



Advanced Green Innovations, LLC

Supplier

Quality Manual

For Associated Gas Reformer Systems

Advanced Green Innovations, LLC

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Date: 10 MARCH 2017

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1. INTRODUCTION.

1.1 Purpose. The purpose of this AGI Supplier Quality Manual (the “Manual”) is to set forth AGI's requirements to Suppliers (as defined below) who provide Goods, including bulk materials, used in the manufacture and assembly of Associated Gas related AGI products and services. This Manual describes and defines the quality, commercial, production, supply and logistics requirements AGI requires from its Suppliers and their supply chain. Compliance with the applicable terms and conditions of this Manual is mandatory to ensure that Suppliers have the systems, processes and procedures in place to meet AGI's requirements and expectations. This Manual will be updated by AGI, at its sole discretion from time to time. If AGI modifies or amends the Manual, AGI shall communicate to Supplier by placing a notification on the AGI Website and by sending written electronic notification within 14 days of updated Manual release.

1.2 Scope. This document describes AGI's requirements for Suppliers who provide Goods, including bulk materials, used in the manufacture and assembly of AGI Associated Gas products.

This Manual does not apply to the supply of capital equipment, tooling, indirect material, office supplies, facility services and other infrastructure services.

1.3 Applicable Documents. The following documents and reference materials listed in this section are applicable to the extent used, referenced or specified by AGI in any Contract between Supplier and AGI

1.3.1 AGI Documents. It is the Supplier's responsibility to use and comply with the most current, AGI approved version of the following documents, which are available to the Supplier via AGI's website: <http://www.agigreentech.com>. The latest copy of this Manual, other documents of interest to the Supplier and notifications will be available at the above referenced AGI website. Permission to use and access to the AGI Website may be revoked by AGI in its sole discretion with or without cause or notice to the Supplier.

- * AGI Engineering Specifications
- * GP-85040 AGI PPAP Manual
- * FM-85011 Supplier Deviation Request Form
- * FM-85020 Supplier Specification Change Request Form
- * FM-85046 Run @ Rate Form (as required)
- * GP-82004 ASN Submission Procedure
- * GP-82008 Drop Shipment Requirements
- * GP-82001 Supplier Packaging Requirements Manual

1.3.2 Industry Documents. Suppliers are required to utilize and comply with, as applicable under the circumstances, all of the following:

- **MIL-STD-1686** Electrostatic Discharge Control Program for Protection of Electrical and Electronic Parts
- **ISO 9001** Quality Management System Requirements – General
- **ASME B31.1** ASME Power Piping Code
- **ASME B31.3** ASME Process Piping Code



1.4 Terms, Definitions and Acronyms. The following terms, definitions and acronyms that apply to this Manual include all of the following:

- **Active part** - A part currently being supplied to AGI for production or service use. The part remains active until AGI Purchasing issues a written confirmation stating that the part is inactive.
- **AGI** - Advanced Green Innovations, LLC
- **AGI Electronic communication mediums means communication via:**
 - AGI Supply Chain Portal or email
 - AGI Website <http://www.agigreentech.com>
- **ASME** - American Society of Mechanical Engineers
- **BOL** - Bill of Landing
- **CAR** - Corrective Action Report
- **CoC** - Certificate of Conformance. Document that confirms that product meets requirements. This form is included with every shipment.
- **Certificate of Origin (CoO)** - certificate of origin is a document attesting that goods in a shipment are of a certain origin under the definitions of a particular bilateral or multilateral free trade agreement.
- **Configured COTS** - Off the shelf item with specified available features.
- **Conformance Data** - Data for every requirement on AGI drawing, report must include result, pass/fail status, test standard used (if applicable), equipment used to measure each characteristic and bubbled print.
- **Contract(s)** - Means and includes: a) AGI's Production Purchase Order, b) supply agreement and/or c) any other contract or other commercial transaction requiring the Supplier to make, manufacture, assemble, ship and /or supply Goods or a service to AGI in accordance with the terms, conditions and specifications expressly set forth therein.
- **Control Plan** - Written descriptions of the systems for controlling parts and processes.
- **COTS** - Commercial off the shelf. Item that is sold to the general public and has been purchased/used by other customers already. Will be used "as is".
- **Cpk** - The capability index to measure process stability
- **Critical Characteristic** - Fit/Function Characteristic and/or Safety Characteristics identified in AGI drawings.
- **CS** - Controlled Shipping
- **Customer** - The organization or person that receives a product, as used in this Manual it means any person, business, entity, and/or company that AGI (or its affiliates, partners, suppliers, distributors and/or franchisees) renders services to or supplies products or Goods to in accordance with any contract including AGI (or its affiliates, partners, suppliers, distributors, franchisees) as a contracting party.
- **Custom Purchased Part** - Part is custom made to AGI drawing and not COTS.
- **Custom Purchased System** - System that is custom made to AGI drawing, may use COTS items as part of system BOM.
- **FAI** - First Article Inspection
- **Fit/Function Characteristic** - Product characteristic for which significant variation is likely to affect fit, function, mounting, appearance, or the ability to process or build the product (Goods), but is not related to safety or legal considerations. Identified on AGI drawings with ⓈF symbol.
- **Goods** - means and includes any article, material, component, part, product, resource and/or substance that is made, manufactured, assembled, or refined in accordance with AGI Specifications and supplied to AGI pursuant to any executed Contract. The Goods



