# JEMISON METALS

# MANAGEMENT REVIEW 1/25/21



# Management Review Requirements (ISO 9001)

"Top management shall review the organization's quality management system (QMS), at planned intervals, to ensure its continuing suitability, adequacy, effectiveness **and alignment with strategic direction of the organization**.

#### **Review Inputs**

- a) Status of actions from previous Management Reviews
- b) Changes in external & Internal issues that are relevant to the QMS
- c) Information on the performance & effectiveness of the QMS, including trends in:
  - 1) Customer satisfaction & feedback from relevant interested parties
  - 2) The extent to which quality objectives have been met
  - 3) Process performance & conformity of products & services
  - 4) Nonconformities & corrective actions
  - 5) Monitoring & measuring results
  - 6) Audit results
  - 7) The performance of external providers

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

#### Review Outputs: The output from the management review shall include any decisions and actions related to:

- a) Opportunities for improvement
- b) Any need for changes to the quality management system
- c) Resource Needs

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### **REVIEW FOR CONTINUING SUITABILITY**

Quality Policy Interested Parties Log (JDM-F-100)

#### **Corporate Quality Policy**

➤To meet or exceed internal and external expectations represented in our <u>Four Customer Service Cornerstones</u>: Quality

On-Time Delivery

Personal Service

Complete & Accurate Inventory

>Provide a safe working environment for our employees.

>To continually improve the skills of our employees through training and education.

>To continually improve our processes, equipment, systems, and Quality Management System effectiveness.

# http://jemisonquality.azurewebsites.net/ISO/Form s/JDM-F-100%20Interested%20Parties%20Log%2011-2-18%20Rev%202.docx



#### STATUS OF ACTIONS FROM PREVIOUS MANAGEMENT REVIEWS

From 11/25/19 Management Review

- 1. Calibration Software: Gage Trake light implemented at all locations. Final location implemented was SM2 in Q1 2020.
- 2. Training Software: Zach reported his findings in Q4 2018 of 3 separate software solutions. In Q1 2019, we decided to go with Absorb as our solution. Dayforce payroll integration delayed implementation, until in Q3 2019 it was determined that payroll integration was not going to work for us. In Q4 2019, we moved forward with manual entry of employees with a goal of getting all Safety Training in Absorb by the end of 2019. The strain of SM2 & HPX fabrication startups in 2020 along with Zach Delp's departure from Jemison has put this project on hold temporarily.
- 3. BEST Project. This ERP re-write deserves mention in the management review, although the scope of the project is too large to list here. Some key areas of this include Model Integration, Reference Data, Mill & Processor Data, Customer Data, Operations, and Accounting.



