and document conformance.

The issuance of procedures from various groups and/or departments within Snap-on may also occur as a result of exchanges occurring with government entities, trade groups and the like. It is incumbent upon each operating unit/business group to verify that products and processes are being prepared as

required by the most recent valid internal standards to that business unit, e.g., business unit standards, change notices, etc.

SEQ and/or the business unit will audit Tier III conformance on an annual basis.

4.2.3 Control of documents

All documents required by QFS must meet the document control requirements of ISO 9001-2000. The document control process must include all of the following and any other elements appropriate to a particular operation.

a) Each Tier III document required by SEQ80.01 must have a unique identity.

b) Effective date, if different from issue date.

c) Responsibility for documents, as well as products and service, lies with the specific entity and includes the responsibility to produce, change, review, and approve, amend or cancel as appropriate.

Only documents essential to quality shall be maintained. Proper and effective use of documentation is an important element of good quality systems and vital to permitting good communications between various operating departments and personnel that are responsible for the quality of products and services. The term "document" used in this policy is a written or computer based communication that establishes operating practices or specifications (e.g., methods, decision processes, system manuals, design, regulations, work processes, instructions and other repetitive activities). A document supplements and clarifies verbal communication to improve consistency of purpose and to avoid errors and misinterpretations.

The QFS document control system is required to assure that the proper information is conveyed to those that need this information and to assure that outdated versions of the document are not used.

4.2.3.1 Preparation of documents

The documents should be prepared by personnel responsible for the operating practices and are to reflect the required current practices. The facility Quality Coordinator has ultimate responsibility for all quality related documents.

Documents should be written in an easily understandable style and capture the important aspects of the practice.

4.2.3.2 Review/approval of documents

Any QFS required document and any changes to the document are to be reviewed by knowledgeable personnel for correctness and approved or authorized by the management level that has the responsibility for the documented activity or by other personnel. The approval authority at the entity must also identify those individuals, departments, or facilities that must be in possession of, or have access to, the current copy of the document.

4.2.3.3 Issuance of documents

The approved documentation must be available to those requiring access. The approved document may be issued to the identified users. The issue authority has to "control" the distribution of copies or access to assure that the identified users receive the relevant documents.

The issue authority is also responsible for creating and updating a Master List of documents or an equivalent system that is made available to document users. A Master List should include, but not limited to, the following information: Document No. or Title, Revision Letter or Issue Date, Name or Title of Approval Authority, Name or Title of Issue Authority (if different from Approval Authority), Distribution List of Master List (if applicable), and Issue Date of Master List.

4.2.3.4 Changes to documents

The individual(s) responsible for approval of the document shall periodically verify that changes or improvements in current practices are in fact reflected in the documents. Minor handwritten changes by the user can be made as long as the change is initialed by the approval authority and all copies are updated. To avoid confusion, documents with numerous handwritten changes should be rewritten and reissued as a new revision.

Revisions/reissues of documents have to be signed or otherwise approved by the approval authority and reissued by controlled distribution, which assures that all holders of the document are in receipt of a new copy. The Master List has to be updated and distributed to user locations, if applicable.

When a document is revised, a summary of the change has to be recorded and should be communicated to the document users. A Revision Log Page is the recommended method for recording changes.

4.2.3.5 Removal of obsolete documents

When a new revision of a document has been issued, the previous revision is obsolete and shall be removed from the work area. If obsolete documents must be saved for historic or reference purposes, they must be appropriately marked to avoid improper use and retained in accordance with the Corporate Record Retention Policy.

4.2.3.6 Storage of documents

Documents should be stored in an orderly fashion in a safe environment. Users' copies shall be stored in a manner so personnel can easily access them. Documents stored in electronic format must be preserved by appropriate backup mechanism.

4.2.3.7 Documents from external sources

Where documents from external sources are required (e.g., industry standards, customer drawings, etc.), the facility/business unit using these documents should have established procedures for identifying, controlling the distribution of, and preserving the confidentiality of these documents. This should include a control method to ensure that applicable revisions of these documents are available at appropriate locations.

