

GLOBAL PROCUREMENT

SUPPLIER GUIDE

Issue date: March 2015

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SUPPLIER ACKNOWLEDGEMENT

We hereby acknowledge that we have received and understand the Camso Supplier Guide. We agree to strive to fulfill all the requirements listed within this manual and any other related processes and agreements.

Any future supplier agreements or specific processes or requirements supersede the general requirements of this Manual.

As an authorized representative of the company referenced below, I have carefully reviewed and understand the substance of the above document, and confirm that this company is in full compliance with Camso Quality Management System requirements.

Supplier Name _____

Street Address _____ Phone _____

_____ Email _____

City _____ State/Province _____

Country _____ Postal Code _____

Supplier Quality Department Contact Name (Print) _____

Signature _____ Title _____ Date _____

Please complete and return a signed copy of this form within 20 days of reception to:

Attn: Supplier Quality Department
Camso Inc.
2675, rue MacPherson
Magog, Quebec
J1X0E6 Canada



MISSION

Camso Global Procurement aims to ensure that worldwide material and service requirements are strategically sourced in order to achieve the lowest total costs and enhance the competitiveness of the organization, while developing global expertise, promoting supplier collaboration and applying world-class company values and behaviors.

SCOPE

This guide applies to all suppliers providing products and services to Camso. Suppliers are responsible to assure compliance of any subcontract suppliers under their control. These requirements also apply to Camso plants supplying other Camso facilities. This manual does not alter or reduce any other contractual requirements covered by purchasing documents, drawings or specifications.

PURPOSE

This manual describes first, the general requirements that Camso expects from any suppliers associated to our business, and second, the way Camso wants to work with its partners regarding Quality aspects applicable to all material provided directly or indirectly through sub-suppliers, establishing the foundation of suppliers' responsibilities in terms of regulations, ethics and quality that should guide any actual or future relationships with Camso. This will allow us to reinforce partnerships with suppliers who wish to accompany us in our growth.



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1 GENERAL REQUIREMENTS

Camsco is committed to supply product to our customers that meets or exceeds their expectation by teaming up with our suppliers to achieve high level of performance, safety awareness and respect our environment.

1. Quality Management System

The supplier shall ensure that its Quality Management System (QMS) fulfills the requirements or at least the principles of ISO9001 and/or ISO/TS16949. Camso will encourage any supplier to pursue such International Quality Certification. Any Supplier's Quality Management System must show evidences that it is focused on performance and demonstrate efficiency and continuous improvement. Camso expectations include:

- Suppliers' personnel to be fully trained on continuous improvement tools and methodology.
- Best-in-class productivity in the relevant market segment.
- Complete transparency and access to supplier's facilities, personnel, and equipment for auditing purposes.
- Evidence of a controlled Quality system.

2. Legal Compliance

The supplier shall comply with all applicable governmental regulations. These regulations relate to health and safety of the workers, environment protection, toxic and hazardous materials, and free trade. The supplier should recognize that the applicable government regulations might include those in the country of manufacture, as well as the country of sale.

A. Corporate Social Responsibility

The supplier must approve and implement the ten "Global Compact" principles of the United Nations Program Corporate Social Responsibility Refer to the following websites: <https://www.unglobalcompact.org> which includes human rights, labor standards, environment and fight against corruption in particular:

Regarding human rights and labor standards, we expect our suppliers to comply with all applicable labour laws and regulations including those relating to minimum wages, maximum hours, days of rest, freedom of association, collective bargaining, and any legally mandated benefits. When engaging workers, we expect our suppliers to verify their legal right to work and to ensure that all necessary documentation is in place.



- **Child Labor:** Our suppliers must not use child labor. They must not engage any workers who are younger than the legal minimum age for employment in the relevant jurisdiction.
- **Forced Labor:** Our suppliers must be able to certify that they do not engage any form of forced, involuntary or slave labour. In particular, our suppliers must not require workers to surrender their passports, work permits or other official documentation as a condition of their work.
- **Diversity and Equality:** We expect our suppliers to support diversity and equal opportunity in their workplaces, and to oppose and take steps to prevent discrimination on the basis of personal characteristics protected by applicable laws and regulations, such as race, ethnicity, national origin, religion, age, gender, sexual orientation, disability, etc.
- **Harassment:** Our suppliers must treat their workers with respect and prohibit all forms of harassment and abuse in the workplace. We expect our suppliers to implement policies and procedures to prevent harassment and ensure that workers may report instances of harassment without fear of reprisal or intimidation.

Camso encourages all its suppliers to fulfill the requirements of ISO 14001 and OHSAS 18001.

B. Corruption

Camso suppliers must behave with integrity and engage only in ethical dealing in all aspects of their operations. Bribery, extortion, kickbacks and similar payments are strictly prohibited, even where permissible under local law. Our suppliers, and agents acting on their behalf, must not seek to influence others directly or indirectly to neglect their duties, obtain preferential treatment during negotiations or a contract award, or in any other circumstances by making or offering to make any improper payment, gift or favor (which may include, but are not limited to, property, services, representation fees, loans (other than those obtained from a recognized loan institution at the current rate), vacations or pleasure trips or the use of any property), or by engaging in any other unethical behaviour under any circumstances.

C. Conflict Minerals:

When applicable with the type of Suppliers activities, Camso will incorporate the principles of responsible sourcing of Conflict Minerals into our contract terms with suppliers and will work with our suppliers to create awareness of these issues within our supply base. We will make our position statement available to our suppliers and expect them to adopt similar positions or policies with respect to their own supply chains.

Refer to the OECD due diligence guidance in the following website:

<http://mneguidelines.oecd.org/mining.htm>.



