



QUALITY POLICY MANUAL

November 2006

100.0 Introduction

Overview of Blue Giant Equipment Corporation

Blue Giant was founded in 1963 in Brampton, Ontario, Canada. The nature of the business was and still remains the manufacture of a wide range of material handling equipment. Original products included manual pallet trucks, stackers, lift tables, elevating docks and dock levelers. The product line grew to include a broad range of electric walkie lift trucks, tow tractors, and truck restraints. The company has always responded eagerly to requests for customized variations of standard products.

Blue Giant Equipment Corporation products are sold through distributors except in the Greater Toronto Area where Blue Giant Equipment Corporation sells directly to end users and contractors. Over fifty percent of all equipment manufactured is sold outside of Canada. Blue Giant Equipment Corporation installs and services its products when required by the customer.

Blue Giant Equipment Corporation's facility consists of 82,000 square feet; 70,000 square feet for plant manufacturing and 12,000 square feet for office/administration, sales, service and engineering departments. Blue Giant Equipment Corporation currently employs approximately 175 employees and is located at:

85 Heart Lake Road South
Brampton, Ontario L6W 3K2
telephone (905) 457-3900
facsimile (905) 457-2313
website: www.BlueGiant.com

Quality Assurance Program

Blue Giant Equipment Corporation has established a Quality Assurance Program to secure and maintain its position as the industry leader both domestically and on the global market by ensuring continued focus on quality in the design of its products.

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100.0 Introduction, Continued

**Field of
Application and
Quality Manuals**

The policies and objectives for quality, and the organization's commitment to quality as established in the Quality Assurance Program of Blue Giant Equipment Corporation are documented in this Quality Policy Manual.

The policies in this manual provide guidelines for developing and implementing processes and procedures described in corresponding sections of the Quality System Procedures Manual. Policies, processes, and procedures documented in these manuals will be applied to all activities involved in designing all products.

All information contained in these manuals is for information purposes only and does not constitute pre-contractual or contractual representation, warranty, or guarantee by Blue Giant Equipment Corporation. Nor does this information, in whole or in part, form part of any purchase order or contract unless expressly agreed to in writing by Blue Giant Equipment Corporation.

All information contained in these manuals including specifications and procedures referenced herein is confidential. Distribution of these manuals is controlled in compliance with policies stated in Section 105.0, Document and Data Control of the Quality Policy Manual. The manuals may not be copied, quoted, or transferred in any form or media to any other individual or company, in whole or in part, without the written consent of Blue Giant Equipment Corporation.

101.0 Management Responsibility

Quality Policy 4.1.1

Blue Giant Equipment Corporation designs and manufactures loading dock and material handling equipment. Products include mechanical and hydraulic dock levelers, hydraulic lift tables, elevating docks, truck restraints, and Class III industrial trucks.

Our objective at Blue Giant is to be an industry leader providing total customer satisfaction demonstrated by delivering and continuously improving our products (supported by qualified service technicians) to fulfill expectations in all phases of design, manufacture, sales and service. To achieve its objectives, Blue Giant Equipment Corporation has adopted a policy to establish and maintain an effective and efficient quality assurance program. The program will focus on the following:

- Quality improvement will be directed to increase productivity, achieve greater cost effectiveness, increase customer satisfaction, employee involvement and the setting of key performance indicators (metrics).
- Quality improvement will be implemented in every part of the business
- All employees are responsible for quality and must be able to participate in quality improvement activities
- Quality activities shall emphasize the prevention of quality problems rather than on control
- The company will involve suppliers in the process of quality improvement
- Constant communication with customers, suppliers, and employees
- The company will participate in setting standards in the industry through trade associations

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101.0 Management Responsibility, Continued

Communication and Leadership

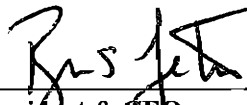
The policy and objectives for quality and management commitment to quality will be communicated throughout the organization.

Blue Giant Equipment Corporation's Senior Management Team will provide leadership and demonstrate commitment to the Quality Assurance Program, and will ensure that the policy is understood, implemented, and maintained at all levels of the organization by initiating the following actions:

- distribution of an employee handbook to all employees which is reviewed annually by the Senior Management Team;
- posting of the quality policy statement on bulletin boards located throughout the facility;
- communication of quality policy and management commitment to quality during new employee orientation.
- posting of monthly review minutes on bulletin boards located throughout the facility
- communication of key performance indicators and results during all-plant meetings

Senior Management Commitment

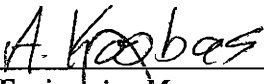
The following signatures of senior management (Senior Management Team) will indicate their commitment to the Quality Policy and the requirements of the Quality Assurance Program.



President & CEO

11/30/06

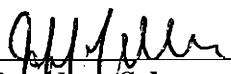
Date



Engineering Manager

11/23/06


Date



Vice President, Sales
(Sales Manager)

11/28/06

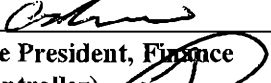
Date



Manufacturing Manager

11/21/06

Date



Vice President, Finance
(Controller)

11/23/06

Date



Purchasing Manager

11/23/06

Date



Service Manager

11/30/06

Date



Quality Assurance Manager

11-21-06

Date



Director, Marketing

11/23/06

Date

101.0 Management Responsibility, Continued

Organization **4.1.2**

The ability to provide a quality product is directly influenced by the work performed by and the interrelationship of all personnel who manage, supervise, perform and verify work affecting quality. Each member of the Senior Management Team is responsible and authorized to take appropriate action in the day-to-day business activities to meet the needs of the customer. When required, senior management personnel will consult with other members of the Senior Management Team and other personnel to reach a consensus on what action will be taken.

Employees will be responsible to notify their immediate supervisors or managers of quality issues and to take action as instructed. Supervisors and managers will be responsible to report quality issues and recommendations through acceptable communication and reporting channels to the Senior Management Team. The Senior Management Team will be responsible to initiate or delegate the investigation and resolution of the quality issue. When required, the Senior Management Team will notify and consult with supervisors and managers of other functions affected by the quality issue.

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101.0 Management Responsibility, Continued

The Company Organization

In general, all employees are encouraged to be proactive in performing the following:

Responsibility Legend:

- a) initiate action to prevent occurrence of nonconformity;
- b) identify, report, and record quality problems;
- c) initiate, recommend or provide solutions through designated channels;
- d) verify implementation of solutions;
- e) control further processing and delivery of nonconforming product until nonconformance is corrected.