4.2.4 Control of records

Each facility/business unit is responsible for identifying and maintaining (storing) records essential to demonstrating conformance with the QFS and in accordance with ISO 9001-2000 and other regulatory requirements. All such records shall be legible, retrievable and identifiable and retained as follows:

Record	Retention Policy
Approved suppliers list per SEQ80.40	Until superceded
Audits (internal & external)	5 years
Calibration records	3 years
Corrective actions (routine)	1 year
Design Control Records	Ref. MTS60.11.44
Internal performance reports (product audits, inspections, etc.)	1 year
Management reviews	3 years
Nonconformity/deviation Records	3 years
Preventive actions (routine)	1 year
Process/equipment validation (where required)	1 year
Report to customer of lost/damaged/ unusable property (where required)	1 year
Root cause analysis reports (FMEA)	1 year
Serial number/product identification (where required)	3 years, 10 years if C/E product
SPC charts	1 year
Supplier evaluation/reevaluation/action records	3 years
Surveys (customer)	1 year
Training records	3 years
Other records as required by a facility or product group	As determined by facility or product group

Consult the Snap-on Incorporated Records Retention Policy as to the requirement for certifying compliance with the policy.

5.0 Management responsibility

5.1 Management commitment

The Snap-on Quality Forward System is reviewed by the president and CEO, as well as the business segment presidents for Snap-on Dealer Group, Diagnostics and Information and Commercial and Industrial. Collectively they provide direction as to the adequacy of the overall quality management system and its performance.

Top management's commitment to quality is demonstrated as follows:

a) Communicate to all associates the importance of the Quality Policy and our adherence to it.

b) We shall operate our production centers, repair centers and distribution centers in conformance with statutory and regulatory requirements and based upon a performance standard that uses ISO 9001-2000, ISO 14001-1996 and OHSAS 18001 as a framework.

c) We shall solicit input from customer groups on the performance of our products and services and take action as needed to meet their expectations.

d) We shall ensure the establishment of quality objectives, strive for continual improvement in the effectiveness of the quality management system, and conduct annual management reviews to assess our performance in these matters.

e) Senior management will supply the resources needed to accomplish our quality performance goals.

5.2 Customer satisfaction (SEQ 80.50)

Snap-on has many avenues available to measure the satisfaction of our customers such as:

a) Soliciting views of our customers and field agents.

b) Survey of returned product allegedly no longer suitable for use (example: RPC in Nashville).

c) Survey of field complaints.

Our aim is to have satisfied customers. In order to be successful we must know the customer needs and expectations as well as his/her perception of how we are performing. In some cases we must not only know the end user's perception, but that of any intermediaries in the supply chain.

5.3 Quality Policy

Snap-on Incorporated commits itself to Quality as its number one objective. Snap-on's Quality Policy is located in this document immediately following the table of contents.

5.4 Planning

5.4.1 Quality objectives

The business units shall be responsible for setting quality objectives relevant to their annual operating plans. This includes establishing annual performance goals and action plans to achieve these quality objectives. The quality objectives shall be measurable and consistent with the Quality Policy and shall determine critical-to-quality processes. (See Section 8.1 of this document)

5.4.2 Quality management system planning

Senior management will ensure that the planning of the quality management system will be carried out and that sufficient resources shall be allocated in order to establish and maintain the quality management system to meet the quality objectives and requirements given in Section 4.1 of this document.

At the direction of senior management, the Corporate SEQ Group prepares and maintains quality management system documentation (Tier I and Tier II). The individual Business Unit SEQ

Coordinators oversee and implement the quality management system requirements at the business unit and facility level (Tier III).

5.5 Responsibility, authority and communication

5.5.1 Responsibilities and authority

Though defined roles exist within the quality management system, associates at every level must be made aware of the Quality Policy and how it relates to the scope, responsibility, and authority of their function.

Senior management holds business unit management accountable for the quality performance of the business unit. In turn, business unit management holds facility management accountable for the facility's quality performance. Quality performance is an integral part of value stream management.

The resources employed to implement and maintain the quality management system include personnel to function in the roles outlined in Section 5.5.2. Also see the SEQ organizational table on the SEQ website.

5.5.2 Roles and responsibilities of SEQ personnel

Roles and responsibilities with the quality management system must be documented.

