



Supplier Guide

2nd Edition – January 2019

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Revision	Modification
Rev. 2 – January 2019	Code of Ethics + Editorial changes
Rev. 1 – March 2017	First Edition

Ugivis SAS Supplier Guide

1 - EXECUTIVE SUMMARY

With the ever-increasing market demand for quality and competitiveness, Ugivis SAS has to improve continuously to achieve the best product and service quality and to ensure customer satisfaction. As suppliers and partners of Ugivis SAS, you have a key role in this challenge and are an essential agent in achieving the performance and quality excellence we strive for. To this end, it is essential that your entity develops a continuous improvement initiative that covers all aspects of Quality, Cost and Deadlines. The Supplier Guide explains the Ugivis SAS policy, approach and principles for supply management. It must be applied strictly, if we are to achieve our quality objectives and meet our customers' explicit and implicit needs. It is an indispensable prerequisite for our joint success and growth, to guarantee the future of our business.

Massimo Amenduni Gresele – President

Jean-Paul Amaro - Chief Executive Officer

1 - PURPOSE AND SCOPE

The purpose of this Guide is to provide to suppliers of Ugivis SAS all the supplier quality assurance principles that must serve as the basis for us working together. The goal is for all suppliers to be aware of and implement the procedures set out in this document. This Guide clearly sets out the Ugivis SAS operating procedures regarding its suppliers and sets objectives (particularly regarding process management, capability levels, etc).

This Guide applies to suppliers of products used in the fabrication of products manufactured by Ugivis SAS, as well as to suppliers of products and services impacting the Quality levels of Ugivis SAS (eg: traded parts, suppliers of tooling, chemical products, transporters).

Terminology: Supplier means a supplier of a product and/or the subcontractor.

2 - UGIVIS SAS PROCUREMENT POLICY

The Ugivis SAS Procurement Policy is based on selecting a shortlist of suppliers who show:

- The ability to implement the quality assurance policy;
- The ability to implement a reliable qualification process for products and processes;
- The ability to develop an efficient continuous improvement approach that allows us, in everyone's interest, to maintain a lasting relationship.

In this respect, Ugivis SAS restricts itself to working with suppliers with IATF 16949 and/or ISO 9000 certification. Ugivis SAS also recommends to its suppliers that they introduce an environmental, hygiene and safety management system.

3 - PROCUREMENT PROCESS

The procurement process has the following stages:

3.1 - STAGE 1 : DEFINITION OF REQUIREMENTS AND SEARCH FOR SUPPLIERS

Once a need has been defined, the buyer searches for potential suppliers.

3.2 - STAGE 2 : SUPPLIER CONSULTATION

3.2.1 - Feasibility analysis

The supplier must verify that the required quality characteristics can be obtained with the fabrication facilities available.

3.2.2 - Commercial samples

If commercial samples are required and if they have been agreed, they will have to be supplied with the corresponding measurement protocol.

The scope of the measurement protocol will be based on the client's specifications.

In isolated cases, certificates issued in accordance with EN 10204-2.3 may prove to be sufficient.

3.2.3 - Organisation of a consultation

A consultation consists of the two parties mutually defining the terms and conditions of a potential transaction.

What we communicate to the supplier:

- A price request is sent to them, along with a detailed drawing of the items to be fabricated, if necessary;
- The references in terms of industry standards, client standards, and potentially the corresponding list of specifications. The supplier must make sure that the documents in its possession are the latest applicable versions, by checking with the bodies concerned;
- The periodic quantities and production pace envisaged;
- The locations and dates of the first deliveries;
- The packaging, crating and transport conditions to be adopted if necessary.

What we require from the supplier:

Within two weeks following the consultation or by an agreed deadline, the supplier must provide to the Procurement Department:

- The price (excl VAT) of the goods delivered carriage-paid to our packaging plant, along with a breakdown of the unit cost price (weight of material -price of material -value added -packaging transport - and another details requested);
- The total or monthly production capacity of the facility (for a given timeframe);
- The prices of any special tools and their planning;
- The length of time required to make the initial samples for acceptance (along with Quality documents);
- The mode of transport (in a case where we pick up from the supplier, we may require a particular carrier);
- The timeline for large-scale delivery;
- Any proposal that may improve the quality or reduce the cost price of the products.