(ex: materials, products, parts, services) identified on a Purchase Order and described in the Specifications. The term "Product" is synonymous and used interchangeably with the word "Goods".

- **MP&L** – Materials Planning and Logistics
- **NAFTA** – North American Free Trade Agreement.
- **NDA** – non-disclosure agreement between the parties to a contract.
- **Obsolete** – Goods being superseded by a new part number or change in form, fit or function.
- **PPAP** – Production Part Approval Process. Automotive qualification process adopted by AGI to qualify critical items.
- **Process** – A set of interrelated or interacting activities, methods, equipment, materials, methods and environment which transforms inputs into outputs.
- **PQP** – Product Quality Planning – Process used to develop and launch a product.
- **PSW** – Part Submission Warrant
- **Purchase Order** – A written offer by AGI (referred to as the "Buyer" or "AGI") for the purchase of the goods (the "Goods") and/or for the rendering of services (referred to as "Services") from the seller or Supplier (referred to as the "Seller") that expressly states the types, quantities and agreed prices for products or services and other legally binding contractual terms and conditions.
- **QMS** – Quality Management System
- **Raw Materials** – Materials or substances used in the manufacturing of a product.
- **RMA** – Return Material Authorization
- **Safety Characteristic** – Product characteristic for which significant variation is likely to affect the product's safety or the product's compliance with government regulations. Identified on drawings with Ⓢ Symbol.
- **Shall** – means that compliance with a requirement, process, procedure, method, Specification or action related to the services, Goods, or supply of Goods is mandatory, not optional or discretionary.
- **Significant Characteristic** – Product or process characteristic identified by AGI or Supplier and that can affect safety or compliance with regulations, fit, function, performance, reliability or customer satisfaction.
- **SOW** – Statement of Work means a written statement, exhibit or attachment to an AGI Contract that outlines, describes, details and defines the specific services, Specifications, types, levels, standards, qualities, quantities, timelines, deadlines and other characteristics relating to the production, manufacture, assembly and delivery of Goods or services to AGI.
- **SPC** – Statistical Process Control
- **Specification** – specifications for the Goods and includes, but is not limited to, attributes, characteristics, features, components, dimensions, measurements, requirements, rates, appearance, apparatus, functions, materials, details and criteria provided by Buyer to Seller in connection with or relating to the Goods.
- **SQE** – Supplier Quality Engineer
- **Supplier** – as used in this manual, the term Supplier refers to a provider of Goods or services to AGI.
- **Tier I Make** – Products, assemblies made at Tier I. Tier I is the recipient of AGI's contract.
- **Tier II Make** – Products manufactured for Tier I to AGI print by an outside supplier.



2. GENERAL REQUIREMENTS.

2.1 Quality Management System ISO Compliance. It is encouraged that AGI production Suppliers' quality management system be in complete compliance with the provisions of ISO 9001:2015 or equivalent.

2.2 Code of Conduct. Supplier shall comply with AGI's "Code of Conduct Policy" which is located at the AGI Website.

2.3 Compliance with Contractual Requirements. The Supplier shall be responsible for complying with all requirements and Specifications set forth in Contract. All documents, specified in the Contract are required to be used at all levels of the supply chain.

2.4 Control of subcontractors. The Supplier, as the recipient of the AGI Contract, shall be responsible for complete compliance with all requirements and Specifications, including work or services performed by the Supplier's subcontractors. A fully executed NDA is required for all potential subcontractors prior to any data being shared with them. Supplier shall execute an NDA with its subcontractors with terms and conditions that are at least equivalent to the terms and conditions expressly set forth in AGI's standard nondisclosure agreement. When the Supplier uses subcontractors to perform work on Goods and/or services scheduled for delivery to AGI, the Supplier shall include all AGI requirements and Specifications, if applicable, on its subcontractors' contracts. Supplier shall have their own subcontractor qualification and management process. AGI reserves the right to visit all subcontractors' facilities for the purpose of verifying compliance to AGI requirements and Specifications, and/or require that Supplier provide AGI with complete and executed copy of its subcontractors' contract(s) within five (5) days of the date of receipt of AGI written request.