5.5.2.1 Corporate SEQ Group

The designated management representative responsible for the quality management system is the Director of Safety, Environment and Quality (SEQ). The Director of SEQ reports to senior management on overall quality system matters.

Duties of the SEQ Group are to:

a) Formulate quality management system policies worldwide and develop and issue SEQ Standards, including facility level requirements as set forth in SEQ80.01.

b) Support worldwide business units as they develop facility level documentation.

c) Provide central coordination and oversight of the Business Unit SEQ Coordinators

d) Contract with and manage the relationship with the ISO certification registrar. This includes coordinating the external certification audits and communicating results to the Business Unit SEQ Coordinators and others as appropriate.

e) Oversee compliance with Quality Management System requirements, primarily through the BU SEQ Coordinators.

f) Review information generated by business units. Analyze and promote "root cause" activities where quality objectives are not being met.

g) Maintain the quality system on the Snap-on SEQ extranet so that customers and worldwide business units will have immediate access to the system.

h) Provide annual updates to senior management and others as needed.

i) Provide training and development of BU SEQ Coordinators

j) Respond to quality surveys and certification requests from outside the organization (primarily industrial customers).

5.5.2.2 Business Unit SEQ Coordinator

The duties of the Business Unit SEQ Coordinator are to:

a) Serve as the primary liaison between the Corporate SEQ Group and the business unit facilities on Quality System and EH&S issues. They will be the primary contact for their business unit's facilities and be held accountable for the successful implementation of the quality management system within their facilities.

b) Be accountable for business unit quality management system requirements:
   i Determine and track business unit metrics.
   ii Set goals and associated action plans to meet quality objectives.
   iii <Accountability against MIP quality objectives>

c) Coordinate and/or perform required internal audits at all facilities within the business unit. The Business Unit SEQ Coordinator is responsible for ensuring that the internal audits are conducted by a person or team independent of the function being audited.
   i Summarize and communicate internal audit findings on a timely basis to the Corporate SEQ Group.
   ii Follow-up on and review objective evidence of the correction of the findings.

d) Create and maintain all required business unit level SEQ system documentation (internal audit records, related corrective actions, etc.).

e) Send formal corrective action requests for external audit findings related to audited facilities.
   i Follow-up on and review objective evidence of the correction of these findings.
   ii Communicate corrective actions and objective evidence back to the Corporate SEQ Group for closure of external audit findings.
   iii Communicate external audit findings to all business unit facilities to avoid similar audit findings in the future.
   iv Create and maintain all required business unit level required SEQ system documentation (internal audit records, related corrective actions, etc.).

5.5.2.3 Facility Quality Coordinator

The duties of the Facility Quality Coordinators include:

a) Responsibility for coordinating quality activities at the facility level, ensuring awareness of customer quality related requirements.

b) Overseeing and providing the required quality performance reports/metrics to the Business Unit SEQ Coordinator (detailed in SEQ80.01).

c) Ensuring that processes needed for the Quality Forward System are established, documented, implemented and monitored within the facility (Tier III documentation).

d) Other duties as assigned by the facility manager.

5.5.3 Internal communication

Business unit management shall ensure that continual improvement and customer requirements are communicated to all associates impacting quality. This may include:

a) Management led communication at meetings.

b) Notice boards/suggestion box exchanges in the work areas.

c) Internal/local publications.

d) Electronic (e-mail) communications.

e) Team briefings.

f) Work instructions at the work center.

5.6 Management review

5.6.1 General

The Director of the SEQ Group shall prepare a status report at least annually that summarizes the performance of business units with regard to the QFS program and identify areas in need of change. This review will be communicated to senior management and business unit management, as appropriate.

Senior management, i.e., the CEO, President of Diagnostics and Information, President of Commercial and Industrial, President of the Snap-on Dealer Group and Vice President - General Counsel will discuss the annual review topics with the Corporate SEQ Group and the Business Unit SEQ Coordinator. The results of this review shall be documented.

5.6.2 Management review discussion and analysis (inputs and outputs)

The annual management review shall include, at a minimum, a discussion of the following:

a) Follow-up on actions from previous management review

b) Summary of external audit results.

c) Status of preventive and corrective actions.

d) Appropriate customer feedback such as on product performance, complete and on time delivery, complaints, and related matters.

e) Process performance, product conformity and adequacy of resources.

f) Business unit quality performance metrics.

g) Changes that may affect the quality system.

h) Recommendations for improvement/actions.