D. REACH Compliance

Camso is committed to reduce the impact of its products on the environment, so requires that all of its suppliers provide regular updates on the chemicals and substances used in the manufacture of supplied goods, either directly or through sub-suppliers. This information is gathered under the European REACH directive; automatic compliance updating is required within 45 days to ECHA candidate list updating that occurs biannually. For ECHA candidate list of substances of very high concern (SVHC) and obligations under this directive, *refer to the following website:*

<http://echa.europa.eu>

<http://echa.europa.eu/addressing-chemicals-of-concern>

3. Warranty

Camso aims to prevent incidents that result in warranty claims, in order to protect the safety and reputation of its customers and end users. As part of Camso Supply Chain the supplier is required to be insured to cover all expenses related to defective products, including all related costs that were impacted by the defective product. See annex.

4. Contingency plan

The value of a disaster recovery plan is the ability to react to a threat or event swiftly and efficiently. Camso expects suppliers to develop and maintain a disaster recovery plans that demonstrate reasonable preparedness for following:

- Environmental disasters
- Organized and/or deliberate disruption
- Loss of utilities and services

5. Set-up and maintain sub-supplier management

The supplier shall not subcontract components, processes, completed or substantially completed items supplied to Camso without prior written approval from Camso. The supplier will ensure that all sub-tier suppliers who have access (directly or indirectly) to Camso specifications, internal Camso data, or other confidential information will sign and be governed by a Non-disclosure Agreement (NDA) that is similar in form and substance to Camso NDA with supplier.

Approval by Camso of a subcontractor selected by the supplier shall not alter supplier's obligations to Camso. The supplier is responsible for the continued compliance to quality standards of its subcontractors of materials and services. The supplier must ensure that its suppliers will meet all required quality standards. Camso reserves the right to carry out process approval by auditing the sub-supplier as deemed appropriate.

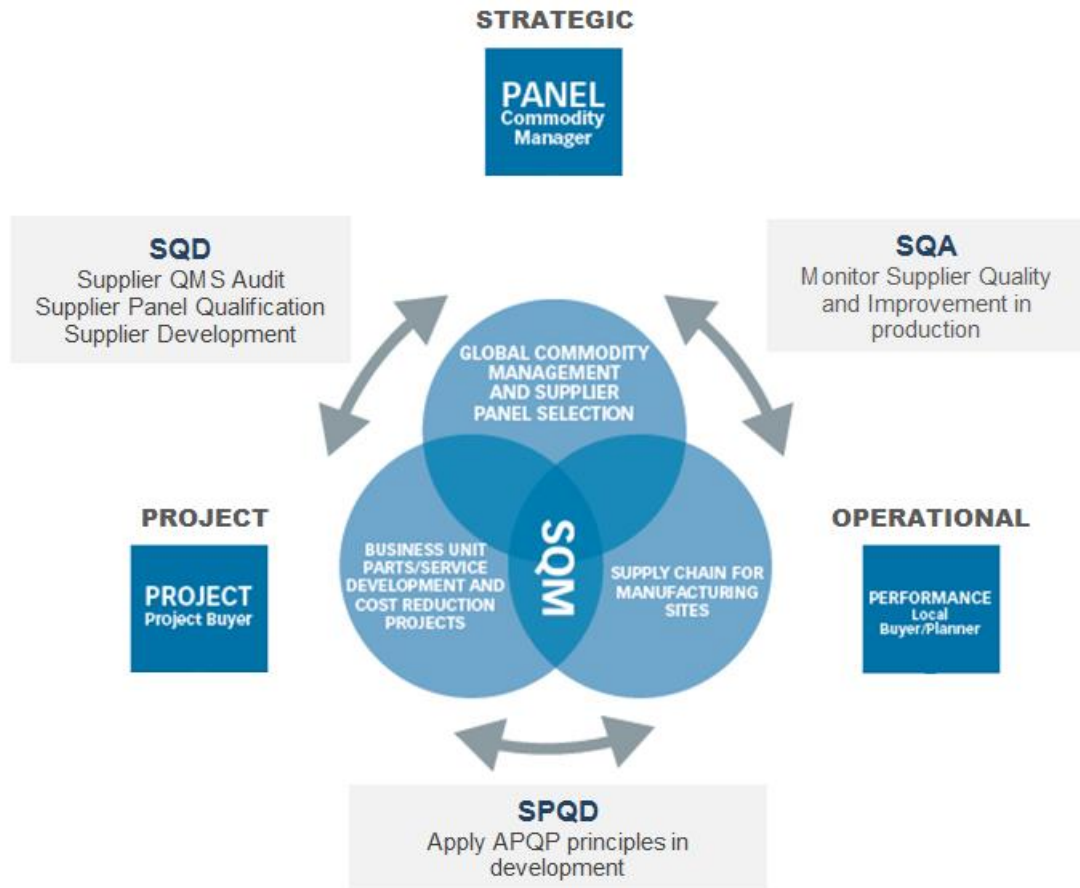
6. Innovation

The supplier is selected on the basis of its operational and organizational skills as well as on their knowledge of Camso's fields of activity. It is expected that all suppliers share innovation with Camso to create competitive advantages.



2 PROCUREMENT AND QUALITY PROCESSES

Responsibilities and tasks are defined through three main streams: Commodity Strategy and Supplier Panel Selection, Product Development Project Execution, and Supplier Performance Management. Quality activities are incorporated in each stream, also supporting the transition from stream to stream.