2.4.1 AGI Designated Suppliers. Where specified or named in any Contract, the Supplier shall purchase Goods and receive services from AGI designated Suppliers specified or named in such Contract. However, the Supplier shall have the sole responsibility for ensuring the Goods and services from such designated subcontractors are in complete compliance with Contract requirements and Specifications between AGI and Supplier.

2.5 Supplier Communication. Supplier is responsible for proactively communicating to AGI any circumstances that may impact quality or delivery of Goods or services.

2.6 Supplier Deviation Request. Supplier shall not ship Goods or render services that deviate or otherwise fail to comply whole or in part with the requirements or Specifications set forth in any AGI Contract without prior written approval from AGI. If the Goods or services fail to comply, Supplier shall petition AGI, a "Deviation Request" in writing, to allow shipment of the Goods or rendering of the services under a written nonconformance deviation. Supplier shall use AGI's Supplier Deviation Request Form (FM-85011), unless otherwise directed.

If requested by AGI, the Supplier shall send samples of such nonconforming Goods to AGI for evaluation. The cost of shipping, inspection, evaluation, analysis and testing of the samples to determine the potential acceptability of such Goods shall be paid for solely by the Supplier.

AGI approval of a deviation is specific to the Goods listed and specified in AGI's approval of the Deviation Request and shall not be construed, deemed or interpreted by the Supplier as a permanent engineering change and/or a waiver of any of AGI's requirements or Specifications in future shipments. The Supplier shall begin work immediately on corrective



action. In all cases, the Supplier shall fully contain, isolate and segregate all Goods suspected of being nonconforming. In addition, nonconforming Goods may be returned to Supplier at the sole expense of Supplier, or Supplier may be required to sort any suspect Goods already shipped to an AGI site or be charged back for the cost of sorting by AGI or receiving facility. AGI shall have the right, but not the obligation, to issue a CAR to the Supplier if Supplier fails to obtain the required written AGI approval before shipping. AGI shall communicate approval or rejection of requested deviation via the Supplier Deviation Request Form FM-85011.

2.6.1 Marking of Deviated Parts. Supplier shall identify and mark all boxes, containers or other packaging which contains approved nonconforming parts with the words “Deviation Included”. Where feasible due to part size; individual parts shall be tagged with “*Deviation # XX*”. A copy of the AGI approved Supplier Deviation Request Form shall be included inside each box, container or other packaging and CoC shall include the approved deviation number.

2.7 Control and Release of AGI Furnished Documents. Documents and information disclosed by AGI and that are deemed “Confidential Information” as defined in the NDA are furnished solely for the purpose of conducting business with AGI. The Supplier is solely responsible for maintaining the confidentiality of such confidential information and for complying in full and at all times with terms and conditions set forth in the executed NDA between Supplier and AGI.

2.8 Shelf Life.

2.8.1 With each delivery of Goods that have a limited or specified shelf life, the Supplier shall furnish data that evidences and documents the following:

- 1) The cure or manufacture date;
- 2) Expiration date or shelf life;
- 3) Lot or batch number; and
- 4) Any safety measures, procedures or protocols that should be followed, special handling or storage requirements.

2.8.2 Unless otherwise specified by Contract, for all shelf life limited Goods delivered to AGI, the remaining shelf life shall be of a sufficient duration so as to not negatively impact Goods sold to AGI, and must have a minimum of seventy five percent (75%) remaining total shelf life upon delivery at AGI or AGI approved facility.

2.9 Supplier Facility Access. Supplier shall permit AGI to enter, have access to and inspect Supplier's facilities and those of their sub-contractors' for the purpose of evaluating parts, processes, applicable documents including, but not limited to FMEA, Control Plan, Instructions, certifications, records, methodologies and systems used in manufacturing of AGI Goods to verify conformance to AGI Contract requirements and Specifications. AGI may use independent third-party auditors or consultants.

2.10 Record Retention. Supplier shall retain quality records and documentation for the time period specified in Table 2-1, below, unless otherwise specified by AGI in writing.