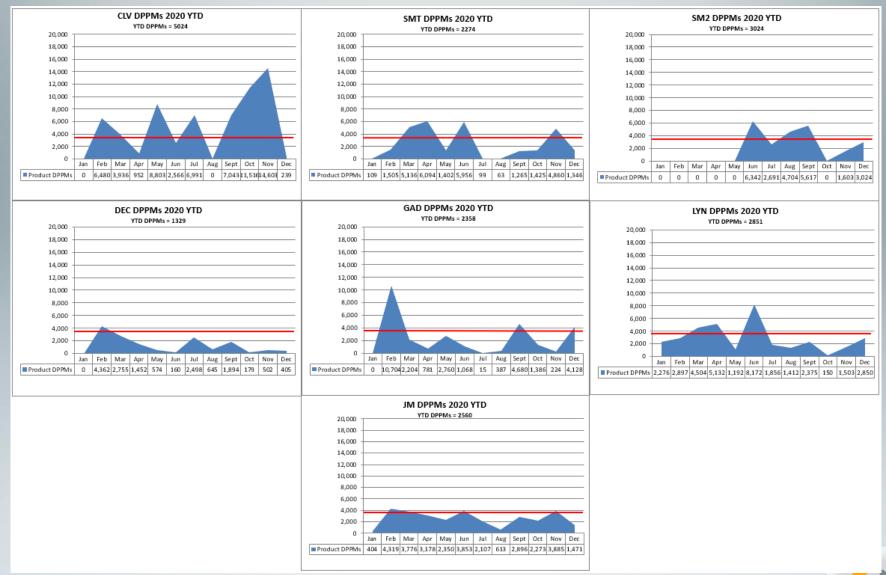
#### CHANGES IN EXTERNAL & INTERNAL ISSUES THAT ARE RELEVANT TO THE QMS

- Startup of the fabrication facility in Sumter, SC (SM2). Lease start 11/1/19, equipment installation, training, startup in Q4 2019, Q1 2020. Week of February 8<sup>th</sup> 2021 SM2 will be audited by our Registrar, SRI.
- Zach Delp, LYN QMR, left Jemison in July 2020 to relocate to the east coast. Nathan Ragland was promoted into the role of Quality Technician (was 2<sup>nd</sup> shift Lead & Punch Operator) in Q4 2020 and is picking up quickly.
- 2021 Surveillance Audit will be held virtually with SRI utilizing videoconferencing technology.
- Internal audits & process audits were challenging in 2020 due to Covid and the SM2 startup pulling personnel and resources. Full system internal audits were scheduled for Q3 2020; however, they did not occur until Q4 2020. Process audits, scheduled for 1 per month, didn't really happen, although some did occur.



### **Customer Feedback DPPMs**

(Less Price Errors, what our plant personnel see)



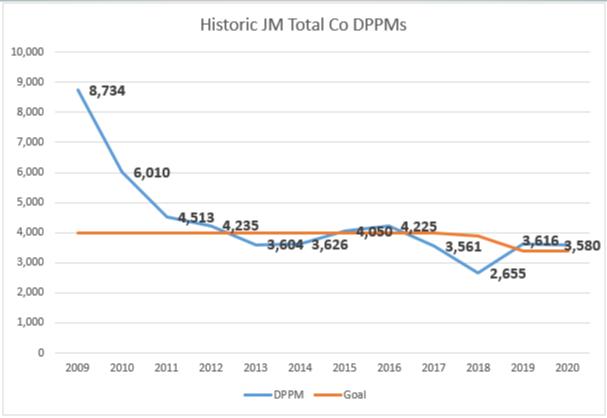
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## **Customer Feedback DPPMs**

	2020 DPPM's						2019 Final DPPM's							
	CLV	DEC	GAD	LYN	SM2	SMT	Total		CLV	DEC	GAD	LYN	SMT	Total
DPPM	6,961	1,915	2,684	3,373	3,209	3,837	3,580		1,999	3,023	5,953	3,850	3,678	3,616
DPPM - Price Errors	5,024	1,329	2,358	2,851	3,042	2,274	2,560		1,406	2,703	5,197	2,474	2,402	2,730
DPPM by Weight	2,850	1,076	1,878	1,899	2,292	1,696	1,769	[	837	1,579	3,988	1,528	2,010	1,783

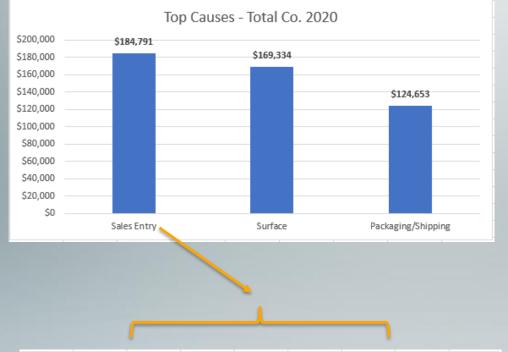
#### 2020 Finished better than 2019, but still slightly above the goal of <3,400 DPPM