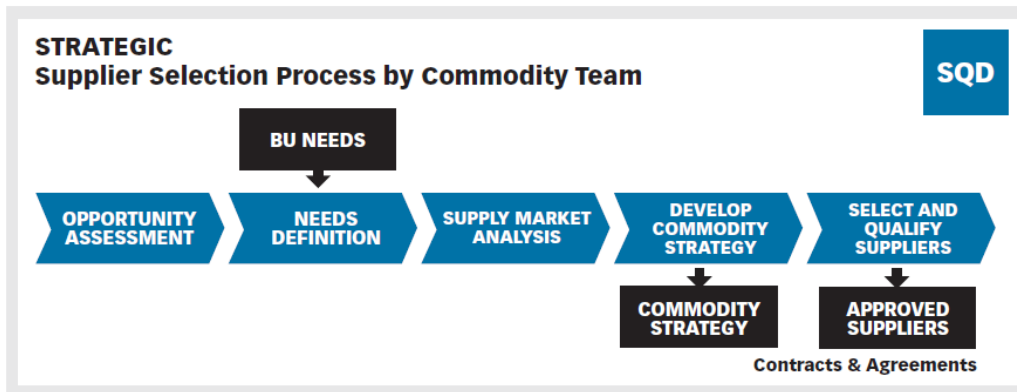
The Camso Supplier Quality Management system (SQM) aligns Supplier Quality activities in each stream with the Camso Strategic Plan, Business Process Framework, and Procurement Road Map.





1. SUPPLIER SELECTION AND QUALIFICATION

Cross-functional Commodity Teams are responsible to develop Commodity Strategies and build Supplier Panels to support those strategies:



A. Supplier Identification and Selection

Supplier Identification and Selection is enabled by the Camso e-Sourcing platform, hosted by Ariba. Suppliers will follow a standard process to be considered for entry to the Supplier Panel:



B. Approval in Supplier Panel

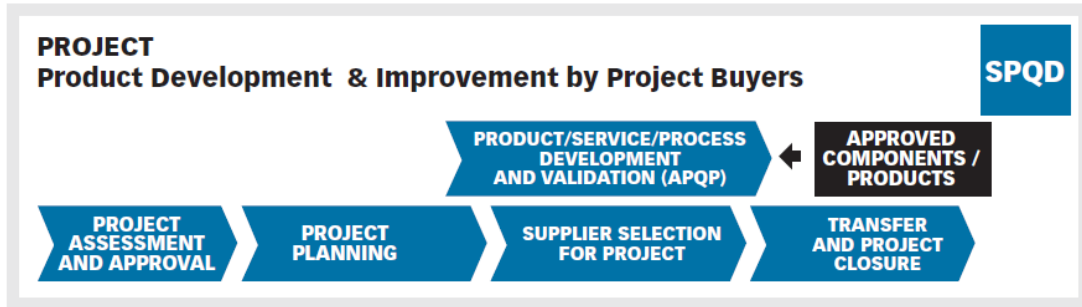
A full Quality system audit is a prerequisite to become an approved member of the Supplier Panel. Following Supplier Panel approval, a supplier may produce parts for



Camso production only following process and parts approval, including a process audit and a PPAP approval as explained in 2D.

2. PRODUCT/SERVICE DEVELOPMENT PROJECTS EXECUTION

Camso dedicates Project Buyer team to execute projects with the approved Supplier Panel:



Camso encourages suppliers to use **APQP** as a guideline to support process development, design review, verification, validation and launches. APQP-related expectations include:

A. Concept Validation

Suppliers are expected to participate in detailed design reviews prior to production release of Camso drawings to assure specification is within their capability. Suppliers shall design and manufacture their products in accordance with Camso requirements and communicate progress periodically as requested. The concept will be reviewed during the DPAR with procurement and engineering.

B. Resource Allocation

Camso expects suppliers to dedicate technical and other appropriate resources required to support all phases of the product design, development, and production life cycle.

C. Prototype Parts Requirements

The supplier is required to meet Camso prototype part requirements. These requirements will be documented during the initial DPAR or other formal communication. Prototype parts supplied to Camso must be clearly identified to avoid any mixing with production parts.

D. PPAP Management Including Special Characteristics

Camso requires that suppliers follow the guidelines of AIAG PPAP Manual, which can be found at www.aiag.org. The PPAP is intended to validate process capability prior to production launch. PPAP requirements and level will be communicated to the supplier early in the project. Before shipping any production parts to Camso, a PPAP must be approved. See annex for requirement details.

E. Production Process Validation

The supplier shall develop a plan to continuously audit its own production process based on the control plan. Special characteristics must be monitored using SPC.



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F. Documentation Control

It is the supplier's responsibility to produce materials that meet all technical requirements and specifications supplied by either Camso or our customers. In order to maintain these quality expectations, the supplier shall establish and maintain a system to ensure that only the latest applicable drawings and specifications are used and fully understood by those personnel responsible for assuring compliance with the requirements.

G. Engineering Change Management or Deviation Request

Camso must authorize any change to an approved product or process that is proposed by suppliers or sub-suppliers. See annex for more details on ECR or DR.

H. Identification and Traceability

Where appropriate, supplier shall identify the product by suitable means throughout the product life cycle. See annex for detail on traceability, identification and bar coding.

I. Tooling Management

Camso-owned tooling represents a significant investment and is critical to the supply of Camso parts. Camso expects suppliers to clearly identify and maintain Camso tooling in order to protect tooling and parts integrity. See annex for our Tooling Statement Expectations.