TABLE 2-1: Minimum Document Retention Periods

Document Type	Examples	Minimum Retention Period
Product Quality Planning and Qualification/ conformance Documentation	Technical specifications, drawings, process flow charts, control plans, FMEAs, manufacturing instructions, etc.	The length of time that the part, or family of parts, is Active, plus one (1) calendar year, unless otherwise specified by AGI in writing.
Quality Performance Records	Control charts, inspection and test results, product audits, layout inspection reports, functional testing reports, etc.	The length of time that the part, or family of parts, is Active, plus one calendar year, unless otherwise specified by AGI in writing.
Traceability Records	Lot numbers, serial numbers, rework records, etc.	Five (5) years from date of creation.
Product Safety or Regulatory Related Records	Environmental, Hazardous Materials, RoHS, Dodd-Frank, REACH, etc.	A minimum of fifteen (15) years from the date of manufacture.
ASME B31.1, and 31.3 Boiler and Vessel Pressure Code required Records	Engineering design, material certifications, manufacturing and repair instructions and records, personnel qualifications, welding, test and examination records, etc.	At least five (5) years after received from AGI or a subcontractor or if created

3. COMMERCIAL AND LOGISTICS REQUIREMENTS.

3.1 Product Supply Authorization. AGI Buyer is the only party authorized by AGI to approve the supply of Goods or services. Such authorization shall only be effectuated via a Purchase Order.

3.2 Tooling Identification & Ownership.

3.2.1 All tooling, equipment and related materials provided to Supplier for the purpose of manufacturing Goods for AGI are the sole property of AGI and shall be marked and identified with a serialized property tag with the words “**Property of Advanced Green Innovations, LLC**”. Supplier shall sign or authorize AGI to sign on its behalf any documents deemed reasonably necessary by AGI to be filed with federal, state or local officials to record AGI's title and ownership of AGI's property. Supplier shall not sell, lend, rent, transfer or dispose of AGI's property.

3.2.2 If the marking required under Section 3.2.1, on the tool, equipment or materials is not practical under the circumstances, an alternative identification of AGI Property shall be made upon approval by AGI buyer and a corresponding record shall be maintained by Supplier identifying that the tool, equipment or material is AGI property. This record shall be maintained while the part is Active and until AGI Purchasing gives Supplier written authorization to return or scrap tool, equipment or material.



3.2.3 Written confirmation indicating Supplier possesses or otherwise has care, custody or control of AGI property, including photographic evidence, shall be submitted to AGI as requested from time to time.

3.2.4 Handling and storage of AGI property shall be made in a way that damage or deterioration does not occur.

3.3 First - In – First - Out - FIFO. The Supplier shall ensure that no Obsolete or expired Goods are shipped to AGI. The Suppliers shall perform first in/first out (FIFO) inventory management practices.

4. PRODUCT QUALITY PLANNING (As Applicable). This process ensures the Supplier utilizes adequate planning to support the development and launch of product. If required by AGI due to the complexity or criticality of the product, Supplier shall use and implement a Product Quality Planning process approved by AGI.

4.1 Supplier Responsibilities. The Supplier shall:

4.1.1 Identify points of contact;

4.1.2 Develop, implement and execute a PQP Plan for successful product launch;

4.1.3 Organize and implement the cross-functional PQP team; and

4.1.4 Submit written PQP plan updates, pursuant to the schedule requested and approved by AGI. This update is required to track and verify documentation of the Supplier's progress throughout the PQP and launch processes.

4.2. AGI Responsibilities. AGI shall:

4.2.1 Review and approve the supplier's PQP process before commencing PQP activities.

4.2.2 Identify and communicate the AGI project team members;

4.2.3 Assign the SQE who shall verify the completion of PQP activities with the internal Project team and Supplier team; and

4.2.4 Define how the SOW is related to PQP activities and resolve conflicts between the two.

5. QUALIFICATION REQUIREMENTS.

5.1 Data Requirements. This section defines approval requirements for production intent and production product. Table 5-1 below shall be used to determine qualification requirements applicable to the item. AGI and Supplier shall agree on which "Item Type" category item falls into and "Conformance Data" requirements. See GP-85040 AGI PPAP Manual for PPAP requirement details.



Item Type	CoC	Conformance Data
COTS		As required
Configured COTS	For raw materials and end item.	As required
Custom Purchased Part	For raw materials and end item.	PPAP per Checklist
Custom Purchased System	Environmental, Hazardous Materials, RoHS, Dodd-Frank, REACH, etc.	PPAP per Checklist
Raw Materials		Per lot, heat, batch, etc., and per applicable ASME code.
Tier I Make		PPAP per Checklist
Tier II Make	For raw materials, COTS & end item.	For custom items

5.2 Subcontractor Requirements. Supplier shall complete subcontractor qualifications per their Supplier Qualification process. AGI reserves the right to participate in joint subcontractor qualification efforts.