Based upon the results of the review the Corporate SEQ Group and Business Unit SEQ Coordinator will make appropriate changes to the quality management system.

6.0 Resources management

6.1 Provision of resources

The resources to implement and improve the quality management system shall be determined by the business unit and made available as needed. The resources may include qualified associates for staffing the organization, documented processes, suppliers, information sources and availability of raw materials, equipment for production, and transport.

The business unit shall define the resources needed to meet requirements for products and service that will enhance customer satisfaction.

6.2 Personnel

6.2.1 General

People are a key resource if Snap-on is to meet its quality management system objectives. It is the responsibility of every business unit and/or operating facility management to employ human resources capable of supporting the QFS management system.

At a minimum, associates who directly affect the quality of products or services shall have the knowledge and skills necessary to perform their jobs safely and effectively.

a) Each facility is responsible for ensuring that a training policy is established and that training records are maintained.

b) Management involved directly with the quality of the product or service is responsible for implementing the training policy by ensuring job descriptions or other job assessment documentation are up to date and training needs are identified and met.

c) SEQ can provide guidance on minimum training requirements for quality coordinators.

6.2.2 Competence, awareness and training

Facility management shall determine the necessary competence for personnel performing product quality. The skills, education, and training required to demonstrate competency are typically outlined in written job descriptions. However, this may be done in other appropriate ways.

Some examples of information that may be used in determining training needs include the following:

a) An annual assessment that takes into account changes in technology, changing business objectives or organizational training.

b) Annual performance appraisals.

c) Corrective action requirements (from audits).

d) Internal or external customer complaints.

Training and education programs offered by the corporation are a way to encourage associates to increase their knowledge and skill set.

Effectiveness of training will be determined by performance metrics or other measures as established by the business unit and realized by the Tier II minimum training requirements.

Facility management shall also ensure that all personnel are aware of the relevance and importance of their activities and how they contribute to the achievement of the quality objectives of the facility as well as the strategic objectives of the corporation. The training should also emphasize the importance of meeting requirements and the needs of customers.

Training records must be properly filed and readily retrievable.

6.3 Infrastructure and capital investment

Snap-on relies upon its distribution systems and technology as a means of maintaining or enhancing its competitiveness in its markets. It is committed to making investments to maintain and enhance its performance in the marketplace. The company will invest in appropriate levels of capital for new or replacement technology required to produce the highest quality products and services at the lowest possible cost.

6.4 Work environment

Snap-on has defined standards with regard to managing the work environment. In addition to managing facilities consistent to local standards, ordinances and zoning restrictions, it manages associate health and safety issues through an OHSAS 18001 management system and environmental impacts through an ISO 14001 management system. The requirements of this program are set forth in the EHSMS Manual of Practice.

7.0 Product realization

7.1 Planning of product realization

The business units shall conform to the Product Realization Cycle (CS60.11M.2) or a recognized equivalent system for all new designs and major redesigns. In planning the processes for product realization and/or production, the operating unit is required to determine such things as:

a) The quality objectives for the product.

b) The need to establish processes and documentation such as work instructions and process routings.

c) The provision of resources specific to product realization.

d) Verification, validation, monitoring, inspection and test activities specific to product and its "critical-to-quality" characteristics.

e) Necessary records to confirm achievement of process and conforming product.

7.2 Customer-related processes

7.2.1 Determination of requirements related to the product

The business unit shall determine:

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) Any additional requirements determined by the organization, including those stated in CS60.11M.2.

7.2.2 Review of requirements related to the product

Reviews are made and documented to assure that all commitments resulting in contracts, agreements, orders, etc., are followed and fulfilled. All contracts and agreements shall be reviewed periodically at the business/operating unit level. This is to ensure that for:

a) Contract and special order related requirements

   i. All commitments are adequately defined and documented.

   ii. All commitments are observed and deviations are addressed.

   iii. The unit is meeting all defined product requirements.

b) Routine order requirements

   Customer product sales are documented using a standardized format specific to the particular business unit. A large volume of product sales is in the form of customer orders that are screened and processed by the order-processing systems without further review. Therefore a periodic review of the processes and activities supporting the daily order flow shall be performed. This includes:

   i. Product mix, pricing, discounts.

ii. Quotation and order handling, invoicing, payment terms, logistics.