Sales: Nonconformances with respect to customer satisfaction such as returned material, delays in product shipment, or product quality will be communicated to the Sales Manager as documented in the Quality System Procedures Manual.

Service: Nonconformances and customer satisfaction issues identified during service will be reported to the Service Manager via Parts and Service staff and Service Technicians.

Engineering: Technical problems will be identified and reported to the Engineering Manager via the Assistant Engineering Manager, the Manufacturing Manager, the Production Manager, Production Supervisors and Manager, Technical Support and Parts.

Manufacturing: Nonconformances and internal quality issues identified during product manufacture will be reported to the Manufacturing Manager via the Production Section Supervisors, or Lead Hands.

Purchasing: Quality issues related to suppliers and received materials and products will be reported to the Purchasing Manager via the Manufacturing Manager, Production Manager, and Production Supervisors.

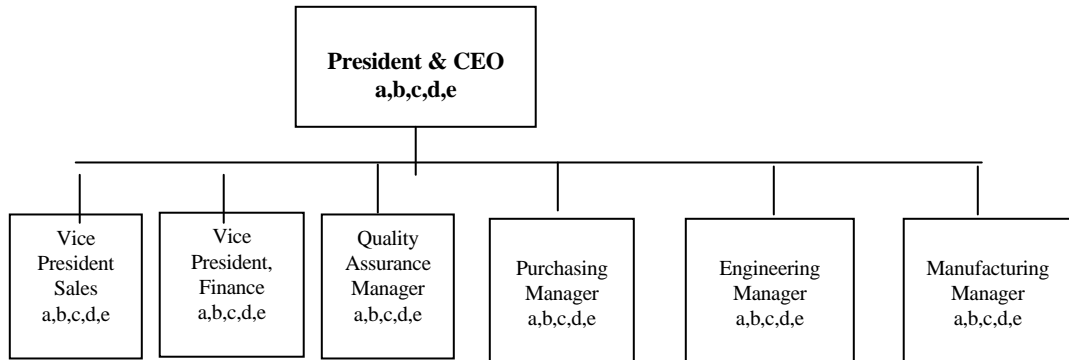
Quality: Issues affecting the Quality System administration will be reported to the General Manager via the Quality Assurance Representative.

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101.0 Management Responsibility, Continued

**The Company
Organization**

Senior Management Team



1.0 Management Responsibility, Continued

Responsibility and Authority **President & CEO:**

- set policy for development of the Quality Assurance Program and appoint the management representative;

4.1.2.1

- set and include quality objectives as part of the overall business plan;
- demonstrate leadership and communicate commitment to quality;
- develop and maintain management structure to support Quality Assurance program;
- participate in the review, investigation, and resolution of quality issues;
- participate in the assessment, selection, and approval of suppliers;
- participate in management review of overall effectiveness of the Quality Assurance Program.

Vice President, Sales :

- develop and maintain product price list;
 - develop and maintain sales, technical support and training to distributors and customers;
 - provide communication link between customer and internal departments;
 - review customer requirements and provide adequate and accurate documented specifications for design and manufacturing of product that meets the needs of the customer and applicable codes and standards;
 - liaise with other members of the Senior Management Team as required to verify the status and availability of product prior to commitment to the customer;
 - issue tenders and quotations and maintain in files;
 - review customer orders and communicate issues of order review and product compliance to the customer as required;
 - participate in the assessment, selection, and approval of suppliers;
 - participate in the review, investigation, and resolution of quality issues;
 - participate in management review of overall effectiveness of the Quality Assurance Program and contribute quality related sales and marketing information.
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101.0 Management Responsibility, Continued

Responsibility and Authority

4.1.2.1

Parts Supervisor:

- communicate internally of external product failures and required improvements
- establish pricing and policies for parts;
- develop maintain Parts price lists and/or related policies;
- identify training needs of technical support personnel
- verify suitability of material, equipment, and processes with the Purchasing Manager, Engineering Manager, and Quality Assurance Representative;
- provide after-sales training and technical support services to distributors and customers;
- issue authorization for returned goods;
- participate in the review, investigation, and resolution of quality issues;
- participate in management review of overall effectiveness of the Quality Assurance Program;
- provide exceptional customer service and answer all questions pertaining to parts;
- provide parts to customers on a timely basis;

Service Manager:

- identify training requirements for personnel performing repairs;
 - maintain customer satisfaction and repair records;
 - set-up and maintain new equipment warranties, and warranty administrations
 - maintain pricing and policies for service and maintain service price lists;
 - record field complaints and forward for Senior Management Team review;
 - perform fleet rental and used equipment sales functions;
 - contribute quality related customer satisfaction and repair information;
 - ensure that repairs are done to customer satisfaction;
 - provide warranties on a timely basis;
 - provide ideas and solutions to ensure growth in the service department;
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**Responsibility
and Authority****4.1.2.1****Quality Assurance Representative:**

- ensure that the Quality Assurance Program is documented, implemented and followed as documented; that procedures and instructions are followed; and that the program is effective;
- coordinate the functions of the Quality Assurance Program including chairing management review meetings, collecting and maintaining quality documents and records, and scheduling internal audits;
- review customer orders for quality requirements when applicable;
- verify suitability of material, equipment, and processes with Purchasing Manager, Senior Engineer and Production Manager;
- participate in the assessment, selection, and approval of suppliers;
- participate in the review, investigation, and resolution of quality issues;
- develop and maintain an internal audit program; maintain the calibration program;
- monitor the overall effectiveness of the Quality Assurance Program with emphasis on improvement and report to Senior Management Team;
- participate in management review of overall effectiveness of the Quality Assurance Program

Purchasing Manager:

- maintain Approved Supplier List: source suppliers; evaluate and approve suppliers with consensus of Senior Management Team members;
- coordinate subcontract resources to meet manufacturing requirements;
- ensure that purchased material, components, and services for incorporation in finished products comply with standards, specifications, and customer order requirements and that receipt meets scheduling requirements;
- verify suitability of material, equipment, and processes with Engineering Manager, Manufacturing Manager, and Quality Assurance Representative;
- monitor supplier performance and initiate action to resolve supplier nonconformance;
- participate in the review, investigation, and resolution of quality issues;
- participate in management review of overall effectiveness of the Quality Assurance Program;
- delegate effective inventory planning and stores control;

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101.0 Management Responsibility, Continued

Responsibility and Authority

4.1.2.1

Manufacturing Manager:

- verify suitability of material, equipment, and processes with the Purchasing Manager, Senior Engineer, and Quality Assurance Representative;
 - participate in the assessment, selection, and approval of suppliers;
 - identify training requirements and ensure that production personnel are trained and qualified as required;
 - identify, obtain, and maintain adequate resources (equipment and personnel) to meet production requirements;
 - ensure that plant floor is well maintained and conducive to employee safety and product protection;
 - ensure that equipment and tools are maintained and conducive to safety and to manufacturing a quality product;
 - review customer orders when required to verify capability to meet production requirements;
 - assist in the approval and maintenance of inspection and test documents;
 - issue production and inspection and test documents to production;
 - ensure that production processes and inspection and testing are performed as per documents and instructions;
 - participate in the review, investigation, and resolution of quality issues;
 - participate in management review of overall effectiveness of the Quality Assurance Program.
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101.0 Management Responsibility, Continued

Responsibility and Authority**4.1.2.1****Engineering Manager:**

- establish and maintain procedures for design control;
- identify training requirements for design personnel;
- develop new design prototypes and participate in design review, verification, and validation;
- develop, approve, and maintain inspection and test instructions;
- ensure that personnel follow design plans and inspection and test instructions
- review customer orders for design requirements and communicate directly to engineering staff;
- maintain specifications, design plans, schematics and other design documents, and issue and distribute revisions;
- approve marketing specifications and design plans.

Vice-President, Finance:

- maintain management information systems to effectively analyze and report financial and non-financial information regarding the Quality Assurance Program;
 - delegate customer credit review and approval;
 - ensure accurate data entry of customer orders;
 - maintain customer order records;
 - develop and maintain an Company wide employee training program;
 - participate in the assessment, selection, and approval of suppliers;
 - participate in the review, investigation, and resolution of quality issues;
 - participate in management review of overall effectiveness of the Quality Assurance Program and contribute quality related financial information.
-

101.0 Management Responsibility, Continued

Verification Resources and Personnel

4.1.2.2

Verification activities will include the following:

- design review, verification, and validation;
- incoming order verification with purchase order;
- in-process assembly verification;
- component testing;
- final product test and verification of order;
- photographing crates;
- internal audits.

The following types of verification equipment, apparatus, tools, and documents will be provided and maintained to perform verification activities:

- measuring tapes
- various fixtures
- electronic measuring and diagnostic equipment
- software

The **Senior Management Team**, collectively or individually will ensure that equipment, tools, documents, and trained and qualified resources are available and capable of performing verification activities.

The **Engineering Product Specialists** will be trained and qualified to verify design conformance with customer needs as supplied by the **Sales Function**.

The **Stockroom Attendant/Clerk(s)** will be trained and qualified to verify incoming orders with purchasing and receiving documents. The **Purchasing Manager and Buyers** will be responsible to notify the suppliers of nonconformances. The **Quality Assurance Representative and Purchasing Manager** will verify supplier capability and monitor supplier performance.

Production Personnel will be trained and qualified to verify in-process product and components in their respective work areas. **Sales and Service Personnel** will be trained and qualified to verify customer requirements.

Maintenance Personnel will be trained and qualified to verify that production facilities and equipment are adequately serviced and maintained.

The **Traffic Coordinator** will be trained and qualified to verify completed orders with shipping documents prior to shipping.

The **Quality Assurance Representative and Internal Auditors** will be trained and qualified to verify that the quality system complies with current standards and is effective.

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101.0 Management Responsibility, Continued

Management Representative

The management representative for the Quality Assurance Program is:

4.1.2.3

Tony Pacheco
Quality Assurance Representative
Blue Giant Equipment Corporation

85 Heart Lake Road South

Brampton, Ontario

L6W-3K2

telephone (905) 457-3900 (Ext. 294), facsimile (905) 457-5586

email:tpacheco@bluegiant.com

The appointment of the management representative along with his responsibilities and authority will be communicated throughout the organization by the following means:

- announcement (posted memo);
- company newsletter;
- new employee orientation.

The management representative will also be responsible for non-quality activities related to Engineering Change Control.

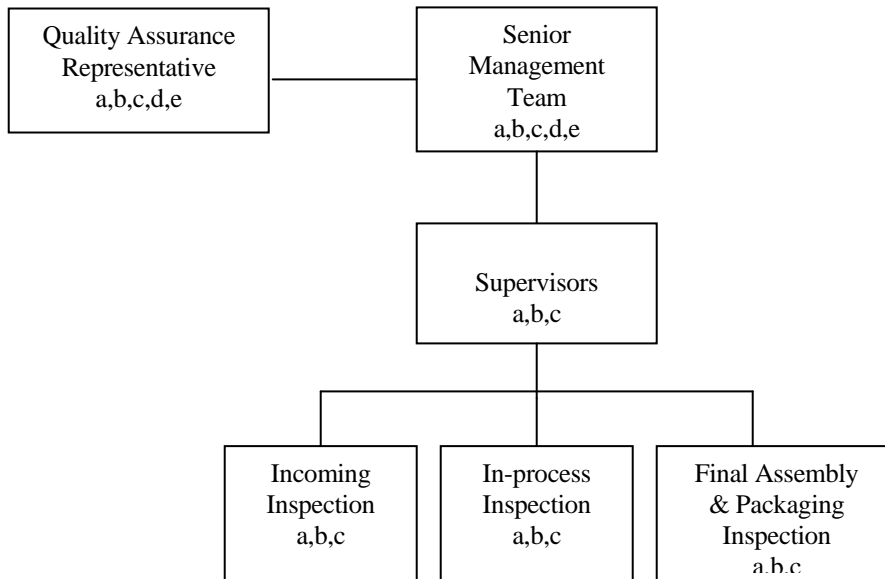
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101.0 Management Responsibility, Continued

The Quality Organization

Responsibility Legend:

- a) initiate action to prevent occurrence of product nonconformity;
- b) identify and record product quality problems;
- c) initiate, recommend or provide solutions through designated channels;
- d) verify implementation of solutions;
- e) control further design, processing, and delivery of nonconforming product until nonconformance is corrected.



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101.0 Management Responsibility, Continued

Management Review

4.1.3

The Quality Assurance Program will be monitored and formally reviewed at defined intervals to assess its effectiveness and to determine opportunities for improvement. The Quality Assurance Program will be assessed based on the following questions:

- a) Do policies and procedures reflect current applicable standards and customer requirements?
- b) Are policies and procedures communicated, implemented, and practiced throughout the organization?
- c) What objective evidence is available to support the assessment (for example: Returned Goods Authorization (RGA), Corrective Action Reports (CAR), Internal Audit Reports).

