 Eskom	Procedure	
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Title: **Control of Non-Conforming
Products or Services Procedure**

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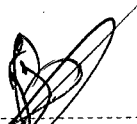
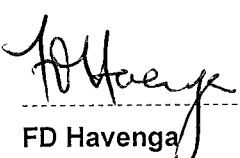
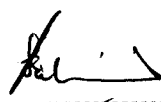
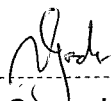
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1. Introduction

Due to the changing nature of the many factors influencing human behaviour as well as production, asset management and service processes, the resulting products and services are subject to potential nonconformity to requirements. In the event of occurrence or potential occurrence of nonconformity, the effects thereof are controlled as described in this procedure.

Nonconforming product or service should be identified, corrected and controlled as quickly as possible, to prevent its unintended and continued processing or use.

2. Supporting Clauses

2.1 Scope

2.1.1 Purpose

This document explains the process for identifying and controlling nonconforming product or service.

2.1.2 Applicability

This document shall apply throughout Eskom Holdings Limited Divisions and its subsidiaries, including contractors performing tasks for Eskom.

As Eskom suppliers are directly affected and involved in the event of nonconforming product/service originating in their environments, the relevant interfaces of this procedure with suppliers' in-house management shall apply.

2.1.3 Effective date

The date from which the document is effective is the authorisation date.

2.2 Normative/Informative References

Parties using this document shall apply the most recent edition of the documents listed in the following paragraphs.

2.2.1 Normative

[1] Normative

[2] 240-53413860 Management System Audits Procedure

[3] 240-53458685 Management System Review Standard

[4] 240-53464409 Corrective and Preventive Action for Nonconformities Procedure

[5] 32-6 Document and Records Management Procedure

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- [6] ISO 14001 Environmental Management System Standard
- [7] ISO 28001 Security management system for the supply chain – Best practices for implementing supply chain security, assessment and plans – Requirements and guidance
- [8] ISO 55001 Asset management - Management systems - Requirements
- [9] ISO 9001 Quality Management Systems - Requirements
- [10] OHSAS 18001 Occupational Health and Safety Standard

2.2.2 Informative

- [11] 240-83127293 Process Control Manual (PCM) for Manage Continual Improvement - Cl. 9.1.1 Control Nonconforming Product
- [1] ISO 9000 Quality Management System – Fundamentals and Vocabulary

2.3 Definitions

2.3.1 Asset management: coordinated activity of an organization to realize value from assets

2.3.2 Continual improvement: Recurring activity to increase the ability to fulfil requirements

2.3.3 Correction: action to eliminate a detected nonconformity.

2.3.4 Corrective action: Action to eliminate the cause of a detected nonconformity or other undesirable situation.

2.3.5 Major Action: An NCR classification which determines that corrective or preventative action is required. CA/PA may be required additionally to, and in conjunction with correction.

2.3.6 Minor Action: An NCR classification which determines that correction may be effectively carried out without a need for cause determination and recurrence prevention.

2.3.7 Nonconformity: Non-fulfilment of a requirement. The terms *nonconformity* and *nonconforming product or service* have the same meaning.

2.3.8 Preventive action: Action to eliminate the cause of a potential nonconformity or other undesirable potential situation.

2.3.9 Product: result of a process, and may be in the form of a service, software, hardware, or processed material. The expression *product or service* in this document refers to *product*, as per this definition.

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2.4 Abbreviations

Abbreviation	Explanation
CA	Corrective Action
NC	Nonconformity
NCR	Nonconformity report
OHSAS	Occupational Health and Safety Assessment Series
PA	Preventive Action
PCM	Process Control Manual
SOC	State Owned Company

2.5 Roles and Responsibilities

2.5.1 Division: Management Representative

The Divisional Management Representative ensures that the necessary training and competence to implement, carry out, enhance and continually improve the control of non-conforming products or services procedure is identified and provided.

The Divisional Management Representative (MR), responsible for the Management System, ensures that the control of non-conforming products or services process is implemented, reviewed, analysed and trends reported to division/ BU Management Review.

2.5.2 Employees

All personnel shall be empowered to report nonconforming product or service as part of their function's management system product or service at any stage, in order to ensure timely detection and response.

2.5.3 Relevant Supervisors / Line Managers

The relevant Supervisors /Line Managers shall ensure that the process is adequately controlled and managed within their respective areas of responsibility.

Note: Other roles and responsibilities are defined in the text below.

2.6 Process for Monitoring

The implementation of this procedure will be monitored via 240-53413860 Business Management System Internal Audit Standard at least once per year. The outcome(s) of the implementation of the procedure will be evaluated via 240-53458685 Management System Review Standard.

2.7 Related/Supporting Documents

[1] 240-76366168 - Corrective and Preventative Action Request Form.

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3. Document Content

The sequence of activities to manage nonconformity is described below.

