

 **FERGUSON**

QUALITY MANUAL



INTRODUCTION

Ferguson is a leading value-added distributor of pipes, valves and fittings (PVF); fire and fabrication products; and maintenance, repair and operations (MRO) products. As a trusted supplier, we provide key products, specialized services and supply chain management solutions.

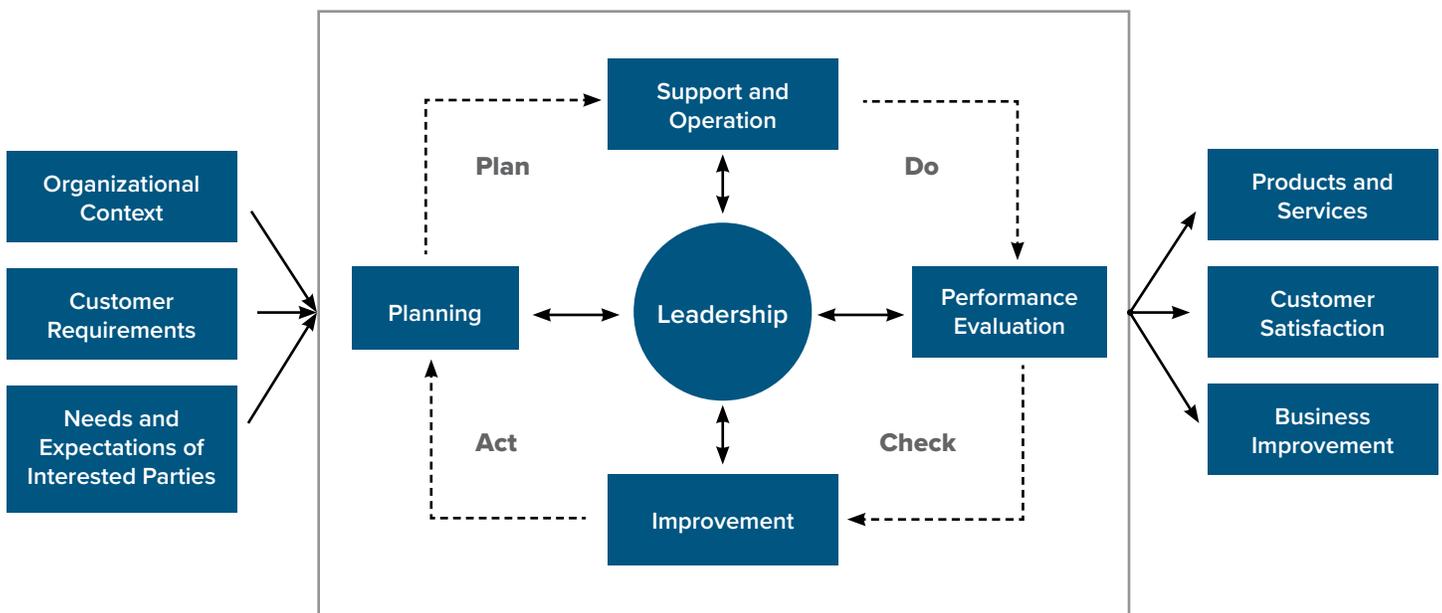
Ferguson is supported by an effective and well-established Quality Management System (QMS), first certified in 1997. Select Ferguson locations are certified to the ISO 9001:2015 standard by NQA USA, an accredited registrar, and the practices defined by these certifications help drive quality-focused behaviors.

We understand the strict product requirements of our customers' operations, which is why we are committed to serving our customers through quality people, products and processes. Through our distinguished quality program, we serve as a true partner to our customers, committed to their success.

This manual is used to familiarize our associates, customers or interested parties with the controls that have been implemented and to assure them that the integrity of our QMS is maintained and focused on meeting its intended outcomes. This manual also provides an overview of our organization, describes the structure of our management system, delineates authorities and responsibilities of personnel who operate within the parameters of the QMS and provides reference to the procedures and process that comprise it.