When nonconformance or deficiencies are detected, Senior Management Team members with expertise and/or those affected by the nonconformance will be convened to initiate investigation of root cause. Corrective action will be developed, approved, and documented for implementation. (Reference Section 114.0, Corrective and Preventive Action).

Weekly: Review of quality issues will be a separate item on the agenda for Weekly Management Meetings. Information from weekly meetings will be accumulated and presented by each respective manager during the weekly Management Meeting.

The General Manager will chair or delegate the chair for the Monthly, Semi-annual, and Annual Management Review Meetings and will monitor the implementation of recommendations.

Monthly Management Review: To prepare participants for the Monthly Management Review Meeting, the Quality Assurance representative will issue a memorandum stating the agenda and time for the meeting. In addition, the Controller will distribute a warranty report and the Quality Assurance Representative will distribute Corrective Action Reports describing nonconformances, audit findings, and other quality related issue during the meeting. Issues and recommendations will be discussed during the meeting to reach consensus and an action plan with a timeline and assigned responsibilities will be developed and implemented for investigation of deficiencies and subsequent corrective/preventive action as required. Minutes of the meetings will be recorded by the Quality Assurance Representative and distributed to Senior Management Team members and other participants where applicable.

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101.0 Management Responsibility, Continued

Management Review

4.1.3

Quarterly Management Review: The Senior Management Team will review and assess documented policies and procedures, and quality records quarterly (or as deemed necessary) to ensure the following:

- a) policies and procedures reflect current standards and customer requirements;
- b) policies and procedures are directed toward continual improvement in processes and systems;
- c) policies and procedures are being practiced;
- d) quality records in each department support the assessment;
- e) policies and procedures are effective.

The review, assessment, and recommendations will be documented by the Quality Assurance Representative and distributed to Senior Management Team members. An action plan outlining a schedule and assigned responsibilities will be developed, approved, and distributed for implementation. An assessment of the action plan and its implementation will be documented for discussion during the following Semi-annual Review.

Annual Management Review: Review of the Quality Assurance Program will be a separate item on the agenda for the Annual Business Plan Meeting. The program will be evaluated for overall suitability and effectiveness in achieving the requirements of the Quality Policy and objectives, and will be reviewed to identify opportunities for improvement. The evaluation and review will be based on, but not Equipment Corporation to, the following:

- results of internal quality audits
- nonconformance reports and corrective action reports
- returned material authorization summaries
- warranty reports
- assessment of customer requirements

Recommendations will be discussed to reach a consensus and an action plan for implementation with assigned responsibilities will be developed, documented and implemented. The action plan will be maintained by the Quality Assurance Representative.

Quality Plans, Quality System Manuals, and other Quality System documents will be revised to reflect changes required as a result of management review meetings.

Quality Records: Management Review Meeting minutes will be recorded and distributed to members of the Senior Management Team with applicable attachments (action plans and supporting documents). A copy of the minutes and attachments will be stored and maintained by the Quality Assurance Representative as per Section 116.0, Control of Quality Records.

102.0 Quality System

The Quality Assurance Program

The Quality Assurance Program will be maintained and documented to ensure that product conforms to specified requirements and customer specifications. The program documentation will be prepared in compliance with the requirements of standards and will include the following:

4.2

- Quality Policy Manual describing quality policies
- Quality System Procedures Manual describing Quality System processes and procedures

Quality System Procedures

4.2.2

- Operating (Work) Instructions
- Action Plans
- Quality Plans
- Inspection and Test Plans
- Quality System Forms

The Senior Management Team will be responsible collectively or individually for the development, preparation and revision of the above documentation in their respective departments. The Quality Assurance Representative will be responsible for the coordination and controlled distribution of the above documentation.

The Quality Policy Manual and Quality System Procedures Manual will be reviewed at defined intervals as specified in Section 101.0, Management Responsibility to evaluate opportunities for improvement and the impact of existing and new requirements identified in the current quality standards.

The Senior Management Team will be responsible for the effective implementation of the quality assurance procedures and instructions in their respective departments.

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102.0 Quality System, Continued

Quality Planning Quality Plans will specify time lines, responsibilities, and procedures for implementation, inspection and testing; requirements for and acquisition of controls, processes, equipment, fixtures, resources, and skills necessary to achieve quality.

4.2.3

Quality Plans will be reviewed on an ongoing basis to

- identify and include new requirements;
- identify and acquire new technology and techniques in sufficient time;
- clarify standards of acceptability for all features and characteristics of the product or process including those of a subjective nature; and
- evaluate and take necessary actions to ensure compatibility of the design, processes, inspection and test procedures and documentation;
- identify suitable verification stages for each product group;
- identify records to be prepared and maintained to provide evidence of acceptable level of quality.

The Senior Management Team will identify the requirement for quality planning during contract review, design review, and management review. The requirement for quality planning will be documented on a Quality Planning Checklist and on the applicable review records. Quality Plans will be developed and maintained when requested by customer and when required to ensure quality in the following:

- a) design and production of groups of common product or for individual product lines depending on the nature of the product;
 - b) implementation of improvements to the Quality System.
-

103.0 Contract/Order Review

Contract/Order Review 4.3

Procedures will be established and maintained to provide direction in reviewing customer inquiries and orders to ensure that

- customer requirements are adequately defined, correctly documented;
- Blue Giant Equipment Corporation has the capability to meet the customer order requirements;
- Requirements differing from those quoted are resolved.

Inquiries and orders for equipment will be received and recorded by Sales Representatives or Inside Sales Coordinators. Orders will be reviewed and approved by the Sales Manager, or delegate. Orders involving new design or design modifications will also be reviewed by the Manufacturing Manager and Engineering Manager to assess the capability to meet design requirements and to estimate costing prior to pricing and issuing a quotation. The Controller will review legal contracts accompanying orders.

Inquiries and orders for parts and service will be received and recorded as per element 219.0.

Quotes will be issued when required. Quotes for equipment will be prepared following Equipment Quotation Guidelines or via computer instructions and will be approved and initialed by the Sales Representative. Incoming orders will be cross-referenced with quotes when applicable to confirm the following:

- specifications and options
- pricing, credit approval, and special terms
- delivery requirements including location, special documents, and freight
- packaging requirements
- installation requirements

Discrepancies and ambiguous information will be resolved with the customer by the Sales Representative or Inside Sales Coordinator prior to processing the order. Reviewed and approved orders will be acknowledged in writing to customer. Amendments will be reviewed and approved by the Inside Sales Coordinator. A procedure will be maintained to ensure that all related documents and records are revised to record the amendment and distributed to all relevant functions.