3.3 - STAGE 3 : ANALYSIS, SELECTION AND ASSESSMENT OF SUPPLIERS

The choice of supplier is approved by General Management. This choice is made by taking the following factors into account:

- Qualification and quality level
- Acceptance of specifications
- Competitiveness, logistics
- Capacity to put in place the necessary logistics conditions
- Capacity to produce while respecting the environment and incorporating workplace hygiene and safety standards
- Third-party liability insurance certificate.

3.3.1 - Supplier certification, evaluation of the Management system

Ugvis SAS requires its suppliers to have a management system based on IATF 16949 and/or ISO 9001 relating to continuous improvement and covering the purchase of raw materials, heat treatment, surface treatment, components, packaging and subcontracting.

Ugvis SAS works closely with its partners to advise them on all their Quality Safety Environment initiatives.

The supplier is also legally responsible to Ugvis SAS to ensure that its products comply with all legal and regulatory requirements.

The supplier must be capable of responding to a request by the Procurement Department or the Quality Department to provide it with the history of the documents relating to the product.

3.3.2 - Approval process

For certain products and/or subcontracted operations (eg: surface treatment, heat treatment), regarded by Ugivis SAS as critical, certification does not suffice.

A mandatory audit process must be carried out by Ugivis SAS, based on a monitoring plan communicated by the supplier, and methodologies developed by European automobile manufacturers.

A mandatory approval process of the monitoring plan must be carried out by the supplier and by Ugivis SAS before starting large-scale production.

The monitoring plan must not be modified without the consent of Ugivis SAS after a new audit of the process.

Ugivis SAS reserves the right to carry out a process audit at any time to verify the implementation of the defined process.

3.3.3 - Third-party liability

The Procurement Department must choose suppliers who comply with the safety, environmental and other legislation applicable to the supplies.

The supplier must therefore comply with product safety regulations.

Articles 1382 and 1384 of the French Civil Code states "ANY ACTION BY A PERSON THAT DAMAGES ANOTHER PERSON OBLIGATES THE ACTOR TO REMEDY IT".

Our quality requirements which are designed to ensure customer satisfaction, as well as the transposition into French law of European Directive EEC 85/374 (Article 1386-1 to 1386-18) establishing liability for faulty products, require us to verify that our partners have adequate insurance to cover potential complaints that may engage their third-party liability.

To cover this risk, the supplier must have a third-party liability insurance certificate after delivery covering:

- Direct and consequential personal injury, property damage and intangible damage;
- Damage caused to the entrusted goods and property;
- Cost of removal, uninstallation and reinstallation.

3.4 - STAGE 4 : NEGOTIATION

Upon receiving a confirmed bid, the Procurement Department carries out a comparative analysis and identifies the suppliers to be used and begins final negotiation of the bid, and awards the contract to the supplier best able to meet the request.

3.5 - STAGE 5 : AWARD OF CONTRACT

Upon receiving the order confirmation from the supplier, it is automatically assumed that the feasibility evaluation was positive, within the statistical tolerances of the process. After being awarded the contract, the supplier must under its own responsibility carry out:

3.5.1 - Prior quality-planning

For the product or service that it will supply, it must cover the following planning aspects:

- Failure Mode, Effects and Criticality Analysis (average FMECA of product and/or process)
- Fabrication schedule
- Definition of major characteristics
- Testing schedule
- Control and inspection measures plan
- Statistical process control (SPC) plan
- Resource and execution plan
- Quality plan at the supplier's facility
- Staff training
- Production test
- Detailed timelines and deadlines
- Storage, packaging and transport plan.

Deadlines must be able to be guaranteed 100% (including in the event of process failures). Ugivis SAS must be able to consult the prior quality-planning documents at any time.

On request, the testing schedule, including any special characteristics (SPC in respect of tooling - assembly - operation, etc.) and the packaging plan must be carried out with the consent of the Ugivis SAS site concerned.

Depending on the client's requirements, the supplier must operate its quality plan in accordance with APQP, ANPQP, etc... and Ugivis SAS project management procedures. On request from Ugivis SAS, a timeline management plan for the prior quality-plan must be submitted no later than four weeks after the award of the order.

