

GIBBOUS CORP

PREFACE

The basic requirements required of the companies that strive for making part of the dynamic world economy are offering products, prices, deadlines, services and technology of global standard.

GIBBOUS CORP, in this context, encourages its suppliers to the continuous improvement practice, as a way of guaranteeing its participation on the market and on development of new businesses in the entire production chain.

This standard of performance demanded by the market requires the development and improvement of a Quality System that direct our suppliers to reach these goals.

Note: GIBBOUS CORP maintains an ethics of equality of human rights (including its suppliers), of which doesn't distinguish in all its production chain of different race, color, sex or religion, as well does not allow child labor.

GIBBOUS CORP provides this manual to be adopted by your company, as a specific requirement GIBBOUS CORP. Thus you will be qualifying to the preferred supplier in present and future businesses of GIBBOUS CORP.

We are at your disposal to provide all the necessary clarifications.

Elaborated by:	Aproved by:	Date:
Quality Manager	Board of Directors	20/Jan/2020

GIBBOUS CORP QUALITY POLITICS

VISION

GIBBOUS CORP's quality policy is to be recognized in the market as a supplier of components and equipments to various segments, meeting the demand of its customers and the search for new market segments in Brazil and abroad.

MISSION

Clients

Maintain and continuously improve a management system that ensures high quality standard, meeting customer requirements, deadlines, competitiveness, legal requirements and other subscripts related to safety, health and the environment.

Employees

Provide opportunities of professional and personal growth of the employee, raising awareness of the importance of the results of their work and if their responsibilities in relation to health, safety and prevention of the environment. Ensure that the financial resources necessary for maintaining the employability of your employees are adequately and strategically analyzed.

External Suppliers

Maintain our suppliers as partners in order to obtain mutual benefit and involvement in the principles and responsibilities subscribed by GIBBOUS CORP.

Safety and Health

Preserve the physical integrity of the employees, as well as the adoption of measures to prevent accidents, occupational diseases, record of incidents encouraging and providing quality of life and a safer and healthier environment.

Environment

Respect the environmental legislation, aiming pollution prevention as well as a constant search of the improvement of the environmental performance in its management system.

Other Stakeholders

Meet community needs and expectations, statutory and regulatory requirements applicable to the activities of the organization as well as partners and government.

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1 - Objective

The purpose of this manual is to establish a systematic evaluation, selection and development of suppliers and accordance with the technical and commercial requirements.

1.1 – Code of Ethics or Conduct

Relationship with suppliers believing in transparent and lasting partnerships, GIBBOUS CORP interacts with its suppliers through its legal representatives and seeks to attract partners with competence and proved reputation, and whose practices are compatible with those defined in this Code, with the other Standards of the company, as well as with good market practices. GIBBOUS CORP's suppliers are selected and contracted through technical, professional and ethical criteria, always aiming for the best return in terms of quality, cost benefit, technical and financial reliability, and compliance with legal, environmental, and labor requirements especially Occupational Health and Safety. GIBBOUS CORP does not admit its employees to request or accept any type of benefit and / or support or sponsorship to carry out any type of event, inside or outside its premises, as well as having a continuous or punctual employment relationship with supplier companies.

2 – Field of Application

The criteria foreseen in this Manual include the systematic selection, development, evaluation, monitoring and continuous improvement of suppliers and are considered minimum requirements for the supply of materials and / or services for GIBBOUS CORP's production. It aims to establish a set of rules and define the basis of the Technical – Commercial relation of GIBBOUS CORP with its supply chain.

The Manual applies to material and / or services of suppliers in development and / or current suppliers.

This system covers suppliers of:

- Raw materials;
- Components and accessories mounted on GIBBOUS CORP Industrial products;
- Service providers that directly or indirectly interfere in the quality of our products such as: machining, heat treatment, surface treatment, chemical products, gauging and testing, transportation, etc.

These suppliers must adjust their Management System in accordance with the standards and requirements of GIBBOUS CORP Industrial established in this Manual.

