



Supplier Guide

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CONTENTS:

Executive Summary

1. Purpose and Scope

2. Ugivis SAS Procurement Policy

3. Procurement Process

3.1 Definition of Requirements and Search for Suppliers

3.2 Supplier Consultation

3.3 Analysis, Selection and Assessment of Suppliers

3.4 Negotiation

3.5 Award Of Contract

3.6 Initial Sampling

3.7 Contracting

3.8 Large-Scale Production, Delivery and Invoicing

3.9 Monitoring of Supplier-Quality

4. Code Of Ethics

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Rev. 3 – February 2021	Changes of suppliers scoring
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Ugivis SAS Supplier Guide

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 (e.g.: 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 (e.g.: 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 start-up 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 intercommunity 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

Ugavis SAS evaluation of quality ability

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

Ugavis 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 contacts 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 charge 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 re-evaluation 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:	0 points
ISO 9001:	3 points
IATF 16949:	4 points
IATF 16949 + ISO 14001:	5 points

***Product Quality - 60 points :** The quality score consists of two separate elements:

$$A = 100 - \frac{\text{Number of demerit points for NC}}{\text{Number of points acquired by deliveries}} * 60$$

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

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

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

- 100% : 50 points
- de 95% à 100% : 45 points
- de 90% à 95% : 40 points
- de 80% à 90% : 20 points
- moins de 80% : 10 points

$$B = \left[\frac{\text{NC with action plan within 8 days}}{\text{total NC}} \right] * 100$$

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 - 25 points :

This ranks 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

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

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

*** Personalised score – 10 points:** based on the following criteria:

0 to 2,5 points: Competitiveness of prices.

0 to 2,5 points: Technical support.

0 to 2,5 points: Interpersonal relations.

0 to 2,5 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 \geq 85 = "A" Supplier

- Score > 75 et < 85 = "B" Supplier

- Score < 75 = "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.

4 CODE OF ETHICS

Ethics and behaviour

UGIVIS SAS is built around strong values, which shape our culture and guide our actions. For the most of us, these values are implicit, and we express them orally.

Beyond the convictions and commitments that bring us together, I also wanted to formalize in this document all the rules of conduct that apply to our company and to all our employees. These rules are not new. Each service is organized to ensure their respect by deploying its internal control system. They are relayed at all hierarchical levels, in particular to each newcomer. With this new Code, which explains these rules for all of our employees, we intend to inform also our external contacts: customers, suppliers, administrations, institutional partners, subsidiaries of the VALBRUNA group.

Through this Charter, we do not only recall that working for UGIVIS SAS implies a strict compliance with applicable laws and regulations. We set out the principles of professional ethics which must, in all circumstances and in all countries, inspire our behaviour. We affirm that UGIVIS SAS expects each employee to behave flawlessly, based on probity, loyalty, and respect for the dignity and individual rights of employees.

These rules have been reviewed and approved by the Chairman of our group. Besides their internal release and on our website, I invite the heads of our various departments to distribute them to their teams whichever form appears to them most effective in ensuring compliance, supplementing them if necessary by depending on the specifics of the activities of the persons concerned.

UGIVIS SAS Code of ethics and behaviour

Each of the executives of UGIVIS SAS will now see their personal performance appreciated, particularly in based on compliance with these rules. I decided to commission an ethical referent from UGIVIS SAS who will, in liaising with Management to understand this Charter. It can be consulted directly and in confidentiality by any employee who encounters difficulties or questions about the delimitation or application of these rules. I am counting on each of you to appropriate them. This is how UGIVIS SAS will continue to inspire trust to its customers, partners, shareholder and employees. This is how we will be faithful to our core values that unite us.

We are a company with a recognized know-how.

The business of UGIVIS SAS is to manufacture fasteners and drawn wires in stainless steel and special steels. Our products are used in sectors as varied as the automotive industry, rail, energy, food or aeronautics. Our goal is overall performance. The performance of our company is not limited to its economic and financial result. Our goal is the creation of global value. Our job requires us to question the purpose and usefulness of our achievements, meeting user expectations. The challenges of climate change must encourage us to develop the environmental value of our productions. Our performance is also appreciated in terms of integrating the company into the local fabric, as well as contributing to economic, social and societal development. We believe in humanist values. For UGIVIS SAS, sustainable economic success is inseparable from an ambitious human project. Our values of humanism are ingrained in our industrial culture. Trust, respect, solidarity, primacy given to men on systems, the simultaneous appreciation of individual initiative and collective work are at the heart of our identity. These values guide our actions and behaviours, inspire our management and our organization. They materialize, towards all of our employees, by our desire for harmonious and shared development.