2019 Finished just above the <3400 DPPM Goal





### **Customer Feedback DPPM Analysis**





#### •2019 Data Showed:

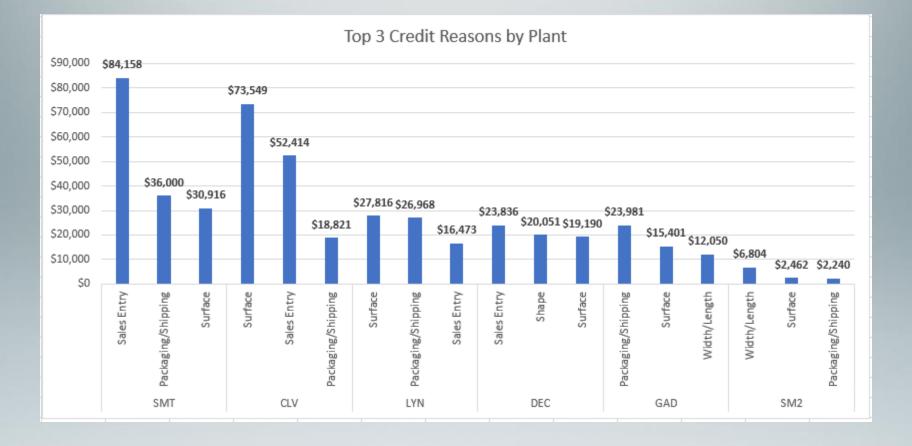
- •1) Surface \$162k
- •2) Price Errors \$160k
- •3) Packaging/Shipping 130k

•2020 Data shows Price Errors as #1, Wireway Husky (\$43k incorrect freight charge), Surface at #2 \$169k and Packaging/Shipping at #3 \$124k.

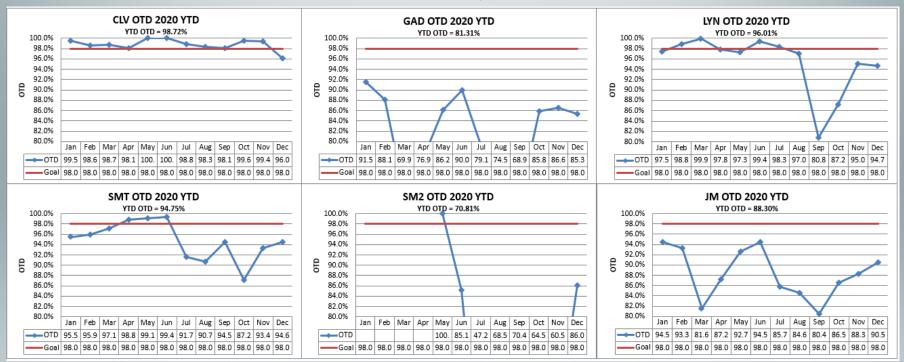
#### 2019 Data



# **Customer Feedback DPPM Analysis**



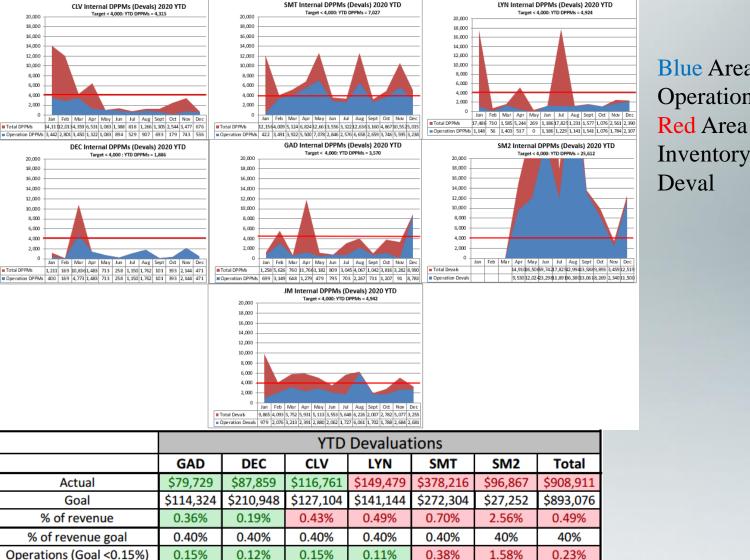
## Customer Feedback On-Time Delivery (Full Year 2020)



Fabrication locations drove OTD company-wide (GAD, LYN, SM2). SM2 startup was a challenge Q2-Q4 LYN dropped in Sept/Oct with the ramp up of new HPX Fab business Approximately 0.9% overall OTD directly related to HFI material.