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3 – General Requirements

3.1 - Purpose

This Manual communicates the set of minimum and mandatory requirements for the Quality Management and Environmental Management System which GIBBOUS CORP's suppliers of products and services must meet.

These requirements were established on the basis of four pillars, as follows:

- General Requirements;
- Requirements for new Developments and Releases;
- Requirements for Serial Production;
- Requirements for Continuous Improvement.

GIBBOUS CORP is committed to providing quality and timely products that meet the needs and exceed expectations of our final customers and requires from their suppliers the same commitment and expect them to implant the same systems and control appropriate to ensure 100% deliveries on time and free of non-conformities for **GIBBOUS CORP**.

3.2 - Minimum Supplier Certification Requirements

It's a minimum requirement for supplying **GIBBOUS CORP** that the supplier has its third party certified Quality Management System in International Standard ISO 9001:2015 and, preferable, IATF 16949:2016 and / or ISO 14001 and or environmental licensing. The supplier must send for each update the Quality System and / or Environmental certificates, as well as the respective licenses, to the Quality System - GIBBOUS CORP via electronic or physical copy.

In case the supplier does not have a certified quality system, the supply will only be approved if the supplier completes the questionnaire for self-evaluation.

New developments may not be approved if the certificate and / or any of the supplier's licenses are expired.

Laboratory Requirements (Calibration, Metrology and Testing): Laboratories shall be deemed fit if they have their facilities accredited to ISO/IEC 17025:2005 or 2017 or national equivalent (INMETRO /RBC /RBLE) or be affiliated with ANFAVEA and have a valid registration in the environmental agency.

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GIBBOUS CORP recommends to its suppliers the use of the following AIAG and / or IQA Manuals in the latest versions for the development of their Quality Systems:

- APQP Manual – Advanced Product Quality Planning;
- MAS Manual – Measurement Systems Analysis;
- CEP Manual – Statistical Process Control;
- PPAP Manual – Production Part Approval Process;
- FMEA Manual – Mode Analysis and Potential Failure Effects.

3.2.1 Validity of Process Audits (If there are recurrences of RNCs openings).

Validity of Process Audits:

- Performed by GIBBOUS CORP Quality: Validity – Undetermined;
- Self-evaluation: Validity - 24 months.

3.2.2 Current and Active Suppliers for New Productive Items

To participate in the quotation process and receive a business indication, suppliers are required:

- Satisfactory Evaluation in Critical Review of Supply Performance History;
- Obtain minimum score in Self-evaluation of the Process to be carried out by the Self-evaluation method or preferably performed by GIBBOUS CORP Quality in the Supplier's Plant, according to the table and Criteria of Score described in Item 4.1 – Table 1;
- Submit Quality System Certificates, updated and within the validity period, either to ISO 9001: 2015 and / or IATF 16949: 2016 to GIBBOUS CORP Quality.

3.3 – Responsibilities of Suppliers

Suppliers are responsible for meeting the “Suppliers Manual – Basic Guidelines”. Failures to meet these requirements may result in loss of current and / or future business, in addition to the payment to GIBBOUS CORP of the costs resulting from these failures.

Suppliers shall ensure the application and extend to their sub-suppliers of direct material and / or services the requirements of the “Suppliers Manual – Basic Guidelines”, where applicable and / or required by GIBBOUS CORP Quality.

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Suppliers must adopt Zero Defect standards and 100% timely deliveries to GIBBOUS CORP, and should understand that establishing any objective is not an acceptable level of quality but represents an intermediate step in the process of continuous improvement aimed at achieving the supply of products and services with Zero Defect.

. For the cases of mechanical and electrical project supply, the supplier must request from GIBBOUS CORP the complementary documentation called "Descriptive Memorandum of Projects"

3.4 – Language

The official language of GIBBOUS CORP is Portuguese for all types of communication and documentation.