Quality is more than just a checked box; it permeates all that we do. Ferguson has adopted the process approach and risk-based thinking methodologies and integrated them into our daily operations. These tools, along with the Plan, Do, Check, Act (PDCA) cycle, are utilized when developing, implementing and improving the effectiveness of our QMS. The figure below illustrates our methodology for the development of our QMS:

Quality Management System



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Quality People • Quality Products • Quality Processes

1.0 | Scope

The scope of the Quality Management System (QMS) applies to the Industrial PVF, Integrated Supply and Fire & Fabrication segments of the organization. Functions performed by other departments within Ferguson are not directly controlled by the QMS. The scopes for these three groups are:

INDUSTRIAL PVF	INTEGRATED SUPPLY	FIRE AND FABRICATION
<p>Sales and distribution of pipe, valves, fittings, and other related industrial products.</p> <p>Services to include fabrication. Fabrication can include Valve Automation, HDPE or Pipelining.</p>	<p>The sales, purchasing, expediting, warehousing and distribution of tooling, abrasives and MRO products.</p>	<p>Fabrication and/or distribution of pipe, valves, fittings, devices, specialty products and hangers dedicated to the fire protection and industrial piping markets.</p>

Exclusions: ISO 9001:2015, clause 8.3: Design and Development.

Ferguson does not design or develop products or services. As a supplier, we provide products and services designed by other organizations such as the manufacturer or the customer. Therefore, clause 8.3 of the ISO 9001:2015 standard is not applicable and does not affect our ability to meet customer requirements or any applicable legal or regulatory requirements.

2.0 | Mission Statement (Quality Policy)

As a trusted supplier, we understand that the products and services we provide are critical to the safe operation of our customers’ facilities. We maintain a rigorous and comprehensive quality program, which enables us to deliver the greatest value to our customers: peace of mind.

Ferguson’s Quality Policy governs our day-to-day operations to ensure quality throughout our organization. This policy is approved and supported by leadership, and each associate understands and embraces the following principle: “Quality People, Quality Products, Quality Processes.”

QUALITY POLICY

Ferguson is committed to:

- Develop quality people
- Provide quality products
- Implement quality processes
- Meet customer, statutory and regulatory requirements
- Enhance customer satisfaction
- Drive continual improvement


Daniel Hogge
 VP of Industrial


George DiMatteo
 VP of Fire and Fabrication


Melissa Brady
 Senior Quality Assurance Manager

3.0 | Terms and Definitions

AML – Approved Manufacturers List. Applies to the following product types: industrial pipe, valves and fittings.

DBA – Doing Business As. Other names our company operates under, aside from Ferguson.

Interested Party – Group(s) that can affect, or be affected by, the organization. They can pose a significant risk to organizational sustainability if their needs and expectations are not met. This extends beyond a focus solely on the customer. May also be referred to as a stakeholder.

MMS – Metrology and Material Services. The name of our in-house testing laboratory.

MRO – Maintenance, Repair and Operations.

MTE – Material Testing Equipment. Tools used to verify or validate product requirements such as the dimensional, torque, pressure or chemical specifications outlined in the corresponding standard (e.g., ASTM, ASME).

MTR – Material Test Report. Document provided by the manufacturer that captures test results unique to the provided item, when applicable.

OEM – Original Equipment Manufacturer

PVF – Pipe, Valves and Fittings. These are types of products.

QMR – Quality Management Representative. Responsible for the quality management system of a designated area or subset of locations.

QMS – Quality Management System.

VMI – Vendor Managed Inventory. Service in which Ferguson performs inventory management services for sourcing/ replenishment for the customer.

4.0 | Context of the Organization

4.1 | Understanding the Organization and its Context

For nearly 70 years, Ferguson has provided the nation with a selection of leading supplies and products for a variety of industries. Our associates provide expert advice and a range of products and services that our customers want in order to improve their construction, renovation and maintenance projects. Providing world-class customer service is a cultural belief that is demonstrated every day through our expansive product selection backed by our knowledgeable associates.

Ferguson comprises numerous locations across North America. These locations may operate as Ferguson or under one of Ferguson's other DBA names such as Ferguson Industrial or Ferguson Fire & Fabrication. Through our network of locations, distribution centers and centralized support operatives, Ferguson offers solutions for numerous industries, no matter the line of work. Our highly specialized divisions allow us to focus on meeting the particular needs of the industry.