### **Devaluation Tracking** (Full Year 2020)



Sales (Goal < 0.20%)

Deval DPPM

3,570

1,886

4,315

4,924

Blue Area = **Operational Deval**, **Red** Area = **Inventory Related** 



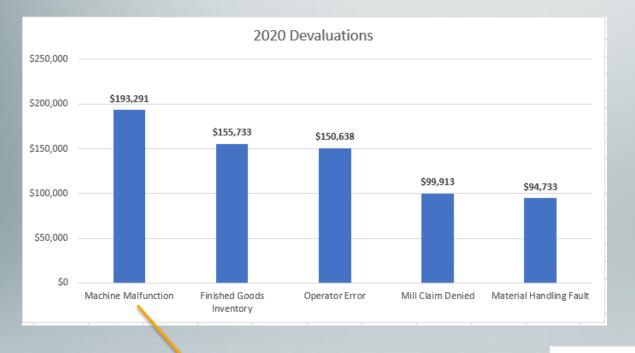
25,612

7,027

0.15%

4,942

## **Devaluation Tracking**

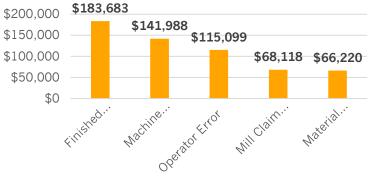


2019 Data: Finished Goods was #1 (\$183k). #2 Machine Malfunction & #3 Operator Error

2020 Machine Malfunction Devals by Plant \$120,000 \$101,416 \$100,000 \$80,000 \$60,000 \$32,835 \$40,000 \$19,140 \$17,076 \$12,228 \$20,000 \$10,597 \$0 LYN SMT SM2 DEC CLV GAD Machine Malfunction

Customer 🚽	Total
BSH-NEW BERN	\$14,914
ALTEC - NC	\$13,982
ABB-MEBANE	\$8,240
DAIMLER-SMT	\$6,125
AMSTED RAIL	\$5,401
NATIONAL BEVERA	\$4,877
PRECISION TOOL	\$4,452
BSH - TN	\$4,425
TR-FAB-WIP MSTR	\$4,417
CUSTOM METAL PR	\$3,940
SOUTHEAST STAMP	\$3,800
AMC MANUFACTURI	\$3,656





### **Devaluation Tracking**

		YTD Devaluations						
	GAD	DEC	CLV	LYN	SMT	SM2	Total	
Actual	\$79,729	\$87,859	\$116,761	\$149,479	\$378,216	\$96,867	\$908,911	
Goal	\$114,324	\$210,948	\$127,104	\$141,144	\$272,304	\$27,252	\$893,076	
% of revenue	0.36%	0.19%	0.43%	0.49%	0.70%	2.56%	0.49%	
% of revenue goal	0.40%	0.40%	0.40%	0.40%	0.40%	40%	40%	
Operations (Goal <0.15%)	0.15%	0.12%	0.15%	0.11%	0.38%	1.58%	0.23%	
Sales (Goal <0.20%)							0.15%	
Deval DPPM	3,570	1,886	4,315	4,924	7,027	25,612	4,942	

GAD at 0.36% of Revenue. Top Causes 1) Customer Accommodation \$17k (MTD-Tupelo, Heil-Fab, Freight-Fab) 2) Material Handling Fault \$15k (Lost & Damaged Material) 3) Operator Error \$12k

DEC at **0.19%** of Revenue. Top Causes 1) Op. Error \$33k (Eaton MX, Ermco, Innovated) 2) Mill Claim Denied \$28k (Tarter Sheet, Eaton MX) 3) Machine Malfunction \$19k (Heil-Fab, Jost, Tarter Sheet)

CLV at 0.43% of Revenue. Top Causes 1) FG's Inventory \$33k (American Roll, Falls Stamping) 2) Mill Claim Denied \$26k 3) Operator Error (Lincoln, Vertiv, Unified)