3.5 – Contingency Plans

Suppliers must have Contingency Plans (e.g.: power outages, critical equipment failures and product returns) in order to adequately protect GIBBOUS CORP against the discontinuation of supply of products and / or services at emergency events.

3.6 – Recall

The Supplier undertakes to observe the pertinent legislation, in force or that will come into force during the period of supply, with particular regard to article 10 of Law 8,078 of 09/11/90 (Code of Consumer Protection) and Ordinance No. 789, of 24 August 2001, of the Ministry of Justice. In case of necessity for "Recall" action as a result of defects related to GIBBOUS CORP products on the market, which contain parts and / or components of the Supplier's responsibility, and GIBBOUS CORP and / or its distributors have to notify consumers of such products, at the initiative of GIBBOUS CORP or by the determination of the competent bodies, the Supplier shall be notified immediately and shall cooperate jointly with GIBBOUS CORP, once its liability for non-conformity has been proven, bearing the costs and supporting GIBBOUS CORP in the measures necessary to market and current legislation.

3.7 Protection of the Environment and Restricted Substances

In accordance with the requirements of our final customers and the European Community Directive ("Directive, 2000/53 / EC, End-of-Life Vehicle") regarding the prohibition and / or restricted use of heavy metals such as Mercury, Cadmium, Lead and Hexavalent Chromium.

The supplier undertakes to observe and comply with the current environmental legislation and the requirements it has signed, as well as the GIBBOUS CORP Management System Policy, being responsible for obtaining and maintaining any permits or licenses required by public agencies as a result of the execution direct or indirect supply of products and / or services to GIBBOUS CORP, including commitment to sustainable development, prevention of pollution and waste of natural resources.

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The provider shall maintain and make available its always up-to-date documentation and its employees and / or agents duly informed, with special observance of the relevant standards, exempting GIBBOUS CORP from any claims and / or indemnities arising from non-compliance by the provider.

3.8 Confidentiality of Information

The supplier can not disclose to third parties not directly involved in the design, production or inspection of GIBBOUS CORP Products, any information or document that has been made available by GIBBOUS CORP for the fulfillment of the supply and / or development of the product.

All drawings, specifications, models, samples, data and any other information provided by GIBBOUS CORP to the supplier and all copyrights and ownership rights are the exclusive property of GIBBOUS CORP.

3.9 Access, Manual Update and Referenced Documents

GIBBOUS CORP will communicate the changes and updates to this Manual to the Suppliers, however it is expected and obligatory that the Suppliers keep up to date with the GIBBOUS CORP Requirements through regular visits to GIBBOUS CORP or by consulting the version available on the GIBBOUS CORP web site under the "Quality" menu in the following Address:

<http://GIBBOUS CORP.com.br/ingles/quality.php>

4. Requirements for New Developments and Releases

4.1 Quality Criteria for the Quality Management System of Suppliers

4.1.1 PSQ - Quality System Potential

The calculation formulas and procedures for the evaluation of the PSQ (Quality System Potential) and supplier qualification include the following:

- Technical visits to your facilities;
- Self Auditing or Self Evaluation Questionnaire;
- Process Audit;
- Quality System Certification (ISO 9001:2015 or IATF 16949:2016);

These events can occur simultaneously or in parallel.

GIBBOUS CORP reserves the right to opt for technical visits at the supplier's facilities and / or extraordinary process audits if it deems necessary.

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For the calculation of PSQ, the following factors are considered:

- **IAF – Supplier Audit Index**

The process audits or supplier self-evaluation are scored with 0 to 100% marks representing the IAF - Supplier Evaluation Index, if the supplier has a 3rd part certification this index will be 100% (unless an evaluation by performance reasons, the evaluation note prevails).