- **Industrial PVF** offers an industry-leading inventory of industrial pipe, valves, fittings and flanges, along with valve automation and fabrication services.
- **Integrated Supply** delivers innovative procurement, inventory management and distribution solutions for maintenance, repair and operations (MRO) products.
- **Fire & Fabrication** provides comprehensive solutions for fire protection contractors, including custom fabrication and engineered fire protection systems.

Ferguson understands that quality assurance and reliability are paramount to our customers. The industries and working conditions of our customers are demanding and, unfortunately, not all manufacturers consistently produce quality products.

This is why Ferguson is wholly committed to creating a culture of quality and has chosen ISO 9001 as the basis for our QMS.

Certification to ISO 9001:2015 helps us achieve our intended outcomes and demonstrates that our QMS is effective and providing value to our company and its interested parties. This independent third-party validation provides added assurance that we deliver consistent and reliable results our customers can depend on, remain focused on providing quality products and services to our customers and consistently operate according to our high standards.

4.2 | Understanding the Needs and Expectations of Interested Parties

Ferguson is committed to identifying, monitoring and reviewing the needs and expectations of our interested parties that are relevant to our purpose and strategic direction and that affect our ability to achieve the intended results of the QMS.

Ferguson's Interested Parties include:

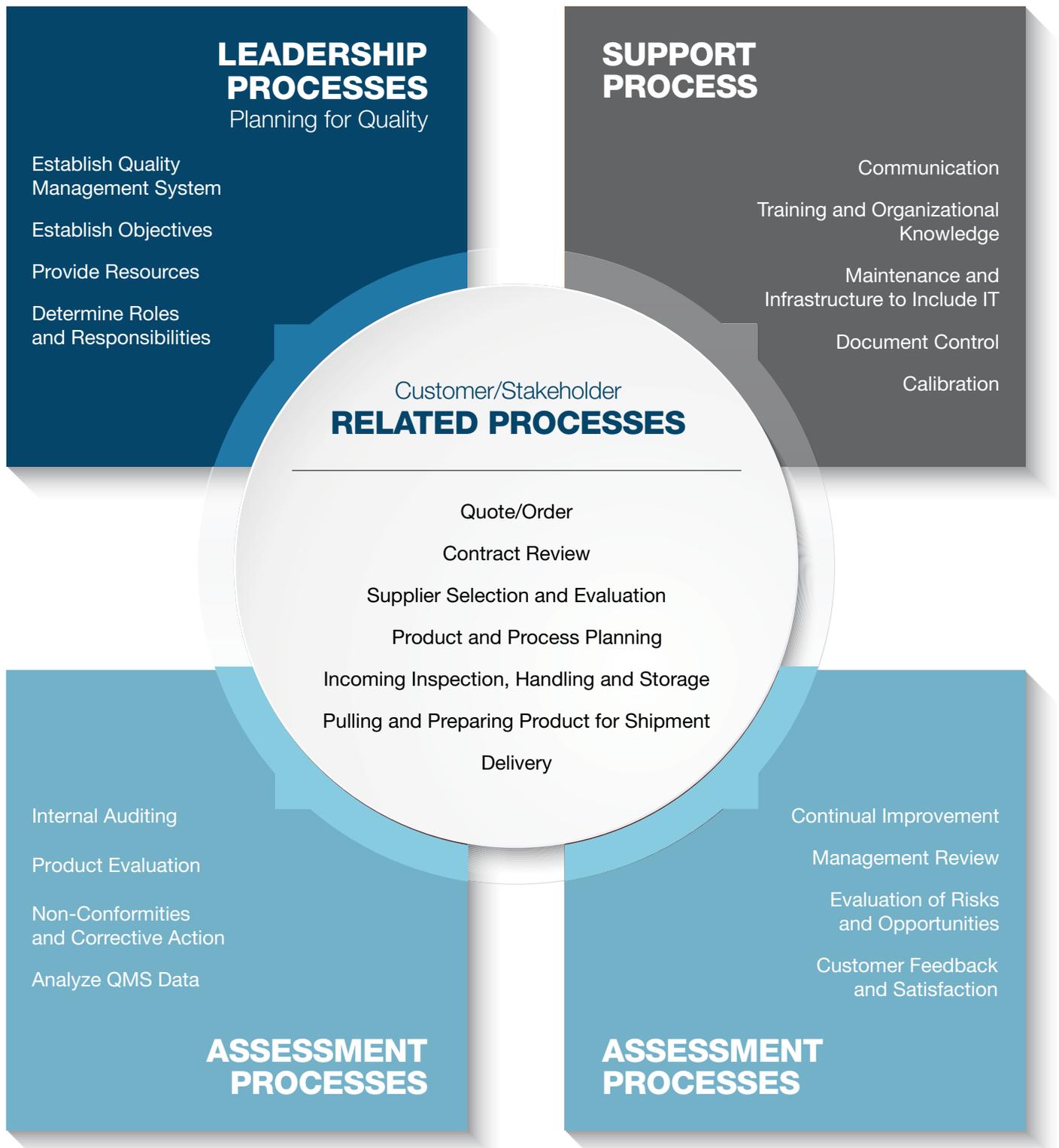
- Our associates
- Our customers
- Our suppliers, manufacturers and vendors
- Regulatory and statutory agencies