LYN at 0.49% of Revenue. Top Causes 1) Misapplied Material \$51k (HPX-C-Bend \$48k, Munters) 2) Finished Goods Inventory \$49k (Freightcar Fab LYN) 3) Material Handling Fault \$14k (HPX, HPX-Fab, Trane)

SMT at 0.70% of Revenue. Top Causes 1) Machine Malfunction \$101k (Redbud length issues on blanks) 2) Finished Goods Inventory \$74k (Vulcraft \$45k, American Tool, Precision Tool 3) Operator Error \$69k

SM2 at 2.56% of Revenue. Top Causes 1) Machine Malfunction \$33k 2) Material Handling Fault \$28k 3) Operator Error \$16k

Total Co at 0.49% of Revenue. Top Causes 1) Machine Malfunction \$193k 2) Finished Goods Inventory \$156k 3) Operator Error \$151k



#### Customer Feedback via Corrective Action Requests since Last Management Review

16 Formal Corrective Action Requests (External) 11/25/19 to 1/25/21

CLV 1 CA Requests

1 Versa Fab (Coil Breaks)

#### GAD 10 CA Requests

8 Heil-Fab (2 Bend out of tolerance, 2 Formed dimension out of tolerance, AR400 CMC issue, Laser running off sheet, 3 critical dimension not called out on customer print) 1 ABB-Jefferson (On Time Delivery complaint)

1 Tarter Fab (Rework too aggressive, deep grinder scratches

SMT 1 CA Requests

1 Eaton Fayetteville - residual stress issue

SM2 1 CA Requests

1 Trane Lynn – parts formed backward

LYN 0 CA Requests

**DEC 3 CA Requests** 

1 Eaton MX (Coil Breaks/Cross Hatch)

1 Tarter Sheet (Bundle over height)

1 Wastequip – MS (piece count issue)



#### STATUS OF OPEN CORRECTIVE ACTIONS

Case No.	Created Date	Branch	Internal/Ext ernal	Status	Customer
19039	6/16/2020	SM2	External	Trane-Lynn Haven. More part prints are still being added to this CA. It's a slow process.	TRANET ECH- LYNN
19527	10/22/2020	DEC	External	Eaton MX. TM approved shipment of coil breaks. Material resolution finally in place at Gamer. Material claimed to mill with pits and coil breaks. Cross hatch is from Jemison stretch. Nucor will only supply 3 lightest sizes as Cold rolled.	EATON- MEXICO
<b>1</b> 9771	10/23/2020	GAD	External	Laser running off sheet. 2 audits complete. Need 1 more successful audit in Q1 2021 to close.	HEIL - FAB
19818	10/31/2020	CLV	External	CLV has not run this material in December or January. Need to audit next runs.	VERSA FAB INC



# EXTERNAL AUDIT RESULTS Since 11/25/19 Management Review

Decatur – SRI Surveillance 1/7/20. No Findings, No Observations

Lynchburg - None

**Cleveland - None** 

- Sumter SRI Surveillance 1/10/20. No Findings, No Observations
- SM2 Trane OSA (Mike Johnson SQE), full system audit 12/19/19. 80% min passing. 81.2% Final Score.

Gadsden - None

Corporate – SRI Surveillance 1/8 & 1/9/20. No Findings, No Observations

Next External Audit (BHM, GAD, LYN, SM2) – Wk. of 2/1/21 & Wk. of 2/8/21, Surveillance Audits by SRI (Registration Audit for SM2)



# **PROCESS & INTERNAL AUDITS**

		2020
		Process
Location	Internal Audit Results	Audits?
	OBS 1: Receiving bill of lading copy from PO 27249-1 not signed or dated	
CLV	by Jemison personnel.	0
	OBS 1: CA 18690, 7 month lapse between entering of CA and first audit	
SMT	of CA.	4
	Minor 1: Operator did not document first piece inspection.	20 (dock
SM2	Minor 2: Press brake operator was unable to locate procedure.	audits)
	OBS 1: Two team members were unable to locate the Jemison Quality	
DEC	Intranet	0
	Minor 1: Missing PM Records	
	OBS 1: No shipping procedure on quality intranet	
GAD	OFI 1: Unused column of controlled document GAD020	0
	OBS 1: Form GAD059 Press Brake Check Sheet filled in incorrectly. Job	
LYN	number identification was left off form.	2
	OBS 1: PCF form JDM-F-200 (8/30/18 Rev 1) is not the correct revision	
BHM	within each plant site quality intranet (JDM-F-200 7/20/18 Rev 0)	n/a



