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1.0 Definition and Abbreviations

- 1.1 NCR: Non-Conformance Report
- 1.2 SCAR: Supplier Corrective Action Request
- 1.3 OTD: On Time Delivery
- 1.4 AVL: Approved Vendor List
- 1.5 SQM: Supplier Quality Manual
- 1.6 Sub Suppliers: When supplier issues work to another supplier / location
- 1.7 NFI: Notification For Inspection
- 1.8 COL: Certificate of Insurance
- 1.9 ITP: Inspection Test Plan

2.0 HSE Requirements:

As part of ADS Services' commitment to the health and safety of its employees, clients, and the environment, suppliers are mandated to adhere to all Health, Safety, and Environmental (HSE) regulations and statutory requirements applicable when entering ADS Services premises, working on behalf of ADS Services, or supplying goods and/or services provided to ADS Services or any of its affiliated companies. Failure to comply with these HSE requirements may lead to contractual penalties, termination of contracts, or other appropriate actions as determined by ADS Services' HSE policies and procedures.

Suppliers shall have a designated HSE representative for their company.

3.0 Introduction

This Supplier Quality Manual (SQM) is provided to assist the Supplier in understanding their responsibilities to ADS Services LLC and its entities as part of the contractual agreement between ADS Services LLC, its companies, and its suppliers (for both products and services).

ADS Services LLC expects our supplier to commit to maintaining product safety and ethical behaviors.

Suppliers are responsible for the Quality and Delivery of our Products and Services and expected to provide Products or Services with:

- 1. Zero Quality defects
- 2. 100 % on time Delivery performance with zero disruptions
- 3. On time responsiveness to issues within 24 hours

This Supplier Quality Manual is based on ISO9001:2015, and API Q1 requirements; ADS Services LLC expects its suppliers to fully implement the processes and methods set forth in the Supplier Quality Manual. As well as, full compliance with the requirements described within.

ADS Services LLC expects its Suppliers meeting the criteria defined in the scope of applicability section to develop and maintain a registered Quality System that meets the requirements of ISO 9001.

By accepting an ADS Services LLC Purchase Order or delivering the initial product shipment, the supplier acknowledge and agree to adhere to the stipulations outlined in this manual, inclusive of the Terms and Conditions specified in the Purchase Order.

4.0 Purpose

- 4.1 This Manual describes the basic Supplier Management guidelines between the Supplier and ADS Services LLC regarding product and/or process related product manufacturing records, product information, proper corrective measures, and change management.

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5.0 Confidentiality:

- 5.1 The Supplier commits to maintaining the confidentiality of ADS Services LLC contracted products/services, ongoing projects, projects under development, and associated product details. Furthermore, the Supplier pledges to safeguard the confidentiality of any intellectual property disclosed during our collaborative endeavors.

6.0 Scope of application

- 6.1 This Manual applies to all current and new suppliers who provide **critical** purchases (products/ Services and/or components) on behalf of ADS Services and/ or that affects ADS Services to adversely provide high quality products to its customers. These Suppliers are listed on the ADS Services LLC Approved Vendor List “AVL”.

The responsibility to deliver quality purchased parts and services on time lies with the Supplier.

- 6.2 Equally, the supplier is obliged to assure adherence to the requirements stated in this manual by its own **sub-suppliers**.

7.0 Distributions

A copy of this manual and related supplier forms is available and readily accessible through the ADS Services LLC Quality Group and ADS [supplier Portal](https://supplier.adsmppd.com/). (https://supplier.adsmppd.com/) the supplier shall return acknowledgement of receiving the manual to ADS Services LLC Supply Chain.