Ferguson will meet and monitor needs and expectations in the following ways:

- Customer-specific requirement evaluations
- Process and procedure adherence
- Contract compliance
- Customer and supplier evaluations
- Internal communications
- Management reviews
- Dedicated systems and data management

4.3 | QMS Processes

The sequence and interaction of our processes is illustrated in the diagram below.



5.0 | Leadership

5.1 | Commitment and Support

Ferguson's leadership is committed to the development, implementation and improvement of a Quality Management System (QMS). They provide the vision and strategic direction of our QMS and are accountable for its success. Our leaders demonstrate their commitment and support by:

- Communicating corporate policies, goals and objectives
- Aligning the QMS with the strategic direction of the organization
- Promoting awareness of risk-based thinking
- Conducting business in an ethical and responsible manner
- Developing operational strategies aimed to satisfy requirements of the ISO 9001:2015 standard and interested parties
- Developing objectives compatible with the QMS and context of the organization
- Partnering with vendors who help us achieve our customer and business needs
- Maintaining a customer focus and enhancing customer satisfaction by meeting customer requirements
- Protecting the health and safety of our associates, the environment and the public
- Providing necessary resources
- Facilitating growth and development of our associates
- Communicating the importance of an effective QMS
- Inspiring and encouraging a commitment to quality
- Promoting continual improvement to enhance our processes and strengthen our framework
- Participating in management reviews and conducting business strategy assessments
- Ensuring that the QMS, and the organization as a whole, achieves its intended results



SAFETY

We are accountable for our own safety and the safety of others.



SERVICE

We source great products, provide unrivaled service and build enduring relationships to deliver value to our customers.



RESULTS

We have high expectations and drive performance to deliver excellent results.



PEOPLE

We recruit passionate people and provide excellent development opportunities.



INTEGRITY

We act fairly, honestly and with integrity.



INNOVATION

We encourage innovation to improve our customers' solutions.

5.2 | Organizational Roles, Responsibilities and Authorities

Responsibilities and authorities for relevant roles are assigned by leadership. These are communicated through the combination of organizational charts, position titles and/or job descriptions. Developing knowledgeable and quality-focused associates strengthens our ability to partner with our customers, offering detailed product knowledge, problem solving solutions and cost-savings opportunities. Our associates receive comprehensive new-hire training and participate in continuing education opportunities to further enhance their skill sets and maintain cutting-edge industry knowledge.

The Quality Management Group was established and continues to be supported by efforts among senior leadership to ensure the QMS conforms to ISO 9001:2015 and remains effective. This group reports the performance of the QMS and works cross-functionally throughout Ferguson’s departments and work areas to support and actively manage the QMS. For example, they work closely with the Product Assurance Department, which manages and maintains the industrial Approved Manufacturer’s List (AML), supplier qualification and product compliance processes.

The diagram below represents the resources available to ensure the success of our quality program. The Quality Management Group is a part of the Operational side of the business and Product Assurance lies within the Legal department:



Product Assurance and ancillary groups are not directly controlled by the QMS but play an active supporting role.