- **3rd Part Certification**

If the provider has 3rd part certification this index will be 100%, if it does not it will be 0%

The grade and classification of the Quality System Potential indices are described in the table below:

The result of the PSQ consists of the sum of the IAF (weight 40%) + Certification (weight 60%), obtained by the following formula:

With Valid Certification: **PSQ = 100%**

Without Certification: **PSQ = % IAF**

The following table describes the report for each PSQ track

PSQ	REPORT	DESCRIPTION OF THE REPORT
≥ 70	A – Excellent	<ol style="list-style-type: none"> 1. Certified Quality System ISO-9001:2015 or IATF 16949:2016. 2. Self Evaluation Note – Audit greater than or equal to 70%. 3. Self-Audit Process greater than 70%. “THE QUALITY SYSTEM IS WELL STRUCTURED, WITH SATISFACTORY PROCEDURES, CONTROLS AND RECORDS”. 4. Supplier able to provide product and services to GIBBOUS CORP
≥ 50 e <_70	B – Good	<ol style="list-style-type: none"> 1. Certified Quality System ISO-9001:2015 or IATF 16949:2016. 2. Self Evaluation Note - Audit between 50 and 70% 3. Self Evaluation Process Audit between 50 and 70%. “THE QUALITY SYSTEM IS STRUCTURED, BUT ADMITS IMPROVEMENTS” 4. Supplier conditionally able to provide product and services to GIBBOUS CORP, necessary action plan and in loco reevaluation of the implementation of actions
<50	C – Regular	<ol style="list-style-type: none"> 1.Result of Self-Evaluation of Process "Below 50" 2.Self-Audit Result "Below 50" 3.Does not have ISO-9001: 2015 or IATF 16949: 2016 certification “THE QUALITY SYSTEM IS NOT ACCEPTABLE, URGENT ACTIONS ARE REQUIRED”

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		4. Supplier conditionally able to provide product and services to GIBBOUS CORP, may be qualified with the authorization of Quality and if necessary by the client.
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4.1.2 – Suppliers with a “C” rating

For suppliers with a "C" rating, if there is need or interest of GIBBOUS CORP, it may be qualified with the authorization of Quality in the evaluation report itself, and when applicable with the authorization of the GIBBOUS CORP client.

Until the supplier achieves the minimum required score, the products or services purchased from it, will not obey the system of batch skip on receipt, and all must be inspected. An action plan should be forwarded to GIBBOUS CORP for adequacy.

5 – Supply Performance

The suppliers are evaluated according to Quality requirements, through the indices described below. This evaluation is used to define the suppliers with the best technical potential for future business development.

GIBBOUS CORP reserves the right to evaluate new suppliers prior to the issuance of the first purchase order, or current suppliers that perform poorly, significant changes to the process, or material changes in the administrative order.

5.1 – IDF – Supplier Performance Index

For the purpose of monthly calculation of supply performance the following indices are considered:

5.1.1 – IQF - Supplier Quality Index

It is the index calculated based on receipt history.

CALCULATION OF IQF		
There are outstanding RNCs	N	$[("LF" \text{ lots supplied}) - ("LR" \text{ disapproved lots})] \div ("LF" \text{ lots supplied}) * 100$
	Y	$[[(("LF" \text{ lots supplied}) - ("LR" \text{ disapproved lots})) \div ("LF" \text{ lots supplied})] * 100] - 20$

The IQF is an indicator whose monitoring is the responsibility of Quality through the Inspection of Receipt and Process Inspection sectors.

If it is found on receipt or during the manufacture of the product, quality problems in the item supplied, (even if conditionally accepted), the lot will be considered to have been disapproved.

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For providers that do not respond to RNC's (Non-Compliance Report) within the stipulated deadline, or have recurring problems already reported, there will be a demerit of 20 points in the IQF's final calculation, which will automatically hamper their ranking in the **IDF**.

When there is no supply in the reference month, the same IQF as in the previous month will be maintained.

In the first month of monitoring or if there is no supply for more than 3 months, the IQF will automatically be set at 100%.