The intent of these reviews is to ensure all order requirements are known, understood, documented and achievable.

c) Method or system for converting customer requirements into product characteristics.

7.2.3 Customer communication

The many business units of Snap-on have devised various ways to communicate with customers around the world. In addition to the direct verbal contact of sales reps, service reps, service technicians and the like, additional communication occurs through:

a) Initial contact when orders are placed.

b) The websites of various business units accessible through www.snapon.com.

c) Distribution of catalogs in hard copy or electronic format.

d) Feedback from field representatives of the various business units.

e) Customer surveys.

f) Customer complaint mechanisms.

7.3 Design and development (CS60.11M.2 or equivalent)

7.3.1 Design and development planning

Each business unit must use the Snap-on Product Realization Cycle or its recognized equivalent. An equivalent to the Product Realization Cycle must be documented and shall include, at a minimum, the following:

a) Definitions of requirements that shall be met, taking in to account customer expectations. Use a multifunctional team to do this planning.

b) Controls appropriate for any process or activity.

c) Appropriate decisions or approvals based upon complexity or special market consideration.

d) Required processes to verify product conformance to specifications/product standards. Formal reviews and approvals are to be used.

e) Procedures for handling and disposition of nonconforming products.

f) Other considerations that may be appropriate.

7.3.2 Design and development inputs

Product development and design are driven by the needs of our customers, consistent with applicable statutory and regulatory requirements, as well as competitive and market driven factors. The adequacy of the design inputs is reviewed before the design work starts. Requirements shall be complete, unambiguous and not in conflict with each other. Acceptance criteria must be clearly defined. The business units develop products and interpret the conformance to customer needs and requirements in close contact with end users and feedback from customers and/or field representatives.

7.3.3 Design and development outputs

Design and development output documentation shall:

a) Satisfy the objectives of the design and development input process.

b) Define and document purchasing, production and service requirements.

c) Contain or reference appropriate acceptance criteria (product standards, etc.) and measurement methods.

d) Define all characteristics and information essential to safe and proper use.

e) Meet applicable regulatory, industry or corporate standards.

7.3.4 Design and development review

Design reviews shall be documented throughout the development process to ensure that identified requirements are or will be met. Design reviews shall identify any problems and propose necessary actions.

7.3.5 7.3.5 Design and development verification

Before product is released to the market, the operating unit shall verify that the product will meet the needs identified in the design and development input stage. Any issues found during verification shall be resolved. (e.g. manufacturing capability, safety and product review and environmental impact). Results and subsequent follow-up actions must be documented.

7.3.6 Design and development validation

Before a product is released for production, inspection and testing of initial samples (prototypes) must verify that the product is capable of meeting the requirements of its specific application or intended use. Records of the results of validation and necessary actions shall be maintained.

7.3.7 Control of design and development changes

The process for identifying, recording and maintaining design changes shall be documented using established product change notice and deviation procedures (CS60.11.M.2, CS60.11M.6 and CS60.10.1 and CS60.10.3 or equivalents). The effects of changes must be evaluated.

7.4 Purchasing

Consult SEQ Standard 80.40 for detailed requirements related to purchasing.

7.4.1 Purchasing process

Snap-on business units worldwide strive to establish a good working relationship with its suppliers and involve key suppliers in its quality improvement efforts. Various operating units worldwide have established purchasing divisions/departments that perform a critical-to-quality function. Each operating unit shall have in place a process to:

a) Assess suppliers and their quality systems.

b) Approve suppliers.

c) Select suppliers (score).

d) Re-evaluate the quality of supplied products including merchandise for resale (incoming inspection).

e) Follow-up on specified corrective actions, when required, on supplier products.

7.4.2 Purchasing information

The purchasing function within each operating unit shall create the necessary documents, records and procedures as required describing the product to be purchased.