6.0 | Planning

6.1 | Addressing Risk and Opportunities

Risk-based thinking is the foundation for achieving and maintaining an effective QMS. Ferguson recognizes risks and opportunities within our business and implements various actions to mitigate risk(s) from impacting our interested parties and maximize opportunities and improvements. Risk and opportunity management, including actions taken or change management processes, are proportionate to the potential impact.

Evidence of our risk and opportunity management include:

- Risk assessment
- Management reviews
- Audits and assessments
- Inspections and evaluations
- Risk management of outsourced processes
- Product Assurance Department
- MMS lab in Morrisville, NC

Leadership maintains a consistent focus on quality, which allows us to continually evaluate our processes for effectiveness, risks and improvement opportunities so that we can continue to provide high-quality products and services to our customers. As planning is an integral aspect of the interactive environment of the management review framework, we maintain this focus by incorporating a process approach, through the PDCA cycle, into our daily operations. This also minimizes risks and costly delays that could impact our organization and customers.



6.2 | Objectives and Planning to Achieve Them

Quality objectives are strategic and established for relevant functions, levels and processes throughout the QMS to ensure that the QMS pursues expected results, mitigates undesirable effects and achieves continual improvement. These objectives and corresponding plans are monitored, evaluated and reviewed within the framework of the management review process. If shortfalls are identified, management may revise objectives, issue corrective action requests or take other appropriate actions to address the issue.

6.3 | Planning for Change

When changes to the QMS are deemed necessary, Ferguson will ensure that the changes comply with the requirements of the QMS and are carried out in a planned manner to minimize risks and mitigate any adverse effects. These changes are managed within the management review process.

7.0 | Support

7.1 | Resources

Ferguson leadership determines and provides, in a timely manner, the resources necessary to establish, implement, maintain and improve the QMS. Resources include, but are not limited to:

- Personnel
- Buildings and work environments
- Operational processes
- Qualified suppliers
- Equipment, software and technology
- Training and organizational knowledge

These resources are assessed and reviewed on a periodic basis consistent with annual and strategic business planning activities. These factors can differ substantially depending on the products and services provided and may be impacted by internal or external factors. This is why it is important to perform continual evaluations, which we do as part of our business strategy planning and management review processes.

7.2 | Competence, Awareness and Communication

Leadership is responsible for ensuring that associates are competent to perform their work, receive necessary communications and are aware of the relevance of their jobs and how it impacts the QMS. Developing knowledgeable and quality-focused associates strengthens our ability to partner with our customers, offering detailed product knowledge, problem solving solutions and cost-savings opportunities.

Competent associates are a critical component of a successful QMS. Our associates receive comprehensive new-hire training and participate in continuing education opportunities to further enhance their skill sets and maintain cutting-edge industry knowledge. Competency is based on education, training, skills and experience as it relates to the job task. Training plans are available, updated as needed, and records retained. Competency and effectiveness of training are assessed by observation, proficiency testing, non-conformances, audit or other appropriate means.

Leadership ensures that associates are aware of the relevance and importance of their job and how they contribute to the success of the QMS. Associates are aware of the Quality Policy, quality objectives and implications of non-compliance to our QMS; they also understand how their job impacts the effectiveness of the QMS and the importance of risk management and continual improvement.

7.3 | Documented Information

The purpose of document control is to ensure that associates have access to the current versions of documents and records, where and when needed. Documented information required to support the effectiveness of our QMS is controlled to ensure it is available and suitable for use and is adequately protected, both from improper use and to maintain its integrity. Documented information includes documents and records created internally or those of external origin deemed necessary for the QMS.

For the control of documented information, the following activities have been defined:

- Identification
- Storage
- Distribution
- Access/retrieval
- Protection/control of changes (version control)
- Review and approvals
- Retention and disposition

Quality documents are controlled corporately by the Quality Management Group. When applicable, locations may implement local processes to support localized requirements in accordance with the QMS document control processes. The industrial Approved Manufacturers List (AML) is maintained and managed by the Product Assurance Department.

8.0 | Operation

8.1 | Operational Planning and Control

Implementing quality processes throughout our organization minimizes risks and costly delays that could impact our company and our customers. Ferguson plans for, implements and controls the processes needed to meet the requirements for the provision of our products and services. This is required to ensure consistent acceptability of products and services and to have confidence that the processes are carried out as planned, safely and effectively.