J. Computer Aided Design Systems and Tools

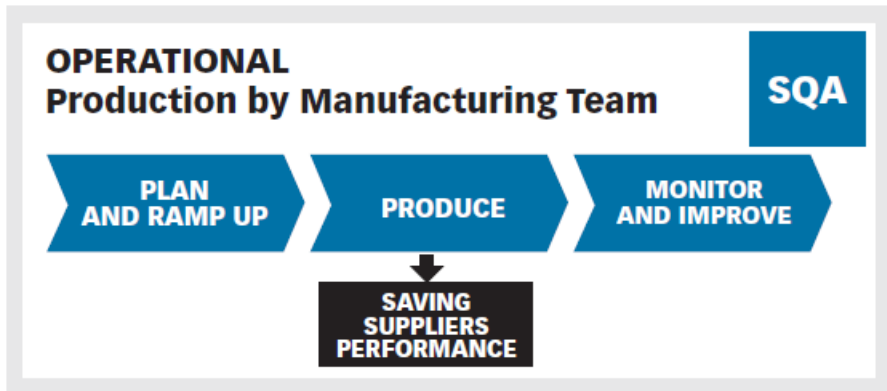
Suppliers are expected to have access to, and expertise in, using modern product development capabilities, including Computer Aided Design (CAD/CAE), skilled personnel, and appropriate facilities, to perform design and engineering analysis. For collaborative engineering activities Camso requests CAD data provided in 3D (when applicable) and/or 2D format. See annex.

K. Packaging, Transportation, and Customs Compliance

Unless otherwise stated, supplier is responsible, at its cost, for packaging, packing, shipping, insuring and transporting (if specified) the Incoterms Named Place in a safe and secure manner. See annex for details related to packaging, transportation and customs compliance.



3. SUPPLIER PERFORMANCE MANAGEMENT



A. Supplier Performance Evaluation

Camso measures suppliers' quality performance by recording each non-conformance in SAP at the receiving location first, and then consolidates for all sites. A non-conformance is recorded whenever an incorrect part, assembly, and/or collection of parts or materials is identified in production as not meeting the quality or service level approved at the PPAP and/or in any other subsequent agreement with Camso. Non-conformance may include parts with delivery, packaging and labelling issues, as well as costs incurred due to late deliveries.

B. Performance Expectations

The table below summarizes the minimum performance target that the supplier should meet. Camso, at its discretion, may change the targets, and will communicate those changes to suppliers.

Key Performance Indicator	Target
Quantity Reliability	Min 99%
Date Reliability	Min 99%
Quality Conformance-Rolling 6 Months' Average	Min 99%
Claim US\$	\$0

C. Supplier Performance Calculation Method

See annex.

D. Non-Conformance

Supplier is required to deploy a control plan using statistical tools to collect and analyze data demonstrating control of all critical characteristics. Supplier must ensure that all print dimensions conform to all technical requirement and specifications, and is expected to monitor, control and record these dimensions. See annex for details on the management of non-conformance and corrective actions.



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E. Escalation of Poor Supplier Performance Results

In case of repetitive defects, the escalation process leads to re-classification at the “needs improvement” level “C” and may lead to disqualification. A supplier performance review and/or special audit may be conducted at Camso discretion.

F. Chargebacks and Warranty Claims

Camso may request compensation for defects or failure when supplier is responsible of such defects or failures. See annex.

G. Supplier Rating

Camso utilizes a rating system to monitor and assess supplier performance. The rating system uses the Combined Score defined in the annex to build an overall measure of suppliers’ performance. Rating is assigned as follows:

Best In Class	96-100	A
Meets Minimum Requirements	85-95	B
Need Improvement	<85	C

Suppliers classified under C will be closely monitored and required to deploy a Corrective Action Plan in order to close any gap between Camso requirements and their performance.

When a supplier is approved in the Supplier Panel for first time, the rating is automatically set at C level. This level may be raised relative to ongoing performance.

H. Supplier Recognition Program

Camso honors its suppliers for their commitment and outstanding service through a Supplier Recognition Program. These recognized supply partners are vital to helping Camso deliver superior quality and value to customers. The program is intended to inspire suppliers to improve quality and strengthen collaboration with Camso.



ANNEXES



PPAP OVERVIEW

A. Special Characteristics

Special Characteristics are any aspects of a product or process that impact safety, function, performance, fit or compliance with regulations. Camso requires suppliers' compliance with all critical characteristics identified per ISO/TS requirement. Such characteristics should be addressed through DFMEA, Process Flow, PFMEA, Control Plan, and required documents such as work instruction and drawing; and demonstrated during the PPAP.

B. Capabilities Assessment

Assessment of capabilities on special characteristics must be done according to Camso specifications. If less than required, the supplier must put in place methods and specific means to assure the delivery of conforming products. In process and machine capabilities, Cp and Cpk indexes should meet a lower limit of 1.33 unless otherwise agreed between Camso and the supplier.

C. Control Plan

The supplier must build and submit for Camso approval, a Control plan. The Control plan must include containment actions, with special attention to production start-up, as well as any product changes, covering up to 3 months after SOP.

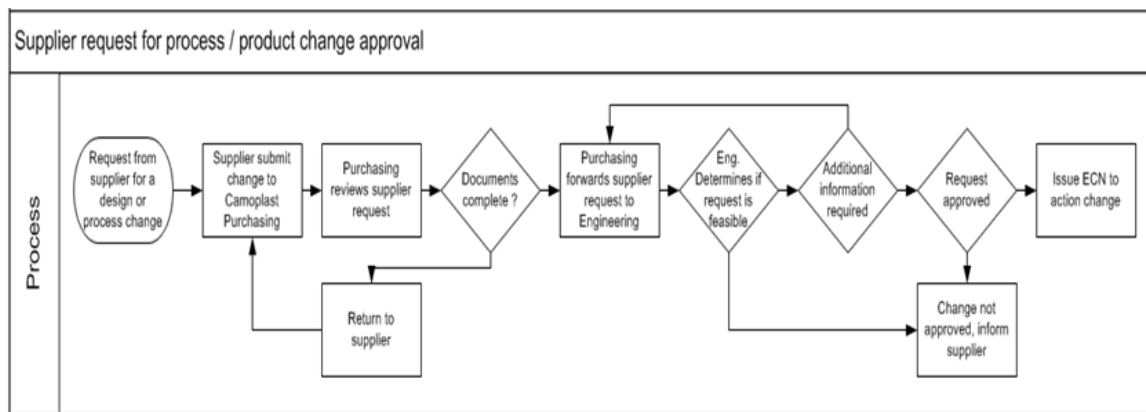
D. Initial Sample Inspection Report (ISIR)

A supplier is responsible for submitting an ISIR, verifying all features on the print. The number of inspected parts will be defined by the Camso SPQD and communicated to the supplier on the purchase order.