8.0 Documents and Records

- 8.1 ADS Services LLC is obligated to furnish the supplier with the most recent iteration of product specifications and to notify the supplier of any alterations therein. However, it's important to note that these specifications do not encompass international standards such as API, ASTM, ASME, ANSI, etc. The responsibility falls upon the supplier to procure such international specifications at their own expense.
- 8.2 Upon receiving any documents (e.g., product/ Services specifications, drawings, inspection reports), required for product/ services planning, the supplier is to check them for completeness, possible contradictions in general, and regarding their application.
- 8.3 Concerns and clarifications, including unclear or missing information must be communicated to ADS Services LLC supply chain immediately for clarification.
- 8.4 Unless additional requirements have been set forth by ADS Services LLC and the supplier, specifications and supporting quality records must be retained the maximum applicable time in accordance with industry specifications or 5 years after service/ product delivered. Upon request, ADS Services LLC has the right to review supplier documents and records at the supplier's site.
- 8.5 The supplier's records are to include (as applicable):
- 8.5.1 Lot traceability information specific to raw material and purchased parts heats or lots “material providers or turnkey providers”.
 - 8.5.2 Test results for products /services.
 - 8.5.3 Test equipment calibration records.
 - 8.5.4 Training/ Certification records for personnel to show competence.
 - 8.5.5 Process and product change records.
 - 8.5.6 Certificates of compliance includes the country of origin.
 - 8.5.7 Approved deviation requests “If Any”

For more details for the required records, please refer to Table 1 of this manual.

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9.0 Special Process Providers

- 9.1 Any special processes, including but not limited to welding, Non-Destructive Examination (NDE), coating, testing, carbide spray, and thermal processing, shall not be altered or modified in any manner from the approved procedures without explicit documented approval from ADS Services Quality and Engineering representatives. Any changes made without such approval are considered non-compliant and may result in corrective action as per the Quality Management System.
- 9.2 If an Inspection and Test Plan (ITP) or Product Quality Plan is applicable, the supplier is accountable for furnishing all necessary documentation in accordance with the Inspection and Testing Plans requirements. Should an ITP requirement be specified on any ADS Services Purchase Order, it is imperative that the supplier fulfills this requirement in its entirety. Failure to comply may result in non-conformance and may necessitate corrective action as outlined in the Quality Management System.

10.0 Supplier Initiated Process Changes

- 10.1 Contract review shall be performed in all circumstances and any noted discrepancies shall be addressed prior to performing work.
- 10.2 Suppliers shall not make any type of change that might affect product/ services design criteria without a notification and generating written approval from ADS Services LLC Quality/ Engineering Departments.
- 10.3 ADS Services LLC must be informed immediately when the supplier does not comply with the specifications agreed upon (e.g., test procedures, test equipment, process sequence, deadlines for delivery, quantities, product dimension, schedule, packaging, drawings requirement, and agreements pertaining to product and process quality). In addition, a written approval by ADS Services LLC is required for any changes, further actions might be taken in case of the product/services supplier does not show a commitment to this requirement. Actions might include but are not limited to, Supplier status to change to "On-Hold", re-evaluation and/or relationship termination.
- 10.4 Supplier (s) shall inform ADS Service's Supply Chain and Quality Departments of ADS Services LLC immediately prior to making changes to any special processes that applies to ADS's Engineered product.
- 10.4.1 Making changes to materials, coatings, manufacturing processes or, approved vendor and/ or vendor parts, etc.
 - 10.4.2 Moving manufacturing locations,
 - 10.4.3 Any change of test equipment and test procedures affecting final product conformity,
 - 10.4.4 Changes to qualified personnel affecting final product/ Service Quality
 - 10.4.5 Changes to personnel affecting communication.
 - 10.4.6 Changing sub-suppliers and suppliers of primary and interim products, packaging, or labeling changes.

This will allow ADS Services LLC to examine the impacts to ADS Services LLC and its customers prior to changes being implemented. Appropriate measures may be taken (e.g., renewed sampling, auditing of new/changed processes/manufacturing locations). Submission and approval are required.

11.0 Quality System Requirements

Critical product/service supplier must provide proof that the Quality Management System meets or exceeds the requirements set forth in ISO 9001.

ADS Services priorities ISO 9001 qualified facilities.

- 11.1 In the absence of third-party certification, depending on the product, its application, value, and criticality, ADS Services LLC Quality representative may authorize the acceptance of other evidence of compliance like a certificate of compliance. This also may include second Party- audit (Vendor Audit) or first-party (self) assessment to the applicable criteria above, or to a set of alternative basic quality requirements ([Quality Codes](#)).