3.5.2 - Drafting of an order for material or fabrication item

For items to be supplied, we also issue an "ORDER". Each order is defined by:

- The general terms of purchase (downloadable from our website www.ugivis.com)
- The special terms of purchase including:
 - The item code
 - The precise name of the item or semi-worked product
 - The number of the specification file (or drawing, or specifications)
 - The dimensional unit: format (l x w), kg, ml
 - The unit price in the chosen dimensional unit, goods delivered duty-paid (DDP) to our plant in accordance with Incoterms 2010 (unless exceptionally stated otherwise)
 - The payment terms
 - The delivery address
 - The supplier code
 - The cost allocation: accounting code and allocation for management analysis
 - The order issue date
 - The delivery schedules which are an integral part of the order and together with it constitute a firm commitment to buy at that date on the terms and conditions of the order, the agreed firm quantities of items to be delivered.

If a supplier decides to suspend or terminate the order, it must ensure as a minimum the delivery of the total firm quantities agreed and specified in the applicable delivery schedule unless the parties have negotiated otherwise.

The validity period of an open order is unlimited.

All national or international standards specified in our documents are understood to mean the latest version, or latest revision, in effect.

3.5.3 - Drafting of a special order (special or specific service)

Each order is defined by:

- The general terms of purchase (see Appendix I);
- The special terms, specifically:
 - The agreed price
 - The payment terms
 - The packaging and transport terms
 - The planning template to be returned completed. (Updated regularly, it is used to track production and deadlines.)
 - The delivery, work completion, or startup deadline
 - Lateness penalties
 - Bank guarantee
 - The specifications document specifying, among other things, the expected results and reference drawings.

3.5.4 - External service providers

Companies providing external services such as cleaning, landscaping, maintenance, etc. must approve and adhere to the prevention plan developed by Ugivis SAS.

This plan includes, among other things, safety and environmental requirements that must be adhered to when working at Ugivis SAS sites.

The service provider must also comply with the safety and environment instructions received during the training given by Ugivis SAS. A list of persons qualified to work at the Ugivis SAS site must be filed with the QSE Manager, along with the certificates of Urssaf declarations updated every six months.

Foreign service providers must sign an attestation that they comply with French labour law.

3.5.5 - Investment Order

Investment orders are subject to special terms: the companies involved must undertake to approve and comply with the specifications document submitted to them. They must also undertake to comply with the environment and safety requirements specified in the Ugivis SAS Environment, Hygiene and Safety guidelines.

3.5.6 - Amendments to orders

Any change to any aspect of the order must be issued in writing as an amendment, particularly if a change to a price and/or version of a drawing.

3.6 - STAGE 6 : INITIAL-SAMPLES PHASE

3.6.1 - Approval of the initial samples of a product

The following documents constitute the product definition dossier:

- Drawing (functional or execution)
- Specifications document
- Standards

Certain products may be governed by special regulations that have legal force in France or in a foreign country.

A characteristic is considered "special" if it is designated as a safety / regulatory characteristic or if it is considered "critical". A critical characteristic is one that could lead to the functional failure of the product.

"Critical" characteristics may be defined:

- By Ugivis SAS's client, based on knowledge of the product and experience
- By Ugivis SAS
- By the supplier

Any product deliverable by a supplier must conform to the definition dossier approved by the Technical and Quality Departments.

Every fabricated item or assembly may involve a prototyping phase and a final development phase sometimes entailing modifications. Items submitted for acceptance (initial samples) must be fabricated by the large-scale production process or by a process representative of the large-sale production process.

3.6.2 – Purpose

- To verify that the items conform to the technical definition dossier;
- To verify that the items are usable in production;
- To verify that the production process is qualified.

3.6.3 - Submission of initial samples

Initial samples are submitted in the case of:

- A new product;
- A modified product;
- A modified fabrication process;
- Change of production site;
- Change of means of production.

Initial samples must be addressed with a special orange label which must indicate all the information to allow it to be tracked (name of recipient, tracking numbers, etc.).