ENGINEERING CHANGE MANAGEMENT

No product/service design or process Change Request is to be accepted or acted upon by the supplier unless formally received in writing, accompanied by the appropriate drawings and/or written specifications, and agreed in writing by Camso. If for any reason Camso is unable to update the official drawing revision in due time, the supplier may proceed with the requested change if a marked, signed, and dated drawing is received from Camso. As the supplier is responsible for meeting all print requirements, any questions pertaining to the new requirements, such as unclear specifications, must be resolved prior to accepting and implementing the change.



Camso uses Engineering Change Notices (ECNs) to communicate technical changes in our products and specifications to suppliers. Suppliers are expected to respond within 5 working days to the ECN form with all requested information, including estimated cost impact and timeline to implement the requested changes.



DEVIATION REQUESTS

In certain instances, material that does not conform to all specifications may be used if the nature of the non-conformance will not impact the fit, function, or appearance of the final product. Suppliers may submit a request for approval to use such material by requesting a Temporary Deviation Authorization to the Camso Buyer. The supplier will complete the form and return it to Camso for approval before shipping. In all instances, a written corrective action plan must be prepared and attached to the request, describing steps taken to prevent a re-occurrence of the deviated condition. Pending approval of the formal deviation request, the supplier is responsible to segregate the nonconforming material to prevent accidental shipment. If the deviation is granted, the supplier must follow the conditions and limitations specifically stated in the deviation. When the affected material is shipped to Camso, it must be identified as changed or deviated material on orange label "deviation # xxxx" and must be readable. In addition, all shipping documents must be positively identified with the deviation number prior to shipment from the supplier's facility.



IDENTIFICATION AND TRACEABILITY

Suppliers shall establish, document, and maintain a Product Identification and Traceability procedure.

A. Traceability

- All products must be clearly marked to enable traceability from manufacturing through the end of the life cycle. If it is impossible or inappropriate to mark the products, other appropriate measures shall be taken to ensure traceability, so that, in case of any defective or damaged products, the supplier will be in a position to identify, without delay, all potentially affected products. It is in our respective interests to target the precise extent of non-compliance, to avoid the risk of requiring a larger containment.
- Supplier shall indicate as a minimum, on each container, a unique serial number allowing tracking to (1) product manufacturing date and time, and (2) inspection results and processing condition, including material lot number used. Requirements will be discussed in the DPAR.
- Supplier must clearly maintain in its planning system the list of the serial numbers, referencing packing list number, associated to each shipment. Supplier shall be able to provide to Buyer a list of the serial numbers and delivery dates of affected Products upon Camso request.
- Suppliers must maintain traceability documents according to local regulations, or at least 5 years, or more if requested by Camso.

B. Identification

All packages/boxes shall be clearly labeled with the product number, quantity gross weight, purchase order number and bar code label.

C. Bar Code Label Specifications

Bar coding requirements and specifications will be communicated by the Camso Buyer as appropriate. General requirements are as follows:

D. Size and Material for Label

The minimum label size shall be 3.49 cm (1.375 in) high by 7.62 cm (3 in) wide. The label paper shall be white with black printing.

E. Label Information

- Human readable information
- Maximum length for the description is 10 characters.
- Maximum length of the batch number is 10 characters.
- Expiration date must be indicated for chemicals.
- Bar code numbers concatenate 4 fields:
- Buyer product number: Numeric field, maximum 8 characters
- Lot number: Alpha numeric field, maximum 10 characters.
- Quantity: Numeric field, exactly 3 digits after decimal point.
- Unique identifier - optional, on buyer's request: Numeric field, maximum 5 digits.

F. Bar Code Symbology

Barcode shall use code 128 symbology.

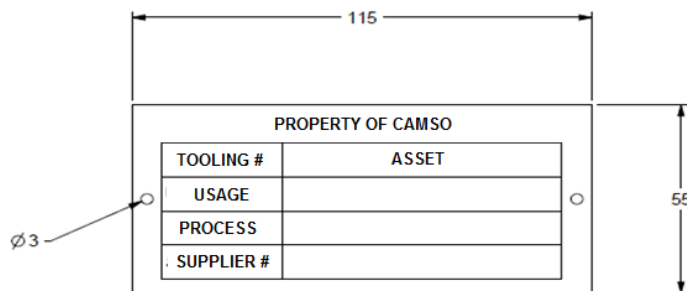
Code density and dimension: Bar shall be a minimum of 1.27 cm (0.5 in) high.



For the bar code symbol, the average width of narrow elements shall be within the range of 10 to 15 mm.