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12.0 Supplier Audits

- 12.1 ADS Services LLC reserves the right to perform an onsite process / system audit at any time when selecting a supplier or to verify effectiveness regarding corrective and preventive actions. Advanced notice will be given prior to such a visit.
- 12.2 ADS Services LLC may forgo audits in the following cases.
- 12.2.1 Proof of a current 3rd-party certificate (by an accredited certification authority).
 - 12.2.2 Proof of an effective implementation of measures specified during a previous auditing process and/or proof of an actively pursued implementation plan.
 - 12.2.3 Poor Supplier Performance, including late consistent later delivery.
- 12.3 Suppliers shall inform ADS Services LLC about intended changes (re-certification, higher qualifications, expiration of certificates or loss of certification, and must do so in a timely fashion).
- 12.4 ADS services track supplier certification including any personnel qualification using the OEMS system, the system will send a notification to the supplier representatives to provide the required certifications.
- 12.5 ADS Services LLC may schedule process/product or QMS audits where:
- 12.5.1 Supplier performance for quality or delivery does not meet ADS Services LLC expectations.
 - 12.5.2 New or changed Products/ Services are being implemented.
 - 12.5.3 Significant change in the suppliers' management, or mergers or affiliations has taken place.
 - 12.5.4 When ADS Services notices sub-suppliers' performance directly affecting its supplier's performance and affecting its provided products.

13.0 Notification for Inspection

- 13.1 ADS Services LLC regards Product Quality Plans/Inspection and Testing Plans as integral references within ADS's purchase orders. These plans serve as simplified guides for our suppliers, outlining inspection and testing requirements, including any hold/review points.
- 13.2 Product Quality Plans/ITPs are considered binding components of the contractual agreement between ADS Services and its suppliers, and compliance is mandatory.
- 13.3 If the ITP requires the supplier to produce documents and/or necessitates specific hold points, the supplier must submit a "[Notification for Inspection](#)" (NFI) to ADS Services via the [supplier portal](#). For further details regarding Notification for Inspection activities, please liaise with ADS Services' supply chain representative for comprehensive guidance.

14.0 Supplier Evaluation: Performance Measurable

- 14.1 ADS Services LLC measures the suppliers' performance as follows:
- 14.1.1 Product Quality "NCR and Escapes"
 - 14.1.2 Cost of Poor-Quality vs Purchased Goods
 - 14.1.3 Delivery Performance,
- 14.2 Suppliers are required to maintain a 100% Quality and Delivery rating. Suppliers falling below 80% **over a 6 month period where more than 5 PO's have been issued to the supplier** will be asked to provide a documented corrective action plan.
- 14.3 In case of supplier performance below 70%, **over a 6 month period where more than 5 PO's have been issued have been issued to the supplier** ADS Services LLC will consider further actions; actions might include terminating supplier from our Approved Supplier List.
- 14.4 ADS Services LLC also tracks Supplier issues pertaining to:
- Escapes
 - Deviation Waiver requests received from supplier.
 - Failure to implement effective corrective action with supporting performance improvements may lead to the supplier being removed from the ADS Services LLC Approved Supplier List "AVL".
- 14.5 If the supplier is recommended by customer, ADS Services LLC customers will be notified on the supplier performance status.

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14.6 ADS Services LLC requesting 24 hours for an initial response to the Supplier Corrective Action Request "SCAR", closing date will be stated inside the SCAR issued by ADS Services LLC.

15.0 CONTROL OF SUB-TIER SUPPLIERS

- 15.1 The Supplier, as the recipient of the contract, is responsible for meeting all requirements, including work performed by the Supplier's sub-tier Suppliers (also known as Sub-Suppliers or subcontract Suppliers).
- 15.2 When the Supplier uses sub-tier sources to perform work on products and/or services scheduled for delivery to ADS Services LLC, the Supplier shall include flow-down requirements on contracts/ Purchase Orders, to its sub-tier sources, all of the applicable technical and quality requirements contained in the ADS Services LLC contract/ Purchase order, including quality system requirements, regulatory requirements, and the use of ADS Services LLC designated sources, and to furnish certifications and test reports as required.
- 15.3 ADS Services LLC, its customers, certification bodies and regulatory authorities reserve the rights to access to the applicable areas of facilities and to applicable documented information, at any level of the supply chain that includes the right of entry to sub-tier facilities, subject to proprietary considerations.
- 15.4 As applicable, ADS Services LLC might ask the supplier for first article witness, the reason is to make sure that supplier capability, and process controls meet the minimum requirements communicated by ADS Services LLC.