6.0 PROCESS CONTROL REQUIREMENTS

6.1 Error-Proofing. Supplier shall implement error-proofing methods as a form of process control to prevent or detect non-conformances, including, but not limited to repetitive functions, difficult operations prone to mistakes, or where the cost of error is high. Supplier shall use PFMEA to identify areas that need action(s) implemented such as error proofing.

6.2 Work Instructions. Supplier shall document and provide written instructions, as necessary, for all its employees having responsibilities for processes that impact AGI requirements for Goods to be supplied to AGI. These instructions shall be current, made accessible for use at the work station and written with enough detail to successfully help applicable employee(s) perform function.

6.3 Statistical Process Control (SPC). Where specified in the Control Plan or AGI Contract, Supplier shall implement appropriate and effective statistical process controls to ensure the quality of the Goods meet AGI's specifications.

6.4 Tools and Equipment Calibration. Inspection, measuring and testing tools and equipment used to confirm product compliance shall be calibrated and traceable to national standards.

6.5 Equipment Maintenance. Supplier shall designate and identify in writing key manufacturing and testing equipment and provide resources for machine/equipment maintenance activities and implement an effective reactive, preventive and predictive maintenance system. Equipment shall be identified in writing in the process flow chart.



6.6 Identification and Traceability. Supplier shall provide product identification and traceability for the Goods, pursuant to and in accordance with the applicable federal regulations, the AGI drawing, or Contract.

6.6.1 Traceability System. Supplier shall implement a system for control and identification of Goods that meets the following requirements:

- The system shall support both forward traceability from raw materials to customer shipments, and backwards traceability from customer shipments to subsystems, assemblies, manufactured lots and finally to components, subcontracted items and raw materials received from suppliers.
- The system shall provide both lot control and serial number traceability as required.
- Traceability shall include equipment used for each processing and testing step and operator performing processing/testing/inspections.
- Traceability shall include rework and repair.

6.6.2 Identification. Includes, but is not limited to the following: the AGI part number and revision level shall be clearly identified and set forth on a) the Goods, b) on the packaging according to the part drawing; c) as agreed upon in the Production Purchase Order or Contract if not specified on the applicable AGI drawing.

6.6.3 Traceability Inquiries. Supplier shall respond to any lot traceability inquiry from AGI within twenty-four (24) hours after the date the Supplier is in receipt of the AGI inquiry. Traceability details provided to AGI shall include all lot numbers and, if applicable, all serial numbers affected.

6.7 Electro-Static Discharge (ESD) Control. Suppliers providing ESD sensitive Goods to AGI shall, prior to manufacturing, document and implement an Electrostatic Discharge (ESD) Control Program plan. Supplier shall clearly mark all ESD sensitive Goods in accordance with the requirements in MIL-STD-1686.

6.8 Change Notification and Approval. Supplier shall be responsible for controlling changes and notifying AGI of all changes to the approved part design or approved packaging. Supplier shall not ship any Goods to AGI that include any changes that have not been approved in writing by AGI.

6.8.1 Change Control Process and Supplier Change Requests. Supplier shall submit to AGI Buyer a Supplier Specification Change Request Form FM-85020 for review and approval by AGI. AGI Quality shall notify Supplier as to which qualification requirements or PPAP elements shall be resubmitted for approval, AGI may also require submission of samples representative of requested change for evaluation at AGI. Change notification shall be submitted per Table 6-1. AGI shall have the right to approve or reject the Change Request in its sole and unilateral discretion, with or without cause. AGI Buyer shall evidence approval or rejection of requested change by signing and submitting form FM-85020 back to Supplier.



Any changes that affect form, fit, function, performance.	Change of manufacturing location
Change of materials or components manufactured by Supplier or its subcontractors.	Changes to part number or revision.
Change of supplier.	Product produced after tooling has been inactive for 12 months or more.
Changes that are not backwards compatible for serviceability.	Changes to testing or inspection methods.
Changes to process sequence from what was documented in process flow diagram.	Changes in product appearance attributes (if applicable).

6.8.2 End of Life Notification. Supplier shall submit a written Change Request Notification to AGI Buyer at least twelve (12) months before the supply of Goods to AGI will be impacted.

6.9 Document Control Process. The Supplier shall review and implement all written AGI requirements and requirement changes in every applicable Supplier document. Supplier shall send AGI Buyer an implementation plan and timeline within ten (10) business days of receiving requirements or requirement changes.