TOOLING STATEMENT EXPECTATIONS (REFER TO CAMSO MASTER AGREEMENT)

- Tools, dies and fixtures are the property of Camso and are to be used exclusively for producing patterns, parts and other specified items solely for Camso.
- Camso reserves the right to remove the tools, dies, patterns, and other items specified from the supplier's premises for any reason and at any time according master bailment agreement
- Supplier agrees to carry insurance coverage, equal to full replacement cost, against all perils, including fire, theft and natural disaster. Supplier shall provide to Camso certificates of insurance evidencing the latter insurance coverage and establishing Camso is established as the loss payee on the supplier's policy for the tooling under the supplier's care, custody and control. All certificates must provide a thirty (30) day written notice, prior to any cancellations or non-renewal of the above insurances.
- Supplier agrees to maintain adequate, accountable control of the property while property remains in its possession. This includes maintaining the tooling in a condition suitable to produce acceptable parts at all times. The supplier shall protect the tooling from abuse, loss, and damage.
- Supplier agrees not to move the tooling from the site originally designated, unless prior written authorization is obtained from Camso.
- Tooling shall be clearly and permanently marked with the owner's name, according to the related master bailment agreement and asset # provided by Camso:



- Tooling ID plates as above will be used except where no acceptable place exists for the plate; in this case; engraving is preferred. The final decision will be taken jointly between Camso and Supplier.
- All tooling will be tracked on the **Camso tooling list** and updated once per year according to the inventory.
- Supplier affirms that Camso owns or licenses the intellectual property, including drawings, sketches, calculations, etc. associated with the tooling; and the supplier agrees not to claim any rights in the same.
- Supplier and Camso acknowledge that one or both may designate a subcontractor to produce parts or components for parts, which may then be provided to supplier for assembly into parts



manufactured or assembled by the supplier for Camso, or to Camso directly. In such case, supplier must (1) obtain Camso consent before providing any Camso tooling to a subcontractor, and (2) will cause the subcontractor to enter into a tooling statement identical to the Camso form prior to providing any Camso tooling to the subcontractor.

- Any costs for repairs, rework, or replacement that are to be paid by Camso are to be requested in writing and in advance. Authorization for work will be validated through of a Camso PO Purchase Order.
- Supplier shall ensure that the measurement tools are in line with the required measurement precision and shall provide Camso the calibration conformance report.

OBSOLETE TOOLING

For any tool(s) that a supplier considers obsolete and in need of disposal, Camso expects suppliers to provide a written request to the Camso Buyer prior to any action being taken. Supplier's written request should include the following:

- Camso tool number
- Camso part number(s) produced by the tool
- Description of the tooling
- Original cost of the tooling
- Date of the last production off of the tool by the supplier

Camso will investigate the current OEM and Aftermarket Program requirements for the part number(s) and work with supplier to determine the disposal method for the tool. Camso will provide a written response concerning disposal of the tool(s). Suppliers are expected to not return any tooling to a Camso location unless they are provided written instructions directing that action from the designated Camso Buyer.

Contact a Camso Buyer regarding questions about Camso tooling considered obsolete.



COMPUTER AIDED DESIGN

Camsco encourages technical data exchange using mutually compatible 2D and 3D formats, including files with the following file extensions:

3D: .stp, * .neu, .igs, .x_t

2D: .pdf, .dxf, .dwg

***Preferred format.**

FTP site capability will be used to facilitate transfer of files. FTP credential details will be provided on request to Camsco Buyer. The formats required for collaboration will be agreed in the DPAR.



PACKAGING, TRANSPORTATION, AND CUSTOMS COMPLIANCE

A. Packaging

Packaging must ensure the delivered products' integrity throughout storage and shipment, to reception at Camso, or at the customer for outsourced finished goods. All material, parts, and assemblies shall be packaged so that they are protected from any damage including abrasion, nicks, dents, scratches, contamination, corrosion, tarnish.

Supplier shall label, pack the goods and their containers in accordance with the laws in force where the goods are to be received, and using packing and packaging best practices appropriate to the methods of carriage and handling, and to weather conditions to which they may be exposed up to the point of delivery. Suppliers must comply with any additional packaging requirements of the Camso location that ordered the Products, including any bar coding requirements.

For international shipments, all wooden packaging materials shall comply with the most restrictive regulations applicable between the country of origin and the destination country. For example, shipments to and from North America must comply with IPPC requirements; the IPPC stamp shall be visible on each article of solid wood packaging, for example, pallet or box; and the appropriate documentation, i.e., fumigation or heat treatment certificate, must be available upon request.

Supplier shall be responsible for any product that is damaged during shipment, or requires additional handling, due to noncompliance with packaging requirements and specifications. Supplier shall reimburse buyer for any operational cost to unload a container because of improper packaging.

B. Freight and Customs Compliance

The ICC's Incoterms 2010 govern the time at which risk and cost are transferred from the Supplier to Camso. Incoterms are agreed between Camso and the supplier during the Supplier Selection and Qualification phase. The following terms are preferred: FCA, FOB, DAP, or DDP. Agreed terms are incorporated in the Master Agreement and apply for all POs and SAs.

Depending on the agreed Incoterms, Buyer may designate the method of transportation, the route and the Freight Forwarder/Carrier from the agreed point of delivery (Incoterms Named Place). Supplier shall make available to the Buyer, Freight Forwarder/Carrier, and Customs Broker, all necessary shipping documents (i.e., packing list, bill of lading, commercial invoice, customs invoice, Certificate of Origin or Exporter's Statement of Origin, MSDS for hazardous materials). Where goods require importation to the USA, the appropriate ISF 10+2 filing must also be provided.

A copy of those documents should also be sent to the Customs Broker, Camso Accounts Payable, Camso Transportation Manager, and Camso Buyer. Any missing or inappropriately completed documents that results in additional fees to Buyer shall be reimbursed by Supplier if the failure is caused by Supplier's acts or omissions. Further, within a reasonable timeframe prior to each shipment, Supplier shall notify Buyer in writing of the expected date of shipment and date of delivery of the Products, as well as a description of the Products' types, Product number and quantities of Products to be shipped.