3.1 Any person: identify and report a nonconformity

Any person who discovers a nonconforming product or service (nonconformity) is required to report it to his/her supervisor/manager, who should address the nonconformity with the responsible parties or with the appropriate next higher level manager. The decision whether to settle the nonconformity informally, or to raise a formal nonconformity report (NCR) according to this procedure, must be made by a person in the capacity necessary to assume responsibility for raising and motivating the report (taking into account the impact on business operations, management of assets, compliance and SHEQ). This person will act as the originator of the NCR.

Eskom personnel performing surveillance, inspection, testing, and acceptance on Eskom property or items produced/manufactured or erected/installed for Eskom by suppliers/contractors, shall follow this procedure for creating NCRs, where necessary. These persons act as originators of NCRs by virtue of their specific functions and responsibilities on behalf of Eskom.

3.2 Originator: evaluate a reported nonconformity

The originator shall determine the validity of the reported nonconformity, including the type of action required appropriate to the deemed risk. Action classification may be denoted as either "Minor" or "Major" actions.

"Major" actions will result in initiation of the corrective action process, in accordance with the Corrective and Preventive Action Procedure 240-53464409.

3.3 Originator: raise a nonconformity report

In all cases of valid nonconformity applicable, the originator raises a formal nonconformity report, and registers it in terms of the Corrective and Preventive Action for Nonconformities Procedure (240-53464409). The information supplied includes the identified recipient of the NCR, relevant details concerning the nonconforming product or service, and description of the particular nonconformity. After completion of the required information fields, the originator issues the NCR to the identified recipient.

3.4 Originator: stop the work process/activity and/or quarantine the product

Immediately after raising of a NCR, the originator consults with all stakeholders (i.e. the recipient, relevant process owner, project manager, the Eskom Buyer, supplier etc.) to stop the relevant work process(es) / activity as may be required, and to place any product already produced under quarantine. This includes appropriate marking, identification and separation in order to eliminate any possibility of inadvertent (without knowing / accidentally) use, or mixing with conforming product. Marking of nonconforming product must be done in a way that will enable traceability to the related NCR.

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3.5 Originator: place financial processes on hold

The originator consults with all stakeholders (i.e. the relevant process owner, project manager, purchaser, supplier) to decide on immediate financial measures if necessary, such as placing a hold on payment for products/services already delivered.

3.6 Recipient: receive nonconformity report

The recipient of the NCR is the person who is in a position to accept responsibility for, determine the nature of action required, and ensure action is taken on the reported nonconformity.

The recipient shall respond, using the Corrective and Preventative Action Request form (240-76366168), to the originator of the NCR in order to acknowledge receipt thereof. Additionally, the recipient shall propose details of how correction will be achieved after consultation with the relevant stakeholders as required, including the relevant timeframe required. The proposed action(s) shall be subject to review and formal approval by the originator.

3.7 Recipient: validate the nonconformity and initiate correction

The recipient confirms validity of the NCR, accepts it, then proceeds to the next step, or rejects it, at which point the NCR reverts back to the originator. Where the NCR is accepted the recipient identifies an *actionee* – someone who is appropriately positioned, available, and qualified for carrying out the approved correction. This decision usually follows after thorough deliberations with the necessary stakeholders. The recipient initiates correction by assigning a responsible actionee.

(The recipient and the actionee may be one and the same person)

3.8 Actionee: complete the correction

The actionee carries out the correction, as required, and indicates completion thereof to the recipient / originator as the case may be.

3.9 Originator: arrange to resume stopped work process / release quarantined product

The originator arranges for the necessary re-inspections, tests, or other assessments necessary to determine if correction has been satisfactorily carried out, upon which he releases any stopped work, and/or product placed under quarantine for correction.

Approval of product to be released, or service to proceed, shall be done in writing.

3.10 Originator: release hold on financial processes

The originator arranges with stakeholders to release any holds on financial processes, as necessary.

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3.11 Control of nonconformity complete

Upon completion of all the required actions, the NCR is formally closed out. Details of the report and associated information is then controlled in accordance with 32-6 Document and Records management Procedure, where it remains available for management reporting, review, audit, inputs to corrective, preventive and improvement actions.

4. Acceptance

This document has been seen and accepted by:

This document has been seen and accepted by:

Name	Designation
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Adriaan de Clercq	Technology & Commercial - Primary Energy (Management Rep Exec)
Matome Makwela	Human Resources (Management Rep Exec)
Rochelle Chetty	Sustainability (Management Rep Exec)
Pindi Mabena	Office of the CE (Management Rep Exec)
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5. Revisions

Date	Rev.	Compiler	Remarks
2015/03/16	2	Maurice Grove	Improve alignment with the related PCM requirements.
2012/08/24	1	J Marais	New document at Eskom level. The document reflects the eQMS inter-relation as well as incorporates other Divisional requirements.

6. Development Team

The following people were involved in the development of this document:

- Pat Mnguni and Maurice Grove

7. Acknowledgements

Not applicable.

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