The supplier sends a sample of the product to the Quality Department, in a quantity agreed in advance with the Quality Department (quantity necessary for making a typical ("type") product). This sample must be accompanied by the following items in a quality assurance file in accordance with Ugivis SAS requirements, drafted in French):

1. Inspection/Control report of the initial samples
2. IMDS
3. Physical-chemical testing report of the initial samples
4. Monitoring plan covering the process from the receipt of raw materials to the shipping of the finished products.
5. Fabrication flow chart
6. Capability on special characteristics
7. Description of packaging
8. Description of labelling and identification
9. Product characteristics
10. AMDEC process if specified
11. Summary of process qualification

3.6.4 - Acceptance of initial samples

When:

- The products conform;
- The quality assurance file is complete and conforms;
- The industrial test was satisfactory.

Acceptance of the initial samples is communicated to the supplier by the Ugivis SAS Quality Department.

This acceptance permits the products to be delivered.

NO PRODUCT MAY BE DELIVERED TO UGIVIS SAS UNLESS IT HAS RECEIVED PRIOR ACCEPTANCE IN ACCORDANCE WITH THE ABOVE-CITED CONDITIONS.

In general, and unless otherwise specified in the order, all fasteners-related products (screws, bolts, nuts, washers, etc...) ordered by Ugivis SAS are inspected when received in accordance with the procedures and criteria described in ISO 3269.

3.7 - STAGE 7 : CONTRACTUALISATION

3.7.1 - Acceptance of an order

Each order is issued as one original, with a confirmation of receipt that the supplier must return within eight days duly signed with his agreement or any observations, failing which the order will be considered accepted unreservedly by the supplier.

The signing of the order receipt confirmation implies acceptance by the supplier, of the general and special terms without exception or reservation.

3.7.2 - Tooling order; Case of tools stored at our suppliers

Some fabrication processes require the use of special tools. These tools may, after negotiation, be ordered and invoiced to Ugivis SAS. In such a case, the Procurement Department separately issues an order for tooling and an order for the items to be fabricated. Lateness penalties may be applied.

Invoices issued by the supplier for the payment of tooling orders are not payable until after Quality Department acceptance of the type items made with those tools. However, if the tools are costly, it is possible to provide for partial interim payments. On each tool, a plate is permanently and visible attached stating that the tool is the exclusive and unseizable property of the company that placed the order, a subsidiary of Ugivis SAS. Those tools may not, without written consent, be used to make items for a third party, or transferred, transformed or destroyed.

The supplier assumes responsibility for the security and protection of those tools. It must, on its responsibility and at its expense, ensure their maintenance and refurbishment as necessary, insure them on our behalf for their as-new value (new-for-old basis) against all risks and file the necessary declarations to the tax authorities to itself pay any duties and taxes relating to the use of those tools.

3.7.3 – Orders of raw materials

Unless specified otherwise, Ugivis SAS orders its raw materials (machine wire) in accordance with the latest known version of the applicable European standards.

Unless specified otherwise, all items are intended for cold heading. This means, among other things, that:

- The allowable fault depth cannot exceed 1% of the diameter and must never exceed 0.12 mm of radius.
- The chemical composition must be appropriate for this mode of fabrication.
- The metallographic structure must be appropriate for cold heading.

For each order placed, the supplier undertakes to deliver a single pour, by diameter, to the extent that the quantity ordered does not exceed the weight of a complete pour.

3.8 - STAGE 8 : LARGE-SCALE PRODUCTION, DELIVERY AND INVOICING

The delivery schedule mentions the date on which the goods must reach our plant. The supplier must comply strictly with the details in the schedule (quantities, deadlines, etc.).

In particular, the delivery date stated in the order or schedule is the date on which the goods arrive at our plant and not the date on which they are shipped. The supplier must take into account the length of time needed to transport the goods.

In the case of an incident (breakdown) or foreseeable late delivery, the supplier must immediately notify the Procurement Department concerned.

If the supplier delivers later than the contractual date (date appearing on the order or staged-production statement) he automatically incurs lateness penalties and is invoiced for costs incurred at our clients or by us internally.

3.8 - Packaging

3.8.1 - Durable packaging

To facilitate transport and handling, a study may be carried out on some materials or items to determine whether they should be packaged or crated in standard or in special containers.