16.0 CONTROL AND RELEASE OF ADS Services LLC FURNISHED DOCUMENTS

- 16.1 Documents furnished by ADS Services LLC to the Supplier are furnished solely for the purpose of doing business with ADS Services LLC.
- 16.2 Proprietary documents may be furnished to the Supplier in hard copy, electronic or other media as agreed. The Supplier is responsible for controlling and maintaining such documents to preclude improper use, loss, damage, breach, alteration and/or deterioration.
- 16.3 Unless authorized by the ADS Services LLC Buyer in writing, the Supplier may not transmit or furnish any ADS Services LLC furnished documents, or copies of such documents, to anyone outside the Supplier's business organization except to a sub-tier source used by the Supplier for performance of work on the ADS Services LLC contract.
- 16.4 ADS Services LLC may request the Supplier to furnish objective evidence or certification that proprietary documents have been purged. The Supplier shall flow down this requirement to all sub-tier sources when such sources will be in receipt of ADS Services LLC proprietary documents during performance of work for the Supplier.

17.0 Measurement and Test Equipment

- 17.1 The Supplier is required to prove reliability and accuracy of the measuring and test equipment used through "as applicable" calibration and/or verification.
- 17.2 The Supplier is to show that the test process is suitable for the respective test purpose.
- 17.3 The test equipment must be included in the Supplier's test equipment monitoring and measurement equipment control process.

18.0 Product Inspection and Process Control

- 18.1 Records of ongoing process and product control must be available to ADS Services LLC on request.

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18.2 The Supplier must immediately analyze possible causes, take corrective measures, and prove effectiveness of such measures in case of failure.

18.3 Suppliers shall allow ADS Services LLC and its customers or customer representatives the right to verify at the Supplier's or sub-supplier's premises that the purchased product or service meets specified requirements.

19.0 Preservation of products" Handling/Storage/Packaging and Delivery"

19.1 The Supplier is obliged to use appropriate means and methods of handling, storage, packaging, and delivery methods to avoid adverse effects on product quality.

19.2 Personnel responsible for the preservation of the product shall have enough skills, experience, knowledge, and qualifications to deal with ADS Services LLC requirements unless otherwise specified. Packaging is the responsibility of the Supplier.

19.3 The supplier shall meet the reequipments of the products being stored HANDling storage and delivery requirements as defined by the OEM, as applicable.

19.4 All product shipped to ADS Services LLC requires a label containing at a minimum "As applicable":

Supplier Name:

ADS Services LLC Purchase Order No:

Part Serial Number (if required):

ADS Services Part Number:

Original Manufacturer Part Number (If Applicable):

Heat Number (If Applicable):

Quantity:

Where traceability is a requirement and in case of products sent for operations might affect product traceability, re-applying the traceability to the product is a requirement.

Note: The Bill of Lading will contain the above information including Quantities per Lot number for traceability purposes.

20.0 Control of Non-Conforming products

20.1At ADS Services LLC, we uphold rigorous standards of quality and compliance to ensure the excellence of our products. Non-conforming or discrepant products are defined as deviations from stated requirements, encompassing specifications outlined in drawings, purchase orders, engineering specifications, Product Quality Plans, Specifications, and/or international standards.

20.2Examples of such discrepancies span various areas including product quality, appearance, packaging, material, labeling, quantity, handling, shipping, delivery, cleanliness, and dimensional or performance issues.

20.3Products deemed defective at the supplier's facility, including those from sub-suppliers, necessitate appropriate management to safeguard ADS Services LLC from receiving discrepant materials. Immediate notification to the ADS Services LLC quality department is imperative unless it can be conclusively determined that defective parts have not been delivered.

20.4Approved non-conforming products for use must bear the supplier Non-Conformance Report (NCR) number and include shipping documents with a copy of the final disposition approved by ADS Services LLC's representative.