Our managerial model guarantees our cohesion.

UGIVIS SAS is characterized by a management mode which guarantees its cohesion and drives its development. This model is based on the autonomy and empowerment of employees and trust from which the latter benefit is inseparable of intangible principles of loyalty and transparency. This model promotes the performance of each employee within the framework of clear rules. Valuation of individual initiative goes hand in hand with the networking of teams and skills, promoting cooperation between all the people inside the company.

The real successes are those we share.

By seeking overall performance, by pursuing a long-term economic and social project, UGIVIS SAS aims to share its successes with its employees, its customers and its shareholder.

Our commitments:

Act as a responsible employer

UGIVIS SAS favours as often as possible the creation of sustainable jobs. Its ambition is to promote professional development of its employees by offering to everyone, as much as possible, a personalized training project, long term perspectives of evolution that could enhance their skills, their creativity and their entrepreneurial energy.

Before recruiting UGIVIS SAS, in conjunction with schools, its professional union and stakeholders employment, acts to develop the attractiveness of its activities, develop qualifying paths, promote professional integration and contribute to the development of employment, in particular among young people.

The responsible employer approach of UGIVIS SAS is also expressed in active social dialogue with employee representative bodies, while respecting union independence and pluralism.

Ensure the safety of all

Ensuring the health and safety at work of its employees is the first duty of UGIVIS SAS. Our goal is to achieve zero accidents. This objective applies to the employees of UGIVIS SAS as well as to temporary workers and employees of subcontractors. UGIVIS SAS undertakes all appropriate prevention actions to reach this goal. Management, at all hierarchical levels, is strongly involved in the management, implementation and monitoring of security policies. The results in this area are among the elements for assessing the performance of managers.

Guarantee equal opportunities for all

UGIVIS SAS's principle is to make no discrimination, for whatever reason, in hiring and in labour relations. Human resources management and, more generally, the relationships between employees are based on the principles of mutual trust and respect, with the concern to treat each with dignity. UGIVIS SAS pursues a proactive policy of managing equal opportunities, in particular in terms of gender diversity and professional equality

Share the fruits of growth

UGIVIS SAS encourages its employees to focus on the individual responsibilities and performance of each. The company promotes employee participation in the results through bonus schemes collective and individual.

Deploy an eco-efficiency policy

UGIVIS SAS is fully aware of the changes that the fight against climate change involves. The company has set itself the priority of developing eco-design and empowering the various actors in the value chain, from design to use of its products/

Reduce the foot print of our activities

UGIVIS SAS strives to reach the best environmental standards in terms of preservation of natural resources, energy consumption, waste management and protection of biodiversity.

Develop participatory innovation

The innovation culture of UGIVIS SAS merges with its entrepreneurial culture. In line with its management model, the company develops its innovation potential by encouraging as close to the concrete initiatives of its employees. Including not only technological aspects but also all the innovations that feed a progress process (methods, management, services, safety, sustainable development...). Each employee of UGIVIS SAS, whatever their functions and hierarchical level, must respect the principles of behaviour described in these rules. These are not intended to substitute the applicable laws and regulations, but to define attitudes and give benchmarks which, beyond necessary respect for the law, reflect exemplary personal and professional behaviour in the interest of the company. In their implementation, everyone must show common sense and probity. Each employee must acquire sufficient knowledge of the rules applicable to its activities, regardless of the country where they are to enable him to determine when it becomes necessary for him to seek advice from of its hierarchy, the human resources department or the Group's advisers. If these rules are incomplete or imprecise in certain situations, if an employee feels an uncertainty or a doubt about the behaviour to be taken in front of particular situations, this one is invited to consult their hierarchy or the ethical referent.

Respect for people

UGIVIS SAS applies a fair human resources policy that complies with the law. We prohibit in particular any discrimination based on an illicit ground such as sex, age, manners, membership of an ethnic group or nationality, disabilities, opinions or religious commitments, political or union. Any moral, sexual or more pressure, pursuit or persecution generally against the law is prohibited. Everyone respects the laws relating to the privacy of employees, particularly those who manage computer files.