Review documents will be initialed by each person involved in the review, approval, and notification of amendments. Customer review records will be maintained as per Section 116.0, Control of Quality Records.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 203.0 Contract/Order Review.

104.0 Design Control

General	Procedures will be established and maintained to control and verify the design of the product in order to ensure that specified requirements are met.
4.4.1	
Design & Development Planning	Project Plans will be developed and maintained for each group of product and/or individual design applications to identify and/or describe the following:
4.4.2	<ul style="list-style-type: none">• design input;• design output;• design and verification activities;• responsibilities for each activity;• resource and equipment requirements.
Organizational and Technical Interfaces	Project Plans will clearly identify and describe the interaction and communication requirements for documenting, transmitting, and reviewing technical information related to design input. Members of the Senior Management Team will interface as a group and/or individually with each other and with managers, supervisors, and production personnel in the design planning process.
4.4.3	
Design Input	Procedures will be developed and maintained to ensure that design requirements are adequately identified, documented, and reviewed for accuracy. When necessary Members of the Management Team will participate in reviewing design input. The delegated Project Team will be responsible for consulting with Engineering for technical information and specifications. Requirements identified during the initial contract review plus statutory and regulatory requirements will be considered in the review of design input. Design input will be documented on a Quote Request Form or Product Development / Improvement Form . Design input will be documented on drawings and other related documents.
4.4.4	
Design Review	Procedures will be developed and maintained to ensure that formal design reviews are recorded in the Project Plan. Reviews will be recorded as per the Project Plan or Engineering Change Notice. All reviews will be recorded in minutes and filed with the Project Plan or applicable document.
4.4.5	

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104.0 Design Control, Continued

Design Output
4.4.6

Procedures will be developed and maintained to ensure that design output (ECN, drawings, Bill of Materials, Project Plan, layout documents, specifications, schematics, pick kits, checklists, technical information sheets, Nonstandard Modified Product Reports, Product Request Forms, Item File Load Sheets, Purchase Requisitions, Manuals, and other plans (Quality Plans).

The Project Leader and others identified during the design planning process will review design output prior to releasing the design to ensure that the design output

- a) meets the design input requirements;
 - b) contains or references acceptance criteria;
 - c) conforms to regulatory requirements;
 - d) identifies critical design characteristics crucial to safe and proper functioning of the product.
-

Design
Verification
4.4.7

Project Plans will specify the design verification activities and who is qualified and responsible to perform the verification to ensure that design output meets the requirements of design input.

Design verification activities will include the following:

- a) formal design review meetings with recorded minutes;
 - b) tests and demonstrations;
 - c) performing alternate calculations;
 - d) comparison of new design with similar proven designs.
-

Design Validation
4.4.8

Project Plans will define the conditions, responsibilities, and appropriate timing for validating the design to ensure that product conforms with the customer's needs and requirements.

Design Changes
4.4.9

A procedure for post prototype signoff will be developed and maintained to ensure accurate identification, documentation, review, approval, and distribution of design changes and modifications. Design changes will be documented and distributed on Engineering Change Notices (ECNs). The Manufacturing Manager and Production Supervisor will ensure that product is manufactured in compliance with current design criteria.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 204.0 Design Control.

105.0 Document and Data Control

Document and Data Approval and Issue

Approval and distribution of all documents and data affecting product quality and product processes will be logged and controlled within each functional area. Quality documents and data will be reviewed for accuracy by authorized personnel prior to distribution. These documents and data will be controlled to ensure that current issues or revisions are available and accessible at all required locations and that all obsolete documents are promptly removed, archived, or destroyed to avoid inadvertent use.

4.5.1

4.5.2

The Quality System Procedures Manual (Section 205.0, Document and Data Control) will identify the documents to be controlled, the method of control, and the responsibilities for approval and distribution.

Document and Data Changes

Procedures for reviewing and approving changes or modifications to controlled documents will be documented in the Quality System Procedures Manual. Document and data changes will be reviewed and approved by authorized personnel identified in the Quality System Procedures or at the same level as the original document or data unless specifically designated otherwise. Adequate information will be provided to designated personnel to enable adequate review and approval.

4.5.3

A master list or log will be maintained for each controlled document to identify the latest revision to preclude inadvertent use of old or obsolete documents. Where practical, a description of the change or modification will be identified on the document, document revision log, and/or distribution transmittal.

Hand-written changes or modifications will not be acceptable with the exception of drawings which will be initialed by the Engineering Manager (or delegate). Documents will be re-issued and approved when applicable to ensure that documents are clear and legible.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 205.0 Document and Data Control.

106.0 Purchasing

General

Procedures will be established and maintained to ensure that purchased materials, parts, components, services, and subcontracted services conform with requirements specified by Blue Giant Equipment Corporation and/or the customer order.

4.6.1

Blue Giant Equipment Corporation will communicate quality objectives and criteria for acceptance to suppliers.

Assessment of Suppliers

Procedures will ensure that suppliers are selected and monitored based on their ability to supply materials, parts, components, and services in compliance with quality requirements. Selection will be performed by the Senior Management Team as a group or individually as applicable. Selection criteria will be documented in supplier files.

4.6.2

Methods for selecting and monitoring the performance of suppliers may include one or more of the following:

- supplier self-audit questionnaires;
- on-site supplier audit;
- documentation verifying product or service conformance with quality requirements;
- verification of samples;
- documented performance of supplier;
- quoted and proven supplier lead time;
- supplier pricing and terms.
- documentation verifying product or service conformance with legal requirements

Criteria and extent of control for selection and monitoring will be established by the Senior Management Team and will be based on the following:

- type of product;
- critical characteristics affecting the quality of finished product;
- performance history of supplier and subcontract manufacturer;
- cost;
- consequences of nonconformances;
- availability of alternative approved suppliers.

An Approved Supplier List will be developed and maintained by the Purchasing Manager. Purchases will only be made with approved suppliers.

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106.0 Purchasing, Continued

Purchasing Data Purchase requirements will be identified by the Senior Management Team during design and quality planning. Purchases will be initiated by authorized personnel by completing purchase requisitions. Purchase requisitions will be reviewed by the Purchasing Manager or delegate prior to issuing purchase orders to approved suppliers.