6.9.1 Document Control process shall:

- Control customer provided and internal documents;
- Ensure correct version control and version effectivity dates;
- Ensure documents are available when and where needed;
- Ensure documents are protected from improper use, damage;
- Ensure confidential documents are only accessed by approved parties.
- Conform to ASME standard(s) if applicable.

6.10 Manufacturing Control Process. Supplier shall review, distribute and implement in a controlled manner all AGI requirements, Specifications and changes in all items, including but not limited to fixtures, jigs, tooling, gauges, measurement systems, training, software, shop floor documents, inspection plans, labels, packaging, processes and raw materials to ensure that they are applicable to the revision being manufactured per AGI Contract and readily available to employees required to comply with them. AGI requirements and Specifications shall be implemented at applicable subcontractor sites. Supplier shall send AGI Buyer an implementation plan and timeline ten (10) business days of receiving requirements or requirement changes.

6.11 Training. Supplier shall have a documented training program and training records to demonstrate that employees have the knowledge, skills and certifications necessary to perform their assigned jobs. Cross-training at all levels of the organization and competence evaluation and shall be part of program and training records shall include training updates due to change implementation, corrective actions.



6.12 Continuous Improvement. Supplier shall implement a process for continuous improvement of their operations including but not limited to quality system, product quality, processes, delivery, purchase cost, efficiency and technology. Continuous improvement process should include use of lessons learned and internal process and system audits results.

6.13 Capacity. AGI Suppliers shall be able to handle a fifteen percent (15%) fluctuation in weekly volume supply requirements. When Supplier is notified of forecast increases, Supplier shall be responsible for completing an internal capacity audit that confirms that Supplier is capable of meeting the increase in forecast demand. Supplier shall respond to AGI in writing within fourteen (14) calendar days of receiving updated supply requirements confirming that a) the new forecasted demand can be complied with or b) stating that there is any issue that would prevent or prohibit Supplier from complying with the forecasted demand along with a written plan to resolve the issue(s). In times of increased demand, AGI may also ask Supplier to provide monthly or quarterly updates on capacity to confirm and verify that Supplier has the capacity to meet the increased supply demand.

7. PACKAGING, LABELING, DELIVERY, & RECORD RETENTION. The Supplier shall comply with all applicable industry standards and practices and any AGI requirements set forth in the relevant Contract related to preservation of Goods, packaging, labeling, and shipping methods related to the Goods.

7.1 Preservation. Supplier shall use appropriate methods for preserving and segregating Goods under their control to prevent expiration or decay due to internal storage or handling. Supplier's Product storage methods and facilities shall not cause or contribute to damage, injury or deterioration to the Products due to corrosion, temperature or other conditions occurring during storage of the Product on the Supplier's premises. In order to detect deterioration, the condition of product in stock shall be inspected and evaluated at appropriate planned intervals.

7.2. Storage.

7.2.1 Storage Areas. Supplier's storage areas shall be reasonably identified in order to limit the possibility of mixing Goods or shipping Goods or components prior to proper release. Supplier is obligated to safely and securely store the Products in a manner that prevents theft, injury or damage.

7.2.2 Hazardous Materials, Industrial Wastes and any Hazardous Wastes. Supplier shall store hazardous items related to the manufacture of AGI's Goods in designated storage areas or in controlled satellite accumulation points throughout the plant and in accordance with all applicable local, state and federal rules, regulations, codes, laws, ordinances and statutes.

7.3 Packaging. Supplier is required to comply with all of the packaging requirements relating to the Goods as set forth in GP-82001 Supplier Packaging Requirements Manual.

7.4 Labeling. Supplier is required to comply with all of the labeling requirements relating to the Goods as set forth in GP-82001 Supplier Packaging Requirements Manual.

7.5 Delivery. Supplier is required to notify the AGI MP&L department in writing, immediately, of any delay in delivering Goods on the scheduled delivery date as set forth in the applicable Contract. Supplier shall be responsible for all transport costs, fees, expenses



and fines due to delays, and shall coordinate a new/revised delivery date with MP&L department.

7.6 Drop Shipments. Suppliers who have been authorized by AGI in writing to drop ship Goods directly to a non-AGI facility shall submit to AGI Quality engineer and receiving facility, the quality documentation and data required in Section 7.7, whichever is applicable under the circumstances. Supplier shall also retain all quality documentation per Table 2-1. Additionally, Suppliers shall also submit shipping documentation as specified in section 7.7.