Respect for legality

UGIVIS SAS and its employees must comply with the laws and regulations applicable in all the countries where they carry out their activities. Each employee must refrain from any behaviour which could lead him / her or lead other collaborators, or UGIVIS SAS in an illegal or unfair practice. In this regard, within UGIVIS SAS, no performance objective can be defined, imposed, accepted or paid under any form whatsoever if its realization implies a departure from these rules.

The following provisions are not intended to detail all of the legal obligations likely to receive application, but to draw attention to certain risks requiring particular awareness.

Fair Competition

UGIVIS SAS operates in countries which, for the most part, have enacted legislation having as their object prohibit interference with the free play of competition. These rules, stemming in particular from articles 81 and 82 of the Treaty establishing the European Community (EC Treaty), must be scrupulously respected. The unlawful interference with the free play of competition, not tolerated within UGIVIS SAS regardless of the country concerned, can take various forms, in particular: agreements by which competitors work together, for example, to increase or fix prices, reduce competition in response to tenders, set production restrictions or quotas, allocate markets, deceive

the client, etc...

A simple exchange of information between competitors, in particular prior to the submission of offers in the part of a call for tenders, may thus be considered unlawful if it has the object or effect of reducing, or distort competition; an abuse of a dominant position by which a company seeks to take advantage of the position it holds in a market to oust its competitors; abuse of the situation of economic dependence in which a client or supplier of a business finds itself with regard to the latter. In particular, it should be ensured that any grouping, even temporary, in which UGIVIS SAS participates, is constituted and acts in compliance with the competition rules applicable in the country concerned, and taking into account the legitimate interest of the client concerned. Collaborators who violate these rules could face severe civil or criminal penalties, to which would be added the sanctions that UGIVIS SAS could decide to take. Each UGIVIS SAS employee must therefore refrain from any behaviour likely to be considered as an anti-competitive practice in the market in which it operates.

Fight against corruption

The negotiation and execution of contracts must not give rise to behaviour or facts which could be classified as active or passive bribery, or complicity in trading in influence or favouritism. No UGIVIS SAS employee must not grant undue advantages directly or indirectly to a third party whatever it is and by any means whatsoever, in order to obtain or maintain a commercial transaction or preferential treatment. Each collaborator will avoid relationships with third parties likely to place him personally in a situation obligated and raise doubts about its integrity. In the same way, he will take care not to expose to such third party that he is trying to convince or lead to conclude a deal with UGIVIS SAS. All collaborators who would be asked in this regard should report to his hierarchy, which would take all measures to end this situation. Gifts can only be offered or accepted in the name of UGIVIS SAS when their value is symbolic or weak having regard to the circumstances, and provided that these are not of such a nature as to cast doubt on the donor's honesty or the recipient's impartiality.

Commercial agents

UGIVIS SAS does not use intermediaries such as sales agents, consultants or business introducers when they are able to provide a useful service based on professional expertise specific. This obviously excludes having to use an intermediary to carry out operations against the law. UGIVIS SAS must ensure that these people do not compromise the business by unlawful acts. In this Indeed, it will take care: to select with care its partners, taking into account their skills and their reputation, particularly with regard to business ethics; to precisely define the services expected from these partners and the remuneration to which they give entitlement; to make sure of reality and the importance of the services performed and the consistency of the remuneration with the services provided.

Financing of political activities

UGIVIS SAS complies with laws which prohibit or regulate the funding of political parties and of candidates for election. In this context, any decision to contribute directly or indirectly to financing of a political activity must be previously validated by the general management of the group which responsibility for verifying its legality and assessing its appropriateness. UGIVIS SAS respects the commitments of its employees who, as citizens, participate in life public. Any employee contributing in the course of their personal activities to the decisions of a State, of a public authority or of a local authority refrains from taking part in an interesting decision the business.

Preventing conflicts of interest

Each employee of UGIVIS SAS is bound by a duty of loyalty towards the company. He watches over consequence of not exercising directly or indirectly of activity or of not making words which would place them in a conflict of interest with the company. An employee must in particular refrain from

having an interest in a company, whether client, supplier or competitor of UGIVIS SAS, if this investment is likely to influence his behaviour in the exercise of his functions within of UGIVIS SAS. All employees must make sure in writing of the authorization of their hierarchy before undertaking on behalf UGIVIS SAS a transaction with a company in which he or a member of his family is an investor or an important leader. No employee may accept a mission or work proposed by a supplier, customer or competitor, which is likely to affect their performance or judgment in the exercise of his functions at UGIVIS SAS. When, however, they are faced with a risk of conflicts of interest, employees must, in a spirit of transparency, inform their hierarchy immediately and refrain from any interference in relations that UGIVIS SAS maintains with the third party concerned, until a solution has been found.