4.6.3

Purchase orders and applicable attachments (drawings and specifications) will clearly describe the product or service requirements including the following where applicable:

- customer name and purchase order number;
- Blue Giant Equipment Corporation part number, project number, serial number, and supplier manufacturing part number;
- product characteristics;
- other specifications, drawings, process requirements, inspection instructions, technical data, and requirements for approval or qualification of product, processes, equipment and personnel;
- pricing and terms;
- delivery date;
- product traceability requirements

When applicable, prototypes or samples will accompany the purchase order.

Purchase orders and applicable attachments will be reviewed with requisitions and approved by the Purchasing Manager or delegate prior to release to approved supplier. At the discretion of the Purchasing Manager, purchase orders may require Senior Management Team approval.

Verification of Purchased Product

4.6.4

Verification of purchased product by the customer at the supplier's site is arranged only under special circumstances. When specified by customer order and approved by the Senior Management Team, the customer will be given the right to verify conformance of material, parts, components, and services at the supplier's site or upon receipt at Blue Giant Equipment Corporation's facility. The customer will be accompanied by a Blue Giant Equipment Corporation representative at all times during verification.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 206.0 Purchasing.

107.0 Control of Customer-supplied Product

4.7

Blue Giant does accept customer-supplied product for incorporation in its final product. The following are examples of products and items supplied by customers:

- lights
- decals
- fittings
- wheels
- batteries
- paint

Procedures will be established and maintained for the verification, storage, and processing of material and product received from the customer for incorporation with finished product. Procedures will be developed in compliance with policies for inspection and testing, processing, and handling and storage where applicable.

Verification for conformance and suitability of customer-supplied product upon receipt will not absolve the customer of the responsibility to supply acceptable product.

Customer supplied product will be tagged with an appropriate serial number, segregated, and stored in an appropriate area to be protected from damage or loss. Customer-supplied product will be controlled during production by application of approved identification cross-referenced to the work order. The customer will be notified immediately if product is unsuitable, damaged or lost.

108.0 Product Identification and Traceability

4.8

Procedures will be developed and maintained to identify and trace product by using an appropriate marking or storage method. Identification methods will include some or all of the following:

- assigned part number;
- supplier part number and lot number;
- serial number/plate;
- storage bins and holding areas;
- sticker/label/tag;
- bill of lading.

Material, parts, and product requiring traceability will be identified and segregated during storage and production.

Suppliers will be required to provide product identification and when required traceability of the product's processing history to the earliest process.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 208.0 Product Identification and Traceability.

109.0 Process Control

Process Control 4.9

Procedures are established and maintained for the control of processes to ensure that quality requirements are specified and achieved. Production processes will be identified in Quality Plans when required and in order-tracking documents.

Processes will be controlled by the following:

- a) Work Instructions and drawings at specific production points when applicable to identify proper selection and use of process equipment and tools, the proper environment, and the standards/codes or quality plans to be referenced for compliance;
- b) monitoring and control of process and product characteristics during production;
- c) approval of processes and equipment;
- d) production process standards supplied by customer;
- e) manufacturer specifications and drawings;
- f) supplier instructions;
- g) written inspection and test instructions;
- h) first-off inspection;
- i) criteria for workmanship and/or samples, photographs, illustrations and prototypes;
- j) preventive maintenance of equipment to ensure process capability;
- k) production documents.

The Senior Management Team will approve all processes and equipment prior to use and will ensure that Production personnel understand and follow instructions for ensuring control of process. When applicable, processes will be approved by the customer or supplier.

Processes which produce results that cannot be verified for compliance using conventional measurement and testing techniques will be identified and documented as special processes in the Quality System Procedures Manual.

Special processes will be performed by qualified Production Personnel and will be continuously monitored for compliance with documented instructions, samples, photographs, illustrations, and prototypes. When applicable, special processes will be identified and qualified by the Senior Management Team prior to use.

The Senior Management Team will jointly review existing procedures and instructions semi-annually to ensure processes are adequately controlled.

Records will be maintained as per Section 116.0, Control of Quality Records to provide evidence that processes, equipment, and personnel capabilities have been qualified

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 209.0 Process Control.

110.0 Inspection and Testing

General **4.10.1**

Inspection and testing will be performed by trained and qualified personnel as specified in the Quality Plan when applicable and/or specific inspection and test plans, and inspection instructions for each product group or individual product. Inspection and test plans will be developed by Engineering Manager (or delegate), reviewed, and approved by the Manufacturing Manager.

The inspection and test plans will specify inspection, test, and verification requirements for material and product upon receipt, during production process, and at various stages of final inspection. The customer order requirements and the level of in-house expertise will determine the criteria for the inspection and test plan. When required by customer order, the inspection and test plan and applicable instructions will be submitted to the customer for acceptance prior to production. The plan will be updated when necessary to reflect inspection and test revisions and will be re-submitted to the customer for acceptance.

Inspection and test plans will identify the following:

- a) supplied materials, products, and services and the criteria for acceptance;
- b) critical characteristics and inspection and test points throughout process from receipt to final inspection and shipping;
- c) methods of inspection and testing and criteria for evidence of conformance;
- d) documents to be completed to provide evidence of inspection and test.

Inspection and test instructions and documents will provide specific instructions for performing the inspection and testing.

Procedures supporting this policy are documented in the Quality System Procedures Manual, Section 210.0 Inspection and Testing.

Receiving **Inspection and** **Testing** **4.10.2**

All material will be segregated upon receipt for verification by the Steel Receiver or Stockroom Attendant/Clerk for count and product description against supplier documents and purchase order. The extent of further inspection will depend on extent of control at source. Receipt of certificate of conformance will be verified when applicable and attached to receiving documents. Materials will be placed in stock and will be released for production subject to positive recall.

In-Process **Inspection and** **Testing** **4.10.3**

Authorized Production Personnel will perform inspection throughout the production process following inspection and test instructions, drawings, and checklists. Trained personnel will monitor processes, inspect and test product characteristics, record results on routing sheets or inspection sheets and clearly identify the inspection and test status where applicable.

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110.0 Inspection and Testing, Continued

**Final Inspection
and Testing**

Final inspection and testing will be performed by the trim department as documented in the inspection and test plans, drawings, specifications or approved instructions.

4.10.4

The final product will be verified for conformance with order specifications and inspection and test records will be verified for completion prior to packaging and prior to release for shipping. No product will be shipped until final inspection is completed with acceptable results, verified by the Shipping Supervisor (or delegate) and all documentation completed.