The planning phase is consistent with the requirements of the management system, performed in accordance with the processes outlined in section 6, and by:

- Determining the requirements for products and services
- Ensuring alignment with the context of the organization (section 4)
- Developing and implementing operational processes
- Evaluating necessary resources and support (section 6)
- Identifying documented information requirements to demonstrate conformity
- Establishing appropriate monitoring, control and verification methods

Plans are then implemented, controlled and reviewed to ensure they are suitable and effective. If changes are necessary, they too will be implemented in accordance with the processes outlined in section 6. Operational planning and control are managed by the management review process, which actively monitors business process from planning through continual improvement.

8.2 | Requirements for Products and Services

Ferguson ensures that customer requirements are fully understood and the organization has the capability to meet them before committing to supply products or services. If a change to the requirement is identified by Ferguson or requested by the customer, the change is communicated to appropriate personnel, and relevant documentation amended.

Quality control methods are implemented throughout our supply chain processes to make sure the products and services Ferguson provides are conforming and meet requirements.

8.3 | Design and Development

Ferguson is not currently engaged in the design or development of product. As a supplier, we provide products and services designed by other organizations, such as the manufacturer or the customer. Therefore, clause 8.3 of the ISO 9001:2015 standard is not applicable and does not affect our ability to meet customer requirements or any applicable legal or regulatory requirements.

8.4 | Externally Provided (Outsourced) Products and Services

It is imperative that all products and services conform to their specified requirements. This sentiment applies regardless of whether the product or service is provided internally or outsourced to an external provider. Therefore, Ferguson will ensure that externally provided processes, products and services conform to requirements. The method and extent of control applied is dependent upon the potential effect of the final product or service.

8.5 | Control of Nonconforming Outputs

Products, services or other process outputs that do not conform to their requirements are identified and controlled (e.g., quarantined) to prevent their unintended use or delivery. Appropriate action is taken based on the nature of the nonconformity and its effect on the conformity of products and services.

9.0 | Performance Evaluation

9.1 | Monitoring, Measuring, Analysis and Evaluation

Ferguson uses the QMS to evaluate the performance and effectiveness of the QMS and to improve its processes, products and services. Leadership defines what will be monitored and measured along with the appropriate method and timing of the evaluation.

Through the analysis of data, Ferguson aims to:

- Evaluate performance and effectiveness of the QMS
- Monitor the conformity of products and services
- Understand the degree of customer satisfaction
- Identify opportunities for improvement

9.2 | Internal Audit

Ferguson conducts internal audits to provide information on whether the QMS:

- Conforms to:
 - The requirements of ISO 9001:2015
 - Ferguson's own requirements for its QMS
- Is being effectively implemented and maintained

Internal audits are performed at least once per year by trained personnel who are independent of the activity being audited, thus ensuring that auditors do not audit their own work. The results of the internal audits are documented and communicated to leadership. Appropriate corrective actions are implemented for any nonconformances discovered.

9.3 | Management Review

Regular reviews of the QMS are conducted throughout the organization, throughout local and corporate levels, to ensure its continuing suitability, adequacy and effectiveness. These reviews are conducted on an established basis; however, additional meetings can be called as needed.

Defined agendas are established and include assessing the performance and effectiveness of the QMS, changes in internal or external issues relevant to the QMS, adequacy of resources, opportunities for improvement, status of actions resulting from previous reviews and other item(s) that may impact the QMS.

Records from management reviews are retained as evidence and include the agenda and supporting data (inputs) along with actions related to opportunities for improvement, changes to the QMS and resource needs (outputs). Leadership is responsible to follow up on the decisions identified in the meeting to ensure that the actions are implemented in an appropriate time frame.

10.0 | Improvement

10.1 | Nonconformity and Corrective Actions

Prompt reaction is essential when addressing nonconformities and corrective actions. When a nonconformity occurs, Ferguson reacts to the nonconformity and, as applicable, takes action to control the situation, minimize the impact, resolve the issue and prevent it from recurring.

Our corrective action process includes an in-depth analysis, identification of the root cause, development of action steps and evaluation of actions taken to assess effectiveness. We retain documented information related to the nature of nonconformities and subsequent actions taken.