Compliance with packaging standards:

- Reduces the number of broken or rejected items
- Facilitates in-store inventory management
- Rationalises work methods

3.8.2 - Lost packages

Complies with Ugivis SAS requirements.

3.8.3 - Identification of Lots

Every package or container must carry a label showing the following information:

- The name of the shipping company
- The name and identifying number of the article
- UGIVIS part number identification
- The quantity in each package or container
- The recipient's address
- The shipping date
- All this information is required for tracking a Lot
- For hazardous products, see the applicable standard.

3.8.3 – Special Case - Identification of Lots for subcontracting operations

Ugivis SAS has to subcontract some operations. These operations are diverse: automatic or manual sorting, surface treatment, heat treatment, machining, gluing, coating... The list is not exhaustive.

The items are shipped in containers and are accompanied by a Tracking Sheet which shows the following information:

- The name and identifying number of the item
- The quantity in each package or container
- All this information is required for tracking a Lot

EACH SHEET CORRESPONDS TO A CONTAINER – THESE SHEETS MUST NOT BE MIXED UP AND MUST ALWAYS BE LINKED TO THE CONTAINER.

IF SHEETS OR CONTAINERS ARE MIXED UP, UGIVIS SAS MAY HAVE TO INVOICE ADDITIONAL COSTS FOR LOSS OF TRACEABILITY.

3.8.4 - Delivery Note

Every delivery must be accompanied by a delivery note showing, for each item, the following information:

- Delivery Note Number
- Number of the reference order (in its entirety)
- Name and corporate name of the supplier who received the order
- Name and corporate name of the shipper, if different from the supplier (forwarding agent or subcontractor)

- The shipping date
- Name of the item and Ugivis SAS reference
- Quantity delivered and corresponding unit
- Total number of packages or containers and type of containers
- Gross weight.

3.8.5 - Products or fabrication processes modified by the supplier

Any modification introducing a change in any characteristic of the item or material (dimensions, functioning, appearance, material) or fabrication process (chemicals, process parameters, control operations, etc.) requires the prior consent of the Quality Department.

The supplier may propose to Ugivis SAS (Procurement, Quality or Technical Department) any modification it considers desirable for certain items or fabrication flows. In such a case, the modified drawings and potentially samples must be submitted to the Ugivis SAS Quality Department for examination and testing with a view to potential approval.

The modification history must be recorded and archived by the supplier.

3.8.6- Verification of invoices

The Accounting Department checks that the invoice includes the following information:

- The supplier code
- The order number
- The delivery order number
- The place of delivery
- The name of the goods delivered along with the Ugivis SAS reference
- The date and number of the delivery note for the item concerned
- The quantity
- The unit price (excl VAT)
- The total price (excl VAT) (less any rebate)
- The discount (if any)
- The net total (excl VAT)
- The intracommunity VAT number
- The VAT rate
- The VAT on the above net amount
- The total including VAT
- The payment terms
- The invoice date

And for suppliers outside France:

- The customs code
- The net weight

If the invoice is incomplete, the Quality Department returns it to the supplier specifying the missing headings.

Each invoice must correspond to one order only and to one delivery note only.

The invoice date must be the same as the shipping date.

3.8.7 - Payment

The payment terms are specified when the order is placed by General Management. Unless indicated otherwise by the buyer, payment is made 60 days after the invoice issue date. Only the Procurement Department is authorized to officially approve different terms of payment. In the case of costly investments, it is possible to provide for partial interim payments. These special terms are indicated clearly on the order.

3.8.8 - Disputed invoices

In the case of a dispute, the Accounting Department is notified by the Procurement Department which sends a request to the supplier for a credit note to resolve the dispute in the following instances:

- Double invoicing
- Goods missing when received, the quantity invoiced being consistent with the quantity shown on the delivery note.
- The invoice value is higher than the quantity received value based on the order terms (the quantity received being consistent with the quantity on the delivery note)
- Price change without the consent of the Procurement Department
- Invoice without the order or contract having been approved by Procurement, etc.

The supplier may ask to make an exceptional delivery to replace a faulty item. This request must describe the fault and must be sent, accompanied by a representative sample of the product, to the Quality Department.

If the exceptional delivery is agreed, the supplier must make the delivery in grouped and referenced Lots (indicated on the note and container references).