When shipment is made from outside the country of delivery, a customs invoice, certified in accordance with appropriate Customs Regulations, must be provided at the time of the shipment in addition to the commercial invoice. In case of part qualification for the North American Free Trade Agreement (NAFTA) preferences, Supplier will provide annually to Buyer, by the requested due date, an accurate and complete North American Free Trade Agreement (NAFTA) Certificate of Origin. The NAFTA Certificate of Origin must be completed in accordance with regulations published by the U.S. Department of Treasury in the Federal Register on December 30, 1993, pages 69460 through 69565, and any amendments thereto and in accordance with instructions issued annually to Supplier by Buyer.

A Certificate of Inspection (Certificate of Conformance COC or Certificate of Analysis COA) must accompany each production lot as minimum.

MSDS must be provided for all products, and must comply with ISO110/4-1. An extended MSDS must be provided in case of Reach registration.

Other requirements may be specified by Camso and added on the PO, SA, or DS.



SUPPLIER PERFORMANCE CALCULATION METHOD

Camsco measures supplier performance based on a combination of four key performance indicators.

A. Key Performance Indicators

- **Quantity Reliability:** Score is assessed for each delivery against a PO or DS. Multiple deliveries per day are aggregated into one score per day. The score is based on GR good receipt quantity and QT quantity tolerance.
Quantity Reliability Monthly Score = Average of all aggregated daily Quantity Reliability scores for the given month
- **Date Reliability:** Score is assessed for each delivery against a PO or DS. Multiple deliveries per day are aggregated into one score per day. The score is based on SDD statistical delivery date ("promised date") and DT date tolerance, versus actual delivery date.
Date Reliability Monthly Score = Average of all aggregated daily Date Reliability scores for the given month
- **Quality Conformance:** Data is collected through incoming inspection results and Return POs, and calculated based on a rolling 6 months' average:
*Quality Conformance Rolling 6M Score = 100 * (1-(Quantity Rejected or Returned during the past 6 months / Quantity Received during the same 6 months' period))*
- **Claims:** Value is calculated based on claims and return POs to suppliers for non-conforming goods/deliveries and warranty claim issues.

B. Combined Score

- The combined score is calculated using the same method for POs and DSs:
*Combined Score = (25%*Quantity Reliability) + (25%*Date Reliability) + (50%*Quality Conformance)*



CONTROL OF NON-CONFORMING PRODUCT

A. Process

When purchased material does not meet standards (e.g. quality, delivery, engineering change level, adherence to test specifications, etc.) or last qualified PPAP, a non-conformance notification is issued by Camso.

- The supplier must notify Camso immediately upon recognizing quality problems that might jeopardize the delivery of quality product.
- If nonconforming material is discovered at any stage of the Camso process, supplier will assume responsibility for resulting costs incurred by Camso or any customer.
- When such a non-conformance is discovered, the Camso receiving location will inspect and contain the non-conforming parts to prevent their use in production. The supplier will be charged for this additional, non-standard operation until all nonconforming material has been quarantined and supplier corrective action plans have proven effective.
- Non-conforming parts disposition will be agreed between Camso and the supplier and the cost will be borne according to where the responsibility is established.

B. Supplier Corrective Action

Camso requires effective curative, corrective, and preventative action be taken in a timely manner, in the event of a purchased part or material non-conformance. The supplier shall analyze the problem, define and implement containment actions, determine the root cause, define corrective actions, verify effectiveness of corrective action, and define actions to prevent recurrence of the same or similar problem following the 8D or similar methodology:

Response Time Frame	
Within 24 hours from reported failure	Initial failure analysis and containment plan complete D0 to D3 D0: prepare the 8D -D1: develop a team -D2: describe the problem
Within 10 days	Root-Cause Analysis with an action plan Complete D4 to D6 D4: root cause- D5: solve the problem -D6: validate the solution
Within 60 days	Measure the effectiveness of the corrective and Preventive action. D7 to D8 D7: preventive solution -D8: congratulate the team

Corrective Action Response Time: Camso will measure SCAR response time as an indicator of Supplier Performance. Response time is defined as the elapsed time from receipt of the SCAR by the supplier until an initial failure analysis and containment actions are approved by Camso.



CHARGEBACK GUIDELINES

All Camso suppliers have been informed of their responsibility to provide goods and services that meet all specifications and that they are to be delivered on time. They also understand that they will be held financially responsible if their failure to do so results in loss to Camso or any of its customers. Camso will recover such costs from suppliers. Principles:

- Control of Non-conforming Product and Supplier Corrective Action principles have been applied.
- Camso and supplier will agree in a timely manner on the responsible party or parties and the related costs, with support from the Camso Commodity Leader if needed.
- The cost details of the claim are clearly defined, documented, and communicated.

Types of charge-backs to external suppliers are outlined below:

COST ELEMENT	GUIDELINE
Administrative charge: Each quality or logistic problem will results in an administrativ charge covering the collection of data and documentation of the quality incident	Fixed fee per complaint
Operating costs of protective actions: Extra incoming inspection Sorting of parts (suspect material in house, at customer location or third party warehouse and contractor costs), repacking Disposal Rework	Actual cost based on factory standard hourly rates Or third party sub-contractor costs
Rejects of completed and/or semi-finished products	Product real cost
Costs related to Camso's rework, repair, retrofit, or other wor required to address failure in Customer's operations or in the	Actual cost + handling charge if applicable, @ standard machine rate
Deviation not identified and or incomplete documented	Fixed fee per complaint
Production & machine downtime	Actual time lost x factory standard rates
Associated staff costs	Actual time lost x factory standard rates
Lost production time & overtime to avoid production Interruption	Actual time lost x factory standard rates
Transportation costs: premium freight costs including air freight	According to invoices
Travel and extra trip(s) to customer	According to invoices
Claims charged by customer	According to invoices
Costs of an expert or outside lab testing	According to invoices



WARRANTY PROCESS

This annex sets forth the method for the handling and settlement of cost incurred from the delivery of defective goods. Supplier shall be responsible for costs associated with all (Supplier fault) warranty related complaints, costs and expenses.