5.1.2 – Supplier Punctuality Index (IPF)

The measurement of punctuality expresses the degree of commitment of the supplier. GIBBOUS CORP requires 100% delivery performance on time and quantity from its suppliers. The calculation uses the criteria of delivery (punctuality) and quantity (fidelity) agreed with the suppliers. The Purchasing Department is responsible for updating **IPF** data.

CALCULATION OF IPF
$[(\text{"LF"} \text{ lots supplied}) - (\text{"LA"} \text{ delayed lots}) \div (\text{"LF"} \text{ lots supplied})] * 100$

When there is no supply in the reference month, the same IPF as in the previous month will be maintained.

In the first month of monitoring or if there is no supply for more than 3 months, the IPF will automatically be set at 100%.

5.2 – IDF Calculation Base

The IDF is the indicator used by the Quality Department to establish the ranking of suppliers and allows to measure the degree of satisfaction of GIBBOUS CORP. The calculation of the IDF is given through the scores attributed to the indicators: PSQ, IPF and IQF, as below.

$$IDF = 0,30 PSQ + 0,30 IPF + 0,40 IQF$$

Being: IDF = Supplier Performance Index

PSQ = Supplier Quality System Potential

IPF = Supplier Delivery Punctuality Index

IQF = Supplier Quality Index

5.2.1 – Top 10 to Criticals Suppliers

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The ranking of critical providers is based on the IDF score of each monitored provider, in order from worst (lowest IDF) to best (highest IDF), and is used as a way of selecting and monitoring them. In cases where there is a tie in the ranking, the tiebreaker will be the sum of days of delay for all items delivered in the month in reference (more days, less the ranking position).

5.3 – Supplier Classification

IDF Score	Classification	Level
80 a 100	Excellent	A
60 a 80	Good	B
0 a 60	Inappropriate	C

For Suppliers that remain with **IDF** below **80%** for six consecutive months, the purchase of new items will be blocked. The Supplier must submit a plan of action that will be evaluated by Quality Assurance and / or participate in GIBBOUS CORP meetings for a strategic discussion that may permit the purchase for new items.

5.4 – Target Indices

INDICES	Target Value
IDF	> 80
PSQ	> 70
IQF	100
IPF	100
IAF	> 70

5.5 – Special Monitoring

GIBBOUS CORP also monitors the supplier in the following situations:

- any customer line stops and / or field returns, the cause of which is related to the failure of the products and / or services provided;
- notification of customers about special situations related to quality or delivery issues. For these cases the supplier will be demerited in 10 points in his final mark (IDF).

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6 – Specific Conditions

6.1 Critical Contract Analysis

The supplier must critically analyze all the requirements contained in the purchasing documents, before accepting the order (delivery period, quantity, volumes, time of receipt, etc.). Any disagreement shall be communicated and agreed with GIBBOUS CORP within the period established in the documents. Special attention is required when the item has technical drawings, whose revision number will appear in the specific field of the purchase document.

6.2 Capacity of e-Business

Suppliers must have an e-mail, Internet and browser as minimum e-Business capabilities. Aiming to speed communication between Logistics and suppliers.

6.3 Key Control Features (CPC)

GIBBOUS CORP recommends as a good practice in the Process Management of its suppliers the use of a special symbology to identify the Main Characteristics of Control (Critical Process Characteristics) thus designated to those parameters that when they vary outside of target values in the manufacturing process can affect a Primary Product Characteristic (CPP). Such parameters in general are characterized by not being part of the product specifications (drawings, standards etc ...).

6.4 Lots Traceability

The supplier must be able to trace by the NF number or the lot number of manufacture for each batch supplied the source of its raw material and its production sequence. Items with Safety / Legislation characteristics must be supplied with the Raw Material Certificate corresponding to the lot, without mixing of parts.

6.5 Requirements for Thermal Treatment Processes

Heat treatment service providers must meet the requirements of the CQI-9 Manual (AIAG), conduct their self-evaluation. This requirement applies to suppliers and sub-suppliers of the GIBBOUS CORP Supply Chain. The specific requirement for each lot/type then treatment will be written on the annex "Romaneio de Serviços Externos" (AN 754) issue for each lot sent.