An exceptional delivery will be accepted only for a limited quantity of items and for a limited period.

3.9 - STAGE 9 : MONITORING OF SUPPLIER QUALITY

Ugivis SAS evaluation of quality ability

Ugivis SAS schedules annual evaluations of the supplier's Quality results, and may be triggered at any time if events require it.

Ugivis SAS evaluations use a management system audit based on IATF 16949 or ISO 9001.

3.9.1 - Administrative and quantitative receiving, disputes quantities

A goods delivery where the quantity received differs from the quantity stated on the delivery note or where damaged packaging suggests a potential risk to the quality of the items, is therefore disputed. In such a case, the Procurement Department sends a dispute notice to the supplier. After the dispute is confirmed with the consent of General Management, the dispute is settled as follows:

- An invoice is sent that is consistent with the quantities received.
- In the case of goods missing when received, a credit note is issued.
- In the case of surplus goods received, the surplus is returned to the supplier.

RETURNS OF GOODS: In the case of surplus goods delivered, the supplier is notified that he should retrieve them. Should he fail to do so within 10 days, the goods are returned to him on a carriage-collect basis accompanied by a return slip. A credit request is issued. The supplier is notified of this by receiving the automatic credit note issued by the Accounting Department.

3.9.2 - Monitoring of deliveries:

The Procurement Department checks with the supplier that he is able to meet the quantities and delivery dates requested in the delivery schedule.

When, in the case of delayed delivery, the inventory level reaches a critical threshold, the Procurement Department notifies General Management who contact the supplier to:

- Find a solution to the immediate problem.
- Help him put in place appropriate means to permanently prevent the recurrence of such disruptions.

In the contrary situation, where the goods are delivered in quantities greater than those indicated in the delivery schedule or are delivered before the requested date, they may be returned to the supplier on a carriage-collect basis in accordance with the procedure indicated above.

Exceptional transport:

Exceptional transport is where a supplier is monitored to identify any failures to comply with deadlines, and thereby devise adequate improvement actions.

3.9.3 - Treatment of non-conformities

When a faulty product is reported, in accordance with our requirements, and in the case where rejected products are not scrapped, the supplier must retrieve them and pay the return shipping costs. He must send to the Quality Department within 48 hours his emergency action plan to ensure the provisioning of Ugivis SAS fabrication lines (to prevent any disruption in flow).

In the case of a quality dispute detected by our end client, this deadline is shortened to 24 hours. Ugivis SAS reserves the right to reinvoice to the supplier all direct and indirect costs incurred due to the dispute including, but not limited to:

- The reimbursement of the product
- Retouching costs
- Analysis costs
- Transport costs including any special transport to mitigate a late delivery
- Compensation for resulting disruption at Ugivis SAS or at its clients.

If necessary, Ugivis SAS asks the supplier to make the necessary staff available to resolve the dispute (sorting, retouching, etc.). If the supplier does not respond within 24 hours, or in an emergency, Ugivis SAS will invoice the actual costs incurred.

Corrective and preventive action plans :

The supplier must submit corrective and preventive action plans to the Quality Department no later than 2 weeks after the notification of the incident. If the incident was detected by our end client, this deadline is shortened to 10 days.

3.9.5 - Escalation process

In the case of project drift and/or a serious problem, Ugivis SAS triggers an escalation process to monitor its suppliers on the following basis:

1. Review of action plans

- *Who:* Supplier's Quality Manager and/or Logistics Manager; Ugivis SAS Quality Department and/or General Management
- *When:* Recurring complaints, lack of reactivity...
- *Where:* Ugivis SAS site
- *Agenda:* Review of the supplier's action plans, review of the progress plan

2. Review of performance

- *Who:* Supplier's Quality Manager and/or Logistics Manager; Ugivis SAS Quality Manager and/or General Management
- *When:* Recurring complaints, lack of reactivity...
- *Where:* Ugivis SAS site
- *Agenda:* Review of the supplier's action plans, review of the progress plan

3. Review of Management

- *Who:* Supplier's General Management; Ugivis SAS Quality Department and/or General Management
- *Where:* Ugivis SAS head office
- *Agenda:* Review of the supplier's improvement plan, convergence curve...