7.4.3 Verification of purchased products

Purchasing documents shall describe the product or service to be purchased to ensure that the purchased product meets specified purchase requirements. Verification that purchased products are consistent with purchase order requirements shall be done through incoming inspections, product audits, or product/supplier certifications. Nonconformities shall be addressed and resolved.

7.5 Production and service provision

At the operating unit level the production process is specified, controlled and documented through local work instructions process routings and control plans. Product specifications establish the desired quality and performance attributes of each product.

7.5.1 Control of production and service provision

Operations, both production and service related, are carried out under controlled conditions that should focus on the prevention of nonconformities and that promotion of complete and on time delivery. These must include, as applicable:

a) The availability of information that describes the characteristics of the product or service.

b) The availability of work instructions, as necessary.

c) The use and maintenance of suitable equipment.

d) The availability, use and maintenance of monitoring and measuring devices.

e) The implementation of release, delivery and post-delivery activities including any required documentation such as set-up approvals, inspection records, etc.

7.5.2 Validation of processes for production and service

See SEQ Standard 80.01 Section 11.0 for detailed requirements.

The operating unit must perform the following steps to validate that the production and service operations avoid nonconformities and promote complete and on time delivery. This includes any processes where deficiencies become apparent only after the product is in use or the service has been delivered. The validation must demonstrate the ability of these processes to achieve planned results.

a) Define criteria for review and approval of the processes. Where suppliers are involved, this should be specified within the purchase documents (purchase orders, attachments).

b) Approval of equipment and qualification of personnel.

c) Use of specific methods and procedures such as defined capability studies.

d) Records must be retained in accordance with Section 4.2.4 of this document.

e) Revalidation as necessary.

7.5.3 Identification and traceability

Each operating unit must establish, pursuant to customer or other requirements, a work instruction (procedure) for product identification and traceability throughout the product realization. This includes all stages of design, development, verification, validation, and production, as well as storage and distribution. Where traceability is a requirement, the end product and its components must have a unique identification applied by the operating unit. This identification shall be recorded. Product status must also be identifiable throughout the product realization process.

7.5.4 Customer property

In the event that a particular business/operating unit would receive property (e.g., tooling, intellectual property including specifications and drawings) or material owned by a customer and provided to the operating unit for use in meeting a contractual agreement, the operating unit shall have a documented work instruction that identifies, verifies, protects and maintains the customer's property in a satisfactory manner.

7.5.5 Preservation of products

As appropriate, each operating unit shall have a documented work instruction (procedure) to prevent damage to:

a) Incoming raw materials and subassemblies.

b) Work in progress at manufacturing locations.

c) Finished goods in storage.

Procedures shall include requirements for handling, storing, preserving, stock picking (rotation), packaging, set building, marking and shipping.

7.6 Control of monitoring and measuring devices

The operating unit shall determine the monitoring and measurement to be undertaken and the devices needed to provide evidence of conformity of product to determined requirements. Processes must be in place to ensure the continued validity of the monitoring and measurement devices. Where devices are found not to conform, appropriate actions must be taken to assess the effects of these nonconforming devices.

See SEQ Standard 80.01 Section 7.0 for detailed requirements.

8.0 Measurement, analysis and improvement of customer satisfaction, processes and product

8.1 General

As required by Section 4.2.1.3 of this document, the operating unit shall plan, document and implement the monitoring, measurement, analysis and improvement processes needed:

a) To demonstrate conformity of the product to relevant specifications.

b) To ensure conformity of operating unit procedures to the Corporate quality management system and to continually improve the system's effectiveness.

This shall include determination of applicable methods including statistical techniques and the extent of their use.

Operating units are to prepare work instructions for critical-to-quality processes to facilitate overall Corporate objectives such as complete and on time delivery and reduction of customer complaints.

The following table provides guidance regarding the determination of critical-to-quality processes. It is not meant to be all-inclusive.

