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	QMS POLICY MANUAL		PQT-10	
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10.1 NONCONFORMITY

Nonconformity shall be defined as any deviation from standards, specifications, procedures, regulations, management system requirements, or customer requirements. This could either directly or indirectly lead to inefficient operation, defective product or service, customer complaint, property damage, damage to the environment, or a combination thereof.

The following are the possible nonconformities during the implementation and maintenance of the QMS:

- 10.1.1 Use of substandard services, materials, or equipment
- 10.1.2 Ineffective procedures or processes
- 10.1.3 Noncompliance to relevant legal and other requirements
- 10.1.4 Quality Objectives, Plans and Targets not achieved or programs not implemented as planned
- 10.1.5 Unsatisfactory performance of suppliers against prescribed criteria during performance evaluation
- 10.1.6 Problems identified by PNOC QMS team during Management Review


PNOC shall document and implement procedures for identifying and addressing nonconformity to the company's QMS. Nonconformities, as defined above, shall be documented using the appropriate corrective action request.

Unaccomplished work plans are reflected in the quarterly Accomplishment Report and highlighted in the Midyear Report. Under-accomplishments shall be required revision of the Work Plans for review and approval of the PMT.

10.2 APPLICATION OF CORRECTIVE ACTION

The procedure for corrective and preventive action shall include:

- 10.2.1 Responsibility and authority for reporting nonconformity
- 10.2.2 Documenting corrective and preventive action
- 10.2.3 Determination of cause(s)
- 10.2.4 Determination and initiation of corrective action
- 10.2.5 Implementation of appropriate corrective action
- 10.2.6 Recording and communicating the results of corrective actions taken
- 10.2.7 Review and verification of the implementation and effectiveness of action taken

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Corrective action shall be appropriate to the nature and magnitude of the problem to the performance of the PNOC. The management shall review information on the corrective and preventive action taken, including customer feedback, and concerns from external interested parties to determine whether actions are appropriate and/or further actions are necessary.

When corrective action, preventive action, or improvements result in new or changed hazards or new or changed controls, these shall be subjected to risk assessment prior to implementation.

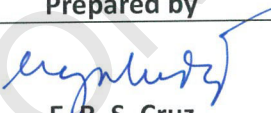
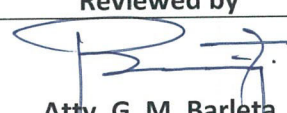
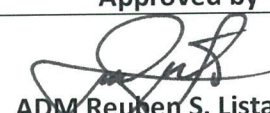
Changes in the system as a result of the corrective and preventive actions taken shall be reflected in the relevant documented procedures of the company.

10.3 CONTINUAL IMPROVEMENT

PNOC shall continually improve the suitability, adequacy, and effectiveness of the quality management system.

It shall consider the results of analysis and evaluation, and the outputs from management review, to determine if there are needs or opportunities that shall be addressed as part of continual improvement.

Rev. No.	Affected pages/ section	Revision History
0	-	New version of PNOC QMS; to include PNOC Energy Supply Base and PNOC Industrial Park.

Prepared by	Reviewed by	Approved by
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