### **Supplier Scorecards**

Mill Source	Q1-2020	Q2-2020	Q3-2020	Q4-2020
Nucor-Berkeley	1.3	3.1	3.2	3.0
Nucor Gallatin	4.7	3.1	2.7	4.1
NLMK	2.7	1.4	1.7	2.3
Metal One America	2.1	1.9	1.3	1.3
Nucor-Decatur	4.3	4.0	3.3	1.8

Final Rat	ing Scale
3.5-5	Good
2.5-3.4	Marginal
<2.4	Poor

Total (All Groups)							
Vendor	Weight Claimed	Weight Received	Claims %	Top Claim Reasons (in order)			
METAL ONE AMERI	1,878,268	59,441,427	3.16%	COIL BREAKS, ROLL MARKS, PITS & SCALE			
NLMK	1,019,521	33,628 <mark>,</mark> 523	3.03%	PITS, ROLL MARKS, COIL BREAKS			
Nucor Decatur	1,978,202	132,009,191	1.50%	COIL BREAKS, PITS, SCALE			
NUCOR-BERKELEY	1,247,263	129,729,380	0.96%	CENTER BUCKLE, COIL BREAKS, EDGE WAVE, WHITE RUST			
Nucor Gallatin	94,995	11,928,231	0.80%	ROLL MARKS, SCALE			
Total (All Groups):	6,218,249	366,736,752	1.70%				

2014 = 2.1%2015 = 1.3%2016 = 0.83%2017 = 1.17% 2018 = 0.66%2019 = 1.45%2020 = 1.70%



#### Resource Needs

- CLV Process auditing may need to go virtual in order to get accomplished. The need for additional resources is not likely, but will be evaluated.
- Remaining plants process auditing needs to step up in 2021. The need for additional resources is not likely, but will be evaluated.
- Absorb training software implementation will need personnel support.

### **Other Business?**

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#### Management Review Minutes

Date: <u>1/25/21</u> Location: <u>Corporate</u>

Attendees: <u>Pete Heinke, Gary Jantonio, Craig Mathiason, Randy Richards (Phone), Robert Heinke, Joe Ross Merritt, Rick Rowland.</u>

Inputs	Outputs (Comments, Attachments, Action Items)
Status of Actions from Previous Mgmt Reviews	Note: Slightly more than 12 months has elapsed from the previous management review and this one (11/25/19 to 1/25/21). This one time adjustment to the schedule was made in order to allow for full year data to be reviewed at each management review.
	<ul> <li>From 11/25/19 Management Review</li> <li>1. Calibration Software: Gage Trak light implemented at all locations. Final location implemented was SM2 in Q1 2020. Action Item: None required.</li> <li>2. Training Software: Zach reported his findings in Q4 2018 of 3 separate software solutions. In Q1 2019, we decided to go with Absorb as our solution. Dayforce payroll integration delayed implementation, until in Q3 2019 it was determined that payroll integration was not going to work for us. In Q4 2019, we moved forward with manual entry of employees with a goal of getting all Safety Training in Absorb by the end of 2019. The strain of SM2 &amp; HPX fabrication startups in 2020 along with Zach Delp's departure from Jemison has put this project on hold temporarily. There was significant discussion on this topic. How much time would be required of someone initially vs at steady state. What skillset would be required etc. Action Item: R. Rowland to determine if we should continue with Absorb.</li> <li>3. BEST Project. This ERP re-write deserves mention in the management review, although the scope of the project is too large to list here. Some key areas of this include Model Integration, Reference Data, Mill &amp; Processor Data, Customer Data, Operations, and Accounting. Action Item: None required</li> </ul>