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20.5 Recognizing the potential business impact of receiving non-conforming products, ADS Services LLC takes decisive action to mitigate risks. This may entail issuing Supplier Corrective Action Requests (SCARs) or termination from our approved vendor list (AVL).

20.6 Deviation from specifications may be approved by the ADS Services LLC Engineering and Quality Departments, provided adverse effects on function, durability, or safety are not expected. These special releases are subject to proper documentation and are valid for a limited delivery period or quantity, establishing clear communication between the supplier and ADS Services LLC.

20.7 Acknowledging the administrative costs associated with managing non-conformities, ADS Services LLC ensures thorough reporting, validation, and disposition activities for any reported non-conforming products shipped to our facilities.

20.8 Approval for procedures outlined herein is granted solely through ADS Services LLC controlled documents attached to this Manual, underscoring our commitment to maintaining standards of excellence and compliance in all our operations.

20.9 This requirement reflects the importance of quality control and compliance within ADS Services LLC, outlining processes for managing non-conforming products and ensuring adherence to standards.

21.0 Supplier Certification of Liability Insurance:

21.1 As part of our commitment to ensuring the safety and security of our facilities and personnel, all suppliers engaging in activities on-site (Including suppliers performing services on ADS services behalf) are required to provide certification of liability insurance coverage. This certification serves as confirmation that the supplier maintains adequate insurance to cover any potential liabilities or damage that may arise during their operations at our premises. Suppliers must furnish proof of liability insurance meeting our specified coverage requirements prior to commencing any on-site activities. This certification helps mitigate risk and provides assurance that our interests are protected in unforeseen incidents. Failure to provide the required certification may result in delays or restrictions in accessing our site. We appreciate your cooperation in adhering to this important requirement, which contributes to the overall safety and well-being of everyone involved in our operations.

21.2 The Certificate of Liability insurance shall include ADS Services LLC as an “Additionally Insured.”

21.3 This paragraph emphasizes the importance of liability insurance certification for suppliers conducting activities at your site, highlighting its role in risk mitigation, and ensuring compliance with safety standards.

22.0 Supplier Training

22.1 If supplier performing any field operations on ADS services, adding to the certificate of liability of insurance, FIELD SAFETY REQUIREMENT SHALL BE followed by supplier employees

23.0 Compliance

23.1 No materials / products / parts may be sourced from countries / companies that breach current international sanctions.

23.2 Suppliers must comply with required international laws, licenses and permits to meet the requirements of any purchase order.

23.3 The Supplier warrants that it will comply with all applicable laws, regulations, and industry standards, including but not limited to anti-bribery and anti-corruption laws such as the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. The Supplier shall not, directly or indirectly, offer, promise, give, or accept any form of bribe, kickback, or other corrupt payment or advantage to or from any person or entity for the purpose of obtaining or retaining business or any other improper advantage. Furthermore, the Supplier agrees to implement and maintain adequate procedures designed to prevent bribery and corruption. Any breach of this clause will be considered a material breach of these terms and conditions,

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entitling the Company to terminate the agreement with immediate effect. The Supplier must also comply with all other relevant regulatory requirements and provide evidence of such compliance upon request.

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Supplier Acknowledgement

We, the undersigned, hereby acknowledge receipt of the Supplier Quality Manual and confirm that we have read, understood, and agree to comply with all the requirements and standards set forth therein, without exception. We recognize the importance of adhering to these guidelines to ensure the highest level of quality, integrity, and regulatory compliance in all our operations.

By signing below, we commit to implementing and maintaining all necessary processes and procedures to meet these requirements consistently. We also agree to undergo regular reviews and audits as stipulated in the Supplier Quality Manual to verify our ongoing compliance.

We understand that any deviation from these requirements may result in the termination of our agreement and potential legal consequences. Our signature below signifies our full commitment to upholding the standards outlined in the Supplier Quality Manual.

Supplier Name: _____

Authorized Representative: _____

Title: _____

Signature: _____

Date: _____

Please return a signed copy of this acknowledgement to ADS Services Quality Department/ Supply Chain Department.

Amikhail@adsmpd.com

Kwhite@pwerchokes.co

supplychain@powerchokes.co