7.7 Required Documentation.

7.7.1 Pre-Production Product.

- Material Certifications;
- Performance test results if applicable;
- Certificate of Conformance
- If required by ASME Code(s); report forms deemed for customer.

7.7.2 Production Product. After the Supplier has obtained initial qualification or PPAP approval from AGI, Supplier shall furnish a Certificate of Conformance with each shipment showing part number(s), revision, lot or serial numbers and quantity of the Goods delivered to AGI. Also, if required by ASME Code(s); report forms deemed for customer.

7.7.3 Country of Origin Documentation. If AGI requires the Supplier to ship Goods to international destinations, Supplier's invoice shall contain the required "Country of Origin" indication clearly marked on the accompanying invoice along with a written description and monetary value in U.S. dollars. Suppliers shall be responsible for the accurate completion of customs documents and shall ensure all documents are given to the carrier at time of shipment for proper clearance through customs. Any delays in Customs and/or penalties for incomplete or inaccurate information required for international shipment of Goods shall be paid for by and be the sole responsibility of the Supplier.

To ensure compliance with applicable local, state and federal governments (and agencies, departments and instrumentalities thereof), the U.S. Department of Treasury, U.S. Customs, and International Customs, each Supplier shall provide a Certificate of Origin representing all part numbers supplied to AGI to avoid any penalties, fines, assessments, taxes and/or infractions resulting from violations of applicable local, state and federal regulations. Suppliers shall forward their NAFTA Certificate of Origin, annually, to the AGI Supply Chain department. Each Supplier shall submit to AGI annually, on the appropriate forms, documentation which complies with all applicable requirements of NAFTA.

7.7.4 Advanced Shipping Notification (ASN). Supplier is required to furnish to AGI a written Advanced Shipping Notification upon tender of the Goods to a carrier by the Supplier per GP-82004 ASN Submission Procedure.

7.7.5 Drop Shipment Documentation requirements. For drop shipments, the following documentation is required:



7.7.5.1 Documentation from shipping Supplier to AGI. Supplier is required to email documentation per 7.7.4 to AGI at asn@agigreentech.com. The subject of the ASN email shall include the non-AGI facility that is to receive the Goods on behalf of AGI, i.e. “ASN-McMaster to XYZ Machine Shop”.

7.7.5.2 Documentation from shipping Supplier to receiving facility. Supplier is required to copy receiving facility when sending ASN email to AGI and include a hard copy of all documentation in accordance with 7.6 and 7.7.4 with each shipment.

7.7.5.3 Receiving facility requirements. The receiving facility shall comply with the following with drop ship requirements per GP-82008 upon receipt of the Goods.

8. CORRECTIVE ACTIONS AND RELATED REQUIREMENTS.

8.1 Problem Solving Process. Supplier shall have problem solving practices and methods in place to use for both customer complaints and issues identified internally.

8.2 Corrective Action Report. AGI has the right but not the obligation to submit a request for Corrective Action Report (a “CAR”) to Supplier when nonconforming Goods are identified or other AGI written requirements or Specifications are not complied with. When a written reply is requested by AGI, Supplier shall respond using a Corrective Action Report. Unless otherwise requested by AGI, Supplier shall respond **in writing** in accordance with the time frames stated in the Corrective Action Timeline set forth in Table 8-1.

8.2.1 The Corrective Action Report shall include at least:

- 1) **Problem Statement** – Clearly define nonconformance, who reported issue, where and when is problem experienced, when was problem first observed, etc.
- 2) **Containment** – Include containment activities in place, inventory details, locations and quantities contained and dates that actions and containment were implemented.
- 3) **Root Cause(s)** – Identify how problem escaped current process, occurrence and systemic root causes. Include tools and data that were used to identify and verify root causes.
- 4) **Corrective Action** – Include corrective actions that have been identified, how effectiveness of the solution was verified and corrective action effectivity dates. List documentation (Control Plan, Work Instructions, Training materials/records, etc.) that will or has been updated and revision dates.
- 5) **Preventive Action** – Activities to eliminate the possibility of occurrence in similar and future products and processes. List documentation (Training materials, procedures, lessons learned database, etc.) that will or has been updated and revision dates.