Communication and information

UGIVIS SAS attaches great importance to the quality of information and takes care to practice, in particular to towards its shareholder and the public, transparent and reliable communication. Good management requires that everyone, whatever their level of intervention, ensures with the utmost rigor the quality and accuracy of the information it transmits within the company. An employee must not disclose to the outside the confidential information which he holds because of his functions or incidentally because of his membership in UGIVIS SAS. He also cannot communicate confidential information to employees of the company who are not authorized to take it knowledge. Information relating to results, forecasts and other financial data, acquisitions and sales, commercial offers, new products, services or know-how as well as resources human should be considered strictly confidential.

Protection of assets

Each UGIVIS SAS employee must protect the company's assets and assets. These are not limited not furniture and buildings. They include the ideas or know-how developed by the collaborators of the than its reputation. Lists of customers and subcontractors or suppliers, market information, technical or commercial practices, offers or technical studies, and more generally all data or information to which employees have access in the exercise of their functions, are part of the heritage of UGIVIS SAS. The duty to protect him remains despite the departure of an employee. No employee appropriates or makes available any asset for personal use provision of third parties for use for the benefit of other parties. Communication systems and intranet networks are the property of UGIVIS SAS and are used for professional purposes. Use at personal purposes is only authorized if it is confined within reasonable limits, if it is justified by the needs a good work-life balance, and is necessary. It's forbidden to use these systems and networks for illicit purposes, in particular to transmit messages of a character racial, sexual or offensive. Everyone also refrains from making illegal copies of the software used by the business or to make unauthorized use of such software.

Transparency and internal control

Each employee participates in the continuous improvement of the risk management system and facilitates identification and treatment of malfunctions. Everyone contributes with care and diligence to the investigations, reviews and audits carried out as part of internal control. The operations and transactions that are carried out are sincerely and faithfully recorded in the accounts of each company, in accordance with applicable regulations and internal procedures. Any employee making recordings accountants demonstrate precision and honesty, and ensure the existence of documentation corresponding to each entry. Any transfer of funds requires particular vigilance, particularly with regard to the identity of the recipient and the reason for the transfer. Any obstacle to the proper execution of controls and audits, whether by internal services or auditors, as well as any concealment of information in this context is prohibited and would constitute serious breaches of these rules.

Implementation of this Code

Each department of UGIVIS SAS is responsible for implementing these ethical rules, depending on constraints and specificities of its activity. Compliance with and the application of these rules are binding on all employees, according to their functions and responsibilities. Everyone must be vigilant about him but also in his entourage, within his team or with respect to the people placed under his responsibility.

Role of UGIVIS SAS employees

If an employee believes that a legal or regulatory provision, or that these rules are not respected or are on the point of not being respected, he must inform his superior as soon as possible hierarchical. In case of doubt, legal or human resources services, as well as possibly external counsel, are consulted. The employee can also use the professional alert system in compliance with the law and the rules applicable to the country in which he resides or carries out his activities, areas of corruption and irregularities in accounting or financial matters, in accordance with the single authorization issued by the CNIL by deliberation n ° 2005-305 dated December 8, 2005. The alert procedure is intended only for the case where the employee considers that information to his supervisor may present difficulties or does not seem to give rise to appropriate follow-up. In this In this case, the employee can refer to the ethical referent, who will deal with the subject based on the skills of the Group.

Everything will be done to respect the desire for confidentiality expressed by employees. UGIVIS SAS undertakes that no employee will undergo a change of status, harassment or any other form of discrimination due to referral to the ethics referee or the provision of information in good faith.

Sanctions

It is recalled that these rules, which have been examined and approved by the President of UGIVIS SAS, are imperative, and that no one within the company can get rid of it, whatever its hierarchical level. Any possible non-compliance with these rules by an employee would constitute a fault and could be the subject of the share of UGIVIS SAS of appropriate sanctions and prosecutions, in accordance with the law applicable to employee concerned.

Such sanctions could, in particular, subject to applicable law, include dismissal for fault and claims for damages at the initiative of UGIVIS SAS, even if non-compliance with the rules was detected by the Group itself as part of an internal control. In case of any question or difficulty concerning these rules and their implementation within UGIVIS SAS, the ethics adviser should be contacted in a confidential basis.