Processes Critical-to-Quality Matrix								
X = Required			**O** = Not normally required			**—** = May be required from time to time		
SEQ80.01 – Facility Specific Requirements								
Elements critical-to-quality" requiring work instructions	Hand Tools	Tool Storage	Power Tools	Saws/ Files	Diagnostic/ Information	Misc. Equip.	D.C.'s	R.C.'s/ EquiServ
Assembly/reassembly	—	X	X	O	X	X	—	X
Dimensional tolerance analysis	X	X	X	X	—	X	O	O
Electrical testing	—	O	—	O	X	—	O	X
Incoming material inspection	X	X	X	X	X	X	—	—
Mechanical testing	X	O	X	X	—	X	O	X
On-site product audits	X	X	X	X	X	X	X	X
On-site troubleshooting	O	O	—	O	X	—	O	X
Packing	—	X	X	X	X	X	X	X
Physical properties *	X	X	X	X	X	X	—	—
Picking	O	O	O	O	O	O	X	O
Product finish	X	X	X	X	X	X	—	O
Set assembly	—	O	—	—	O	O	—	O
Shipping and handling	X	X	X	X	X	X	X	X
Software testing	O	O	O	O	X	—	O	O
Stocking	—	—	—	—	—	—	X	X

* Physical properties may include such characteristics as hardness, color, material specifications, etc.

8.2 Monitoring and measurement

8.2.1 Customer satisfaction

The business unit shall monitor information relating to customer satisfaction and if the business unit has met customer requirements. The business unit shall establish methods for obtaining and using this information. Remedial actions including timetables and persons accountable for completion of these actions shall be established and completed for all reported customer complaints. Periodic reports to senior management shall be made by the business units with respect to customer satisfaction or complaint matters.

See SEQ Standard 80.50 for detailed requirements.

8.2.2 Internal audit

Business unit or operating unit personnel shall conduct annual on-site audits to assess conformity with the ISO standards and with all requirements established by the quality management system.

The Business Unit SEQ Coordinators are responsible to ensure that these internal system audits take place and that personnel conducting the audits are independent of the area under audit. All audit findings shall be documented, analyzed and appropriately corrected.

See SEQ Standard 80.90 for detailed requirements.

A summary of the internal audit findings shall be forwarded to the Corporate SEQ Group.

The management of each business unit shall ensure that other auditing processes/functions exist as may be appropriate to ensure continual compliance.

8.3 Control of nonconforming product

Each operating unit shall have a documented work instruction to ensure that nonconforming materials, components, semi-finished stock and products are segregated, clearly identified and appropriately disposed. Control of nonconforming products shall include at least the following:

a) Nonconforming products shall be identified and segregated.

b) Nonconforming products can be scrapped, reworked and re-inspected to ensure conformance to design requirements, or accepted as is if the nonconformance is judged to be acceptable.

c) Nonconforming product that is accepted as is must be released by a designated approval authority.

d) Disposition of all nonconforming product must be recorded.

e) When nonconforming product is detected after delivery or use has started the operating unit shall take action appropriate to the effects, or potential effects, of the nonconformity.

8.4 Analysis of data and improvement

8.4.1 Continual improvement

Based upon the data collected and analyzed pursuant to the above provisions, the business unit shall continually improve the effectiveness of the quality management system through:

a) Promotion of and compliance with the Corporate Quality Policy.

b) Establishing quality objectives and related metrics.

c) Performing internal audits.

d) Corrective and preventive action activities.

e) Analysis of system, process and product data.

f) Participation in annual management review process.

8.4.2 Corrective and preventive action

Each business unit/operating unit shall have written work instructions to eliminate the causes of existing (corrective action) or potential (preventive action) nonconformities, defects, or other undesirable situations in order to prevent occurrence or recurrence. These actions shall be appropriate to the effects of the actual or potential problems. The business unit shall follow the

Corporate Corrective and Preventive Action Procedure (CS60.11.41) or a recognized equivalent procedure.

At a minimum, the corrective and preventive action procedure must define requirements for:

a) Reviewing actual and potential nonconformities and their root causes (including customer complaints).

b) Evaluating the need for action to prevent occurrence or reoccurrence of nonconformities.

c) Determining action needed and assigning accountability for completion.

d) Recording results of action taken.

e) Following up on the effectiveness of action taken.

REVISION LOG

Date	Revision Statement
12/28/01	Initial issue.
01/01/03	Annual review and revision.
01/01/04	Annual review and revision.
05/01/05	Annual review and revision to reflect organizational and system changes. All pages affected.