Changes in External & Internal issues that are relevant to the QMS.	<ul> <li>Startup of the fabrication facility in Sumter, SC (SM2). Lease start 11/1/19, equipment installation, training, startup in Q4 2019, Q1 2020. Week of February 8<sup>th</sup> 2021 SM2 will be audited by our Registrar, SRI.</li> <li>Zach Delp, LYN QMR, left Jemison in July 2020 to relocate to the east coast. Nathan Ragland was promoted into the role of Quality Technician (was 2<sup>nd</sup> shift Lead &amp; Punch Operator) in Q4 2020 and is picking up quickly.</li> <li>2021 Surveillance Audit will be held virtually with SRI utilizing videoconferencing technology.</li> <li>Internal audits &amp; process audits were challenging in 2020 due to Covid and the SM2 startup pulling personnel and resources. Full system internal audits were scheduled for Q3 2020; however, they did not occur until Q4 2020. Process audits, scheduled for 1 per month, didn't really happen, although some did occur. Action Item: R. Rowland to work on getting process audits going again. Cleveland may have to be virtual. N. Ragland is trained and has started doing process audits for LYN in January 2021.</li> </ul>
Customer Satisfaction & Feedback from relevant interested parties	<ul> <li><u>DPPMs</u> – 2020 DPPM performance was reviewed for all branches and total company. The DPPM performance, against the goal of 3,400 or less goal is as follows and includes pricing errors: (CLV 6961, DEC 1915, GAD 2684, LYN 3373, SMT 3837, SM2 3209, Total Company 3580). DPPMs without pricing errors and calculated by weight were also reviewed.</li> <li>Historical DPPM performance was reviewed. 2018 was our record performance year! 2020 was our third best performance year behind 2018 and 2017.</li> <li>Pareto analysis of the top rejection causes was reviewed. Sales Entry (mostly price errors) was #1, while surface was #2 and Packaging/Shipping was #3. Additionally, the top 3 causes by plant were reviewed (slide 9).</li> <li><u>On Time Delivery</u> – On Time Delivery (OTD) performance was reviewed. YTD OTD performance is as follows: (CLV 98.72%, GAD 81.31%, LYN 96.01%, SMT 94.75%, SM2 70.81%, Total Company 88.30%). There was significant discussion around OTD and not achieving our 98% goal. The importance of this metric needs to be stressed. Per Pete Heinke "We need to increase our passion on OTD performance…". The industry mill performance and material shortages are not helping and it was also discussed that we may not be setting clear startup timing expectations with customers. Action Item: QA (R. Rowland) will document actions taken throughout the year to improve our OTD.</li> </ul>

Customer Satisfaction & Feedback from	
& Feedback from relevant interested parties (continued)	<u>Devaluations</u> – Devaluation performance was reviewed. YTD Devaluation performance is as follows, against the goal of <0.40% of revenue (CLV 0.43%, DEC 0.19%, GAD 0.36%, LYN 0.49%, SMT 0.70%, SM2 2.56% Total Company 0.49%). Additionally, Operations was at 0.23% of revenue against a goal of <0.15% and sales was at 0.15% of revenue against a goal of <0.20%.
	Plenty of discussion around how devals go directly to the bottom line and how we need to meet or exceed the 0.40% of revenue goal in 2021. Sales goal will be lowered to <0.15% of revenue in 2021. If the corrective actions for OTD launch smoothly and are helpful, we may also evaluate doing CA's for devaluations. Action item: R. Rowland to report out mid year (June Staff meeting on successes/challenges in OTD CA's and bring up the possibility of doing Deval CA's at that time).
	Customer feedback via formal corrective action requests was reviewed, by plant location. 16 requests were made.
	As of this management review, 4 corrective actions remain open. (See slide 15 for details)
	<u>Audit Results (External)</u> – Customer audits and SRI audits were reviewed. SRI results resulted in continued registration in January (DEC, BHM & SMT). The week of 2/1/21 will be the next SRI surveillance audit at GAD, BHM, & LYN). On 2/9 & 2/10 a registration audit of SM2 will occur. The only customer audit, with reported results was the Trane OSA in December of 2019. Passing score is 80% or greater, our score was 81.2%. Customer statement was that achieving 80% min is a challenge for ISO 9001 registered companies and that scores greater than low to mid 80's require automotive quality management systems or better.
	<u>Audit Results (Internal)</u> – 2020 internal audits were conducted; however, due to startup/staffing/covid the audits occurred in Q4 vs the original plan of Q3. Process audits definitely dropped off due to staffing issues and covid. As we progress further into 2021, we anticipate being able to ramp back up our process auditing. <b>Action Item</b> : R. Rowland to drive ramp-up of process audits as we get further into 2021 and vaccinations/herd immunity begin to have an affect on absences and staffing issues related to covid.
	<u>Performance of External Providers</u> – Supplier ratings & scorecards, for our top mill suppliers, were reviewed. Nucor Berkeley, Nucor Decatur, Nucor Gallatin, Metal One and NLMK were rated throughout 2020. The trend from 2014 to 2020 was discussed. From 2014 to 2018 we generally saw a nice decrease in overall mill claims rate. In 2019 & 2020, we saw the overall claims rate begin to rise. The "red" scores for Metal One America and Nucor Decatur can generally be attributed to one customer/application, Eaton Mexico in Juarez. This can be seen in the bucket analyses.