**Inspection and
Test Records**

The Production Supervisor will issue production and inspection and test documents to Production Personnel to record inspection and test results. The Manufacturing Manager will collect, review, and maintain the completed records. All inspection and test documents and records will be maintained and stored as per policies in Section 116, Control of Quality Records to provide evidence that material and product has passed inspection and/or test with defined acceptance criteria.

4.10.5

111.0 Control of Inspection, Measuring and Test Equipment

General This policy will apply to the selection, use, calibration, and control of inspection, measuring and test equipment and software that include physical standards and devices used to demonstrate conformance of the product.

4.11.1

Control Procedure

4.11.2

Equipment, apparatus, and tools will be selected based on the measurement requirements and will be stored and handled appropriately to prevent abuse, misuse, damage, or change in dimensional or functional characteristics. Adjustable devices on equipment will be sealed or otherwise safeguarded against damage or tampering. Test software will be securely stored with restricted access to safeguard against loss, damage, and improper use. Equipment with damaged seals will not be used. Equipment, which has failed in operation, is damaged, or is suspected of having deviated from its established measurement capability, or is past its calibration date will be removed immediately and quarantined to prevent inadvertent use.

The calibration program will be administered by the Quality Assurance Representative and may include subcontract services. The calibration program will consist of documented calibration instructions for correct selection and use, and maintenance records for each item of equipment. Instructions and maintenance records will include, but will not be limited to, the following:

- criteria for selecting equipment;
- description, identification number, and location;
- procedures to perform accurate calibration;
- correct environment to perform accurate calibration - clean and dry with adequate lighting and protection from damaging elements
- calibration interval (not to exceed one year unless otherwise specified);
- action to be taken when results are unsatisfactory;
- traceable masters to National Bureau of Standards. When no traceable standards exist, the basis for calibration will be documented.

New measuring and testing equipment will be calibrated prior to use and have a unique identification marking to enable cross-referencing with calibration records. The inspection and test status, and scheduled date for next calibration will be identified on all equipment.

Quality Records Records for inspection, measuring and test equipment will be maintained and stored as per Section 116.0, Control of Quality Records.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 211.0 Control of Inspection, Measuring and Test Equipment.

112.0 Inspection and Test Status

4.12

Procedures are developed and maintained to ensure that required inspection and testing is performed at the appropriate points throughout the process and inspection status of the item is identified after each inspection point.

The inspection and test status of material and product in process will be identified by the following

- a) product serial number stamp or plate attached and cross-referenced to production documents and inspection and test records which accompany the product throughout the process;
- b) inspection sign-off by the operator on inspection and test records cross-referenced to production documents which accompany the product.

Status of acceptable product awaiting packaging or shipping will be identified by the attached 'O.k. to Ship' tag and/or serial number plate.

Nonconforming product will be segregated and identified with a rejection marking or Hold tag firmly attached to the item and recorded on inspection and test documents.

The identification of the person who performed the inspection will be clearly indicated on all tags and documents.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 112.0 Inspection and Test Status.

113.0 Control of Nonconforming Product

General

All employees are responsible to identify nonconforming product and potential nonconformances in the Quality System.

4.13.1

Nonconforming product will be identified following approved marking or tagging procedures and segregated when appropriate in a secured quarantine area for further evaluation and to prevent possible further processing and/or inadvertent shipping to the customer when applicable. When physical segregation is not practical, tagging, marking or other positive means of identification will be accepted.

Returned product will be received only with prior authorization by the General Manager and the Sales Manager or the Service Manager or delegate. The Sales Manager or Service Manager or delegate will issue a Returned Goods Authorization (RGA) to the customer. Authorized returned product will be identified using approved marking or tagging methods and segregated in a quarantine area for further inspection.

When applicable a nonconformance report identifying the nonconformance will be issued and disposition of the nonconforming product will be determined and recorded. Supporting documents, records, and/or Summary Reports such as Customer Complaints, Returned Goods Authorization, Warranty Reports, and Rework Reports will be reviewed at monthly Management Review Meetings to determine trends and issue of Nonconformance Reports and to determine Corrective Action. Blue Giant Equipment Corporation will be responsible for disposition of all nonconforming products and services.

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113.0 Control of Nonconforming Product, Continued

Review and Disposition

4.13.2

Review of nonconforming product will be performed by a member of the Senior Management Team or delegate following procedures specified in Section 213.0, Control of Nonconforming Product in the Quality System Procedures Manual. Disposition will be determined by the Senior Management Team members and approved by the senior manager or delegate responsible for the functional area where nonconformance occurred. Disposition may include any of the following:

- a) rework to meet specified requirement;
- b) accepted by customer with or without repair by concession;
- c) re-graded for alternative application;
- d) rejected or scrapped.

Minor adjustments to the product throughout the process are not considered to be nonconformances and will not be documented unless a trend is detected.

Customer concessions and approval for rework of nonconforming product will be obtained when required by customer order requirements.

Suppliers will be notified of nonconformance and requested to provide instructions for disposition.

Reworked product will be re-inspected and retested according to contractual requirements and additional requirements developed as part of the nonconforming product disposition. Evidence of compliance will be documented.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 213.0 Control of Nonconforming Product.

114.0 Corrective and Preventive Action

General

Corrective Action procedures will encompass internal and external quality problems resulting in nonconforming product and services received, produced, and repaired.

4.14.1

Preventive Action procedures will also be applied to prevent potential causes of nonconformance in the product and the Quality System.

Customer complaints will be forwarded to the appropriate functional area for investigation and resolution. When required, customer complaints will be escalated for review and input for resolution by the General Manager.

Nonconforming product will be investigated and corrective action will be developed and implemented by Senior Management Team member(s) with special expertise in the area where the nonconformance was encountered and/or the functional area(s) affected by the nonconformance. Corrective and preventive action requiring capital investment will require approval by the Senior Management Team members.

The Senior Management Team member(s) responsible for the investigation will approve corrective and preventive action, delegate control and monitoring of its implementation and results, determine its effectiveness, and prepare a written report to be issued to all members of the Senior Management Team describing the actual or potential nonconformance, the corrective or preventive action, and the results of the audit.

Corrective and preventive action will be reviewed by the Senior Management Team as part of the next scheduled Management Review Meeting.

The ultimate goal of corrective action will be to prevent the recurrence of nonconformance. The goal of preventive action will be to eliminate the potential for nonconformance.

When corrective or preventive action effects changes to the Quality System documentation, the Quality Assurance Representative will ensure that the appropriate revisions are made and distributed as per Section 105.0, Document and Data Control.