The purpose of the warranty process is to provide for the pass through of all warranty costs from Camso to the Supplier that has provided the defective goods.

A. Supplier Organization

All Suppliers will assign and maintain resources to support Camso warranty requirements.

B. Supplier Warranty Terms

All Suppliers shall provide a Warranty Procedure documenting the system for control, analysis and corrective action integration into the production process.

The procedure shall include scheduled warranty reviews for emerging warranty issues. Camso will notify Supplier in advance when its participation is needed in a review.

1. Technical Support

Suppliers shall provide the necessary support to resolve/close warranty issues pertaining to products and services provided.

2. Warranty Terms and Conditions

Camso warranty terms and conditions may vary by business unit and by product line. Refer to our specific Camso representative for most recent updates on warranty terms and conditions.

3. Suppliers will warrant all goods supplied to Camso as agreed in the contract, PO, or SA; and to provide its warranty policy to Camso before accepting Camso orders.

4. The terms of Supplier warranty granted to Camso will be not less than the coverage provided by Camso to its customers, or the coverage provided by OEM manufacturers to their end customers. In the event of an extension of the contractual warranty given by Camso to its customer, suppliers shall grant the same corresponding extension to Camso.

The warranty period starts on the date the final product is delivered to the end customer/user.

C. Warranty Cost

In the event that Supplier delivers defective components, refer to the section related to Non-Conforming Parts. If the supplier fails to pay warranty claims in a timely manner, Camso reserves the right to debit its payments by any amount which might be owed by the Supplier.



D. Field Campaigns or Rework Programs

In the event that a failure rate is encountered in excess of 3%, special measures may be required to support the customer with rework campaign. If the failures are a result of Supplier defects, the Supplier will be expected to provide support of all costs incurred by Camso from their customer, not limited to parts, labor, freight, dealer additives, travel time and mileage, and other expenses.

E. Returned Warranty Parts

1. Camso, together with its customer, usually performs pre-analysis, identifies the root cause(s), and assigns responsibility, for customer complaints, during a warranty review meeting. This is done by examining the parts in question, reviewing dealer service comments, records on our system (CIM, open issue list, etc.) and identifying information attached to each returned part.
2. Camso may receive only a small sampling of the parts replaced by its customers. After receiving parts returned by a customer, Camso shall make those parts available to the Supplier, with copies of all available documentation (as provided by the customer) for traceability, investigation and corrective action purposes.
3. Returned parts are property of Camso unless otherwise noted, until the claim is settled.

F. Warranty Parts Review, Containments and Problem Solving

1. Upon receipt of a warranty claim, Suppliers shall respond within the time limits specified for non-conformances above, selecting from the responses below. Each Category selected requires a comprehensive warranty response:

Category 1: Responsibility of supplier

Category 2: Trouble not found

Category 3: Responsibility of dealer and/or customer

2. Upon request, Supplier will complete an 8D or SCAR, as the official communication tool for reporting and resolving problems.
3. The required response time frame is as outlined in the Non-Conforming Parts section.
4. If Supplier fails to respond within Camso required time frame, Supplier will be deemed to have accepted the warranty claim and all warranty costs and expenses of Camso will be the sole responsibility of the Supplier.



ACRONYMS

FAI	First Article Inspection
KPI	Key Performance Indicator
RFQ	Request for Quote
QMS	Quality Management System
ECHA	European Council for High Ability
SVHC	Substance Very High Concern
PDCA	Plan, Do, Check, Act
OECD	Organization for Economic Cooperation and Development
PIPO	Phase In-Phase Out
SOP	Start of Production
SPC	Statistical Process Control
ECR	Engineering Change Request
ECN	Engineering Change Notice
PO	Purchase Order
SA	Scheduling Agreement
DS	Delivery Schedule
COC	Certificate of Conformity
COA	Certificate of Analysis
MSDS	Material Safety Data Sheet
PPAP	Production Part Approval Process
APQP	Advanced Product Quality Planning
ISIR	Initial Sample Inspection Report
NDA	Nondisclosure Agreement
AIAG	Automotive Industry Action Group
PSW	Part Submission Warrant
KC	Key Characteristics
SCAR	Supplier Corrective Action Request
IPPC	International Plant Protection Convention
NAFTA	North American Free Trade Agreement
MA	Master Agreement
CSR	Safety and Regulation Characteristic
DPAR	Design Process Assembly Review
PFMEA	Process Failure Mode & Effect
DFMEA	Design Failure Mode & Effect
REACH	Registration, Evaluation, Authorization and Restriction of Chemical Substances
OEM	Original Equipment Manufacturer
SAP	Systems, Applications, and Products
OTD	On-Time Delivery
MSA	Measurement System Analysis
SQA	Supplier Quality Assurance
SQD	Supplier Quality Development
SPQD	Supplier Product Quality Development
ICC	International Chamber of Commerce
ISF 10+2	Importer Security Filing and Additional Carrier Requirements
FCA	Free Carrier
FOB	Free On Board
DAP	Delivered at Place



DDP
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Delivered Duty Paid
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