10.2 | Continual Improvement

Utilizing the QMS, Ferguson strives to continually improve the suitability, adequacy and effectiveness of the QMS. We actively seek opportunities for improvement. Our associates are encouraged to identify and suggest opportunities for improvement in the QMS so that we can reduce risk, increase product reliability and enhance performance in every aspect of our business.

Opportunities for improvement can be identified through the management review process, audits, corrective actions, associate submission or at any other point in the QMS. Maintaining a consistent and extensive focus on quality enables us to continually evaluate our processes for improvement so we can continue to provide high-quality products and services to our customers.

APPENDIX A | Processes

Process Category	Process/ Process Input	Process Outputs	Responsibility for Process
Quality Management System	ISO 9001:2015 Standard	Quality Manual	Quality Council
		Quality Policy	Quality Council
Management Responsibilities	Management Review	Meeting Minutes	Quality Management Group Quality Management Representative ISO Representative Location Management
	Quality Objectives	Metrics	Quality Management Group ISO Representative Location Management
	Control of Documented Information	Documents and Records	Quality Management Group ISO Representative Location Management
	Resources	Personnel Allocation	Location Management
		Equipment Availability and Maintenance	Location Management
		Infrastructure and Environment	Location Management
	Competence and Awareness	Training	ISO Representative Location Management
		Associate Performance/Evaluation	ISO Representative Location Management
	Internal Audits	Internal Audit Checklist	Quality Council
		Internal Audit Report	Internal Quality Auditor
	Supplier Identification – Industrial AML	Industrial AML	Corporate Product Assurance
	Supplier Identification – Corporate	Corporate Vendor File	Corporate Sourcing
	Supplier Evaluation	Audit Report	Corporate Product Assurance
		Nonconformance Report	ISO Representative Location Management
		Product Inspection Record	Inspectors
Supplier Evaluation Record		Corporate Product Assurance Corporate Sourcing ISO Representative Location Management	
Sales/Customer Service	Request for Quote	Quote/Bid	Sales Associate
	Customer Order/Requisition	Sales Order	Sales Associate
	Customer Complaint	Returns/Credit	Sales Associate Location Management
		Nonconformance Report	Sales Associate ISO Representative
		Corrective Action Report	ISO Representative Location Management
		Medallia Software	Sales Associate ISO Representative Location Management
	Customer Service (order management, post-delivery activity, etc.)	Initiation of Action	Sales Associate ISO Representative Location Management
Purchasing/Sourcing	Inventory/Product Procurement	Supplier Purchase Order	Local Purchasing Corporate Sourcing
	Price Maintenance	Price Matrix	Local Purchasing Corporate Sourcing

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APPENDIX A | Processes (continued)

Process Category	Process/ Process Input	Process Outputs	Responsibility for Process
Warehousing	Receiving	Received in System	Warehouse Associate
	Put-away	Product Transferred to Storage Location	Warehouse Associate
	Special Storage Requirements (shelf-life, hazmat, stainless, etc.)	Proper Storage of Product	Warehouse Associate
	Picking/Pulling	Product Ready to Pack	Warehouse Associate
	Packing	Product Ready to Ship	Warehouse Associate
	Shipping	Completed Shipment	Warehouse Associate
	Nonconforming Material	Quarantine Product	Warehouse Associate ISO Representative
		Nonconformance Report	Warehouse Associate ISO Representative
		Corrective Action Report	ISO Representative Location Management
	Product Identification and Traceability	Product Staged/Stored in Designated Location	Warehouse Associate
Heat Code Captured		Warehouse Associate	
MTR Retrieval		Warehouse Associate	
Valve Automation	Request for Assembled Valve Package	Sales Order	Sales Associate
	Assembly/Automation	Completed Product	Valve Technician
	Product Identification and Traceability	Product Tags	Valve Technician
		Valve Automation Report	Valve Technician
Fabrication	Request for Fabricated Material	Sales Order	Sales Associate
		Fabrication Work Order	Sales Associate
	Fabrication	Completed Product	Technician
	Product Identification and Traceability	Product Marking/Transfer of Markings	Technician
Calibration	Tracking of MTE and Calibration Expiration	Calibration Log	Technician ISO Representative
	Calibration of MTE	Calibration Certificate	Technician ISO Representative



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