Customer Satisfaction	Performance of External Providers (continued):
& Feedback from	There was discussion of how we used to try to have 1 face to face meeting
relevant interested	per year with 3 or 4 of our top suppliers each year. Craig & Joe Ross said
parties (continued)	we should consider this again after the pandemic, but that doing if via
	conference call wasn't as valuable. We may want to consider this in Q3/Q4
	depending upon conditions. Action Item: R. Rowland to bring up in Q3
	2021 in one of the staff meetings to see if we want to begin these again.
Quality Policy	The quality policy and vision was reviewed and determined to be
	appropriate and suitable. See slide 3
Adequacy of	• CLV Process auditing may need to go virtual in order to get
Resources	accomplished. The need for additional resources is not likely, but will
	be evaluated. Action Item: R. Rowland to evaluate if additional
	resources are required to achieve CLV virtual process audits.
	• Remaining plants process auditing needs to step up in 2021. The
	need for additional resources is not likely, but will be evaluated. This is
	already addressed on page 2 regarding process audits.
	<ul> <li>Absorb training software implementation. This is addressed in</li> </ul>
	section 1, item 2 with action item for R. Rowland.
Effectiveness of	Actions to Address Risks/Opportunities (From risk scoring matrix)
Actions to Address	1. BEST Project/Machine Intelligence/Camera Surface Visualization –
Risks and	Long-term project to address opportunities in Quotation, Award,
Opportunties	Contract Management, Production. (P. Heinke + Team
Opportunities	[Programming, IT, QA, Technical]) Update: DEC bottom side
	camera installation completed in Q2 2019. Lays the groundwork for
	other locations as BEST rolls out to other plants (Q1 2021
	<ul><li>installation is in progress in SMT on SRB)</li><li>2. Calibration Software – Review of software solutions to assist in</li></ul>
	control of monitoring and measuring resources. B. Smith lead on
	this project. Target implementation company-wide (assuming we find a cost effective elternative) is and of Q1 2010. Undeter
	find a cost-effective alternative) is end of Q1 2019. Update:
	Gagetrake Lite in use Q4 2019. This reduced likelihood from 2 to 1
	in the scoring matrix. Q1 2020 Gagetrak implementation in SM2.
	• Interested Parties Log, JDM-F-100 was reviewed for continuing
	suitability. No changes needed. See slide 3
	• The main method of evaluating business risk is twofold: 1) The model
	is used for quotation and capability, while 2) Customer contract
	management reviews are held to assess ongoing business risk. Both of
	these activities have allowed Jemison to grow profitably over time.
Opportunities for	• Actions highlighted in blue, above, list many of the opportunities for
Improvement	improvement at Jemison.
	• Jemison is ~25 months into a full ERP re-write that is expected to take
	2-4 years. This new ERP system is expected to greatly improve
	efficiency