Quality Records

Corrective and preventive action records will be stored as per policies in Section 116.0, Control of Quality Records.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 214.0 Corrective and Preventive Action.

115.0 Handling, Storage, Packaging, Preservation and Delivery

General	Procedures will be established, documented and maintained to ensure proper handling, storage, packaging, preservation, and delivery of product. Areas designated for handling, storage, packaging, and shipping will be maintained to ensure employee safety and product protection.
4.15.1	
Handling	Finished product will be handled using approved methods and equipment to ensure protection of product and safety of employees. Where required, special handling methods and equipment will be identified in work instructions. All handling equipment will be tested and maintained to ensure proper functioning.
4.15.2	
Storage	Materials, components, parts, and finished product will be stored in appropriate protective packaging, storage bins, and/or containers in approved storage areas. Large bulk materials will be stored in approved storage areas. Approved storage areas will be maintained clean and dry to prevent damage or deterioration of product. Appropriate methods will be implemented to protect material and product stored in extreme conditions. Condition of product will be assessed at appropriate intervals and when necessary rotated to ensure first-in, first-out selection.
4.15.3	
Packaging	Finished product will be packaged, boxed, or crated in the designated shipping area. Finished product will be prepared for shipping using the appropriate method and packaging materials to ensure conformance to specification and protection during shipping. Packaged product will be checked prior to shipping to verify identification and special handling markings.
4.15.4	
Preservation	Finished product stored by Blue Giant Equipment Corporation prior to shipment to the customer will be packaged/crated, segregated, and stored to avoid damage or deterioration of product.
4.15.5	
Delivery	Blue Giant Equipment Corporation will notify customer or customer selected carrier/forwarder/installer when product is ready for pick up and prepare documents to ensure safe and efficient delivery to customer. The finished product will be loaded and secured using approved methods.
4.15.6	
	Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 215.0 Handling, Storage, Packaging, Preservation and Delivery.

116.0 Control of Quality Records

4.16

Quality Records will be identified in the Quality System Procedures Manual in the Quality Record Control Table.

All records or data files documenting any of the following will be identified as quality records.

- customer order requirements;
- management review minutes and reports;
- equipment inspection, test, and maintenance;
- packaging and shipping documentation;
- supplier records;
- product and system nonconformances;
- corrective and preventive action;
- internal audit process and results;
- design review;
- calibration records;
- employee training and qualifications;
- document revisions.

Collection, filing, and storage of quality records will be coordinated by the Senior Management Team members in their functional areas.

All quality records will be identified, indexed, and stored in accessible locations to enable efficient retrieval for internal or customer review for a time specified for the particular record on the Quality Control Record Table. Records will be stored to secure against loss and deterioration or damage.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 216.0 Control of Quality Records.

117.0 Internal Quality Audits

4.17

The Quality Assurance Representative will schedule, organize, and monitor internal audits of the Quality System.

The Purchasing Manager will schedule and organize audits of supplier programs. Other members of the Senior Management Team will participate in and/or approve the supplier audit as required by their expertise.

Audits of the Quality System will be performed regularly by someone who is not directly involved with the Quality System functions.

Internal audits will be performed using audit checklists customized by the assigned Lead Auditor.

Audits will be scheduled based on status and importance of activity. The audit schedule will be revised when nonconformances and potential nonconformances are identified in a specific area.

The audit will evaluate the existing Quality System to ensure that policies and procedures are being followed and that the system is effective.

The audit findings and reports will be issued to all Senior Management Team members. When required, corrective and preventive action will be developed and implemented.

The applicable Department Manager is responsible for corrective and preventive action.

Areas requiring corrective and preventive action will be re-audited to ensure that corrective and preventive action has been implemented and is effective.

Quality Records

Internal audit documents will be maintained and stored as per Section 116.0, Control of Quality Records.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 217.0 Internal Quality Audits.

118.0 Training

4.18

Each member of the Senior Management Team will be responsible to identify training requirements within his/her functional area. The Senior Management Team as a group may identify other training requirements for personnel involved in ensuring the quality of the product, and compliance with customer requirements.

Departmental training plans outlining the requirements for Quality training will be developed and maintained. Departmental training plans will be incorporated in a company-wide training plan and database as part of the annual business plan and budgeting process. The Human Resources Coordinator will maintain the company-wide training plan and database.

Each member of the Senior Management Team will be responsible to source training internally and externally when required to meet the training requirements within his/her functional area. The Senior Management Team will source or delegate the sourcing of training to meet the collective requirements of one or more functions.

Qualification of personnel will be performed by Senior Management Team members within their respective functional areas and will be based on a match of job requirements with the person's aptitude, skill, training, and on-the-job experience.

Quality Records

All individual training records will be filed in employee personnel records maintained by the Human Resources Coordinator with access restricted to authorized personnel, as per Section 116.0, Control of Quality Records.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 218.0 Training.

Dealer Training

Regional Managers coordinate the training for dealers with updated documents: owners, parts and service manuals.

The Technical Support Manager train dealers' technicians of product installation and maintenance.

Once a year seminars to be held at Blue Giant's facility, 85 Heart Lake Road, for the purpose of updating latest information in product and service.

119.0 Servicing

4.19

Procedures are established and maintained in the Quality System Procedures Manual to control and verify the supply and performance of the following:

- preventative maintenance by contract;
- delivery and installation by contract;
- spare parts;
- service equipment;
- technical support to retail and dealer network;
- warranty;
- service manuals

Service Representatives will be qualified to provide technical support for parts and equipment sold by Blue Giant Equipment Corporation and other manufacturers as required. Service and technical manuals and documentation provided as part of after-sales services or retail and dealer network support will be maintained and distributed following policies and procedures for document control.

Service Representatives will be qualified to perform warranty and non warranty repairs and service. Service Representative will perform repairs and service following approved technical specifications, work instructions, and inspection and testing instructions, and will use only approved materials, parts, equipment, and apparatus.

Requirements for access to customer site and/or return of product to Blue Giant Equipment Corporation will be specified in the service contract.

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 219.0 Servicing.

120.0 Statistical Techniques

4.20

Statistical techniques will be used for verifying the acceptability of process capability and/or product characteristics and for measuring the effectiveness of the Quality System. Procedures are established and maintained to identify adequate statistical techniques for the following:

- process control (when applicable)
- on-time shipping reporting
- product acceptance
- incoming and in-process inspection
- problem-solving
- control of nonconforming product and returned goods
- warranties

Procedures supporting the above policy are documented in the Quality System Procedures Manual, Section 220.0 Statistical Techniques.