3.9.6 – Penalties

All costs generated once a rejection notice has been issued (cost of transport, manual retrieval, treatment, inspection, replacement of products) are charged to the supplier. The following additional costs will also be charged to the supplier:

- Any dispute will be invoiced a flat administrative processing fee of €150 (excl VAT).
- In the case where corrective action plans are not submitted within the maximum 2 weeks, or are not satisfactory, a reevaluation audit may be scheduled. Travel, board and lodging costs for Ugivis SAS auditors who have to go to the supplier's site will be invoiced to the supplier.
- An immediate reduction of the supplier's share of the contract, or complete removal of the supplier from the contract, may be the penalty in the case of an unrecognized, unresolved or recurring crisis.

3.9.7 - Scoring of suppliers

Ugivis SAS has introduced a comprehensive and precise system for assessing suppliers. A potential 100 points are awarded, broken down as follows:

*** Certification – 10 points :** based on the following criteria:

No certification:	2 points
ISO 9001:	5 points
IATF 16949:	8 points
IATF 16949 + ISO 14001:	10 points

***Product Quality - 50 points :** The quality score consists of two separate elements:

$$A = \frac{\text{Number of demerit points for NC}}{\text{Number of points acquired by deliveries}} \quad (40 \text{ of the } 50 \text{ points of the total quality score})$$

$$B = \% \text{ NC with action plan submitted within 8 days (10 of the 50 points of the total quality score.)}$$

Each order line delivered by the supplier	= 100 points
NC with product usable on an exceptional basis	= - 100 points
NC with product usable after internal or external retouching	= - 150 points
NC with product unusable	= - 250 points

$$A = \{1 - [(NC \text{ demerits}) / (\text{Number of deliveries} \times 100)]\} * 100$$

With this percentage obtained, a score out of 40 points is awarded as follows:

- 100%: 40 points
- 95% to 100%: 35 points
- 90% to 95%: 30 points
- 80% to 90%: 20 points
- less than 80%: 10 points

$$B = [(NC \text{ with action plan within 8 days}) / (\text{total NC})] * 100$$

With this percentage obtained, a score out of 10 points is awarded as follows:

- 100%: 10 points
- 80% to 100%: 5 points
- less than 80%: 0 points

$$\text{Quality score} = A + B$$

***Logistics - 20 points :**

This scores the supplier's compliance with delivery deadlines and quantities delivered, weighted by criticality and the number of lines delivered. The degrees of criticality are as follows:

CRITERIA	Criticality
Minor risk not impacting Ugivis SAS and/or the client. The client does not notice it. Ugivis SAS can absorb this risk.	2
Minor risk at Ugivis SAS that the client may detect. No impact on the product. No modification necessary.	4
Risk disrupting Ugivis SAS and/or the client. Modifications necessary.	6
Risk causing degradation of product delivery conditions. Unhappy client.	8
Risk causing a breakdown, machine downtime. Major costs and scrapping.	10

Calculation of logistics score:

- Number of lines delivered: NL
- Number of lines delivered on time: LOK
- Number of lines delivered late: NOK

$$\text{Logistics score} = (LOK/NL) * 20 - (NOK * \text{Criticality})$$

When the calculation result is less than 0, the logistics score is equal to 0.

*** Personalised score – 20 points** : based on the following criteria:

- 0 to 5 points: Competitiveness of prices.
- 0 to 5 points: Technical support.
- 0 to 5 points: Interpersonal relations.
- 0 to 5 points: Payment terms.

The supplier's overall score is calculated by adding together all the scores obtained. Suppliers are sent their scores once a year.

3.9.8 – Ranking of suppliers

Suppliers are ranked into 3 categories:

- Score equal to or above 74 = “A” Supplier
- Score between 50 and 73 = “B” Supplier
- Score below 50 = “C” Supplier

“A” Suppliers are called "approved" and are preferred for all new business and any new project.

“B” Suppliers are called "approved under observation". They will be audited to understand the score and get them to improve to category A. Development is possible subject to audit and improvement plans.

“C” Suppliers are "blocked". No development is possible, they continue only to provide historical services while awaiting a possible audit and improvement plans. They are monitored for risk and all their deliveries undergo enhanced inspection.