TABLE 8-1: Corrective Action Timeline

Required Action	Timeline
The Supplier shall acknowledge receipt of notification of CAR request and communicate in writing to AGI the immediate containment actions to be taken with respect to the nonconformity reported by AGI.	Same day AGI notifies of nonconformance.
<p>The Supplier shall provide a written update of the containment plan to protect AGI during the interim period until corrective action has been implemented and corrected Goods are shipped. This update shall include:</p> <ul style="list-style-type: none"> • Confirmation that the Supplier has identified all Goods affected by reported nonconformance in process, in stock, in transit, and delivered by Supplier to AGI or AGI authorized drop ship location, by lot or serial number, AGI Contract number, and quantity. • Additional specific containment actions needed to be taken by the Supplier and/or AGI. 	Within 24 hours of notification of nonconformance from AGI.
The Supplier shall submit the completed Corrective Action Report.	Within 5 business days of notification of nonconformance from AGI.

Supplier statements indicating that the corrective action taken is to alert or re-train the employee, and/or increase inspection alone, are **not** acceptable corrective actions. Such corrective actions shall be considered insufficient and do not address the underlying root cause of why the Supplier's policies, instructions, processes, procedures, and/or systems allowed the nonconformity to develop and occur and not be detected by existing quality controls.

8.3 Supplier Containment. Until corrective action has been implemented and conforming Goods are shipped by Supplier, Supplier shall provide written documentation with subsequent shipments that affected Goods have been inspected for the identified non-conformances and shall ensure that all such Goods are free from all nonconformities.

8.4 Controlled Shipping. Controlled Shipping (“CS”) Level I and II will be issued against the Supplier when AGI has determined that the Supplier does not have the necessary controls and systems implemented to prevent nonconforming Goods from being delivered to AGI, its affiliates, and/or its Customers. If AGI places Supplier on CS status, Supplier shall initiate a Corrective Action Report immediately per section 8.2 to address all nonconformities and systemic issues that resulted in Supplier being placed in CS status.

8.4.1 Controlled Shipping, Level I – Inspection performed at Supplier's location by Supplier employees. Controlled shipping inspection process must be performed in a controlled area of the Supplier's plant using written instructions. Inspection data requested by AGI must be collected, inspected Goods shall be certified and data provided to AGI in writing before shipment.

8.4.2 Controlled Shipping, Level II - Includes Level I requirements, with an added inspection by an approved and independent 3rd party. Third party is selected



by Supplier and approved by AGI, and paid by the Supplier. In some instances, AGI may require that the third-party inspection be performed outside Supplier's facility.

Based on the severity of the incident and for repeated nonconformities, AGI may elect to go directly to CSII.

The responsible Quality Engineer at AGI will review Supplier's written Corrective Action Report and the AGI Vice President of Supply Chain shall authorize removal or renewal of Controlled Shipping when appropriate.

After the corrective action plan has been implemented by Supplier, the Supplier shall have a minimum period of thirty (30) calendar days during which Supplier is required to submit to AGI written verification data showing that no additional nonconformities have been found.

8.5 RMA Request. When AGI Purchasing department requests an RMA for nonconforming or suspect Goods, Supplier shall respond to AGI within twenty-four (24) hours after the date that Supplier receives the RMA request from AGI. If a response is not received by AGI within twenty-four (24) hours, AGI may scrap the Goods and debit Supplier or ship the Goods back to the Supplier "Freight Collect" and debit Supplier at AGI's sole and unilateral discretion.

8.6 Cost Recovery. Supplier cost recovery will be implemented by AGI when AGI determines, in its sole and unilateral discretion, that Supplier is responsible, in whole or in part, for quality and/or delivery non-conformances. Cost recovery process shall include, but is not limited to, sorting, rework, repair and scrap costs incurred at AGI, its Customers or suppliers.

The cost recovery rate will depend on the nature of the specific operation and the cost of recovery shall be negotiated between Supplier and AGI purchasing.

9. VA/VE AND COST REDUCTION

9.1 Cost Reduction. Suppliers shall achieve cost reductions to support agreed upon pricing targets on an annual basis. Cost reduction may affect sourcing decisions and long-term Supplier relations with AGI.

Cost saving opportunities include, but are not limited to:

- Improved Payment Terms;
- Volume Efficiency;
- Simplifying the product or process;
- Improved utilization of manpower;
- Quality Improvement; and
- Subcontractor Cost Reduction Programs.

9.2 VA/VE. VA/VE activities are an important and effective method for reducing costs by eliminating waste and reducing non-value added activities in the manufacturing and delivery processes. Suppliers shall pursue VA/VE opportunities and present such opportunities to AGI in writing for consideration and approval.

This Manual may be amended or modified by AGI in its sole and unilateral discretion from time to time. Supplier shall complete review of modifications within (10) ten business days after receipt of the written notification from AGI and Supplier shall send AGI an implementation plan per section 6.9 of this Manual.

End of Supplier Quality Manual