6.6 Requirements for Painting Processes

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Applicable requirement for painting processes and when required by GIBBOUS CORP Quality that has as normative reference the CQI-12 Manual (AIAG).

6.7 Requirements for Surface Protection Process

Applicable requirement for surface protection processes and when required by the GIBBOUS CORP Quality that has as normative reference the CQI-11 Manual (AIAG).

6.8 Tooling and Equipment owned by GIBBOUS CORP and / or Customers

GIBBOUS CORP property tools must be identified and engraved "Property of GIBBOUS CORP must have a control that allows its rapid location and verification of conservation status".

For tooling owned by the Final Customer, the identification must be as agreed with GIBBOUS CORP Quality.

7 – Production Requirements

7.1 – Suppliers Audit Processes

It is an audit that aims to ensure full control of the supplier about its process and about the conformity of the product sent to GIBBOUS CORP. The Supplier Audit of Processes can be performed by the Self-evaluation method or preferably in the Supplier's GIBBOUS CORP Quality Plan.

The Process Audit is prioritized in those suppliers who fall into the following situations:

- Suppliers with a history of nonconformities and who rank among the 10 largest in RNC accumulated in the current year;
- Suppliers that rank among the 10 largest PPM's in the current year;
- Suppliers that caused line stops in GIBBOUS CORP and / or shipping blockage caused by nonconformities and / or suspicious product;
- Suppliers that presented nonconformities that affected the Final Customer.

Note 1: If the acceptance criterion cannot be reached by the required date, the supplier must submit to GIBBOUS CORP Quality a Corrective Action Plan for approval, usually providing 100% inspection.

7.2 Supplier Plant Access

Through a prior notice, the supplier must allow GIBBOUS CORP and its Client access to its Plant and its Sub-Suppliers for the purpose of verifying parts and process documents as well as the manufacturing methodologies and processes used in products supplied to GIBBOUS CORP.

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7.3 Sub-Supplier Management

GIBBOUS CORP providers should be able to manage their respective sub-providers, including evaluation disciplines, monitoring, periodic audits, nonconformity control disciplines and action plan closure. GIBBOUS CORP Quality, when it deems its necessary, will audit critical processes of sub-suppliers to ensure that appropriate controls, as well as the requirements of this Manual, are being used throughout the Supply Chain.

7.4 Packaging and Identification

Packaging should ensure the integrity of the product supplied, as well as facilitate handling, movement and storage. The final approval of the packaging is given by GIBBOUS CORP Logistics. The definition of the concept of packaging for items in development will be defined during the Project of the item that should have the participation of the representative of the Logistics area.

7.5 Supply Label

Label defined by GIBBOUS CORP for its suppliers. It contains necessary information of extreme importance for GIBBOUS CORP stock management and technical and traceability requirements, and must contain the combination of two or more of the following information:

- Purchase Order Number
- Product Code
- Product Description
- Supplier Data
- N°. of OP
- Weight / Quantity
- Description of the service to be performed

7.6 Request to Change Product and / or Process Specifications

Changes made by the supplier without the prior and formal approval of the GIBBOUS CORP Quality are the sole responsibility of the supplier, and the latter must be aware of the risks and the applicable charges in case of nonconformities, and may even occur the current Business Discontinuity and / or Blockage of the Supplier for New Business at the discretion of GIBBOUS CORP.

7.7 Nonconformity Management (RNC – Non-Conformity Report)

Nonconformities are formally notified to the Supplier by sending the RNC (Nonconformity Report) form. Containment actions for quality problems should be reported within 24 hours. Root cause analysis and corrective actions should be submitted within 7 days. After completing all the fields of the form the same must be addressed electronically to the GIBBOUS CORP Quality.

It is the responsibility of Quality GIBBOUS CORP to critically analyze the RNC and validate it, authorizing the closing of the document in the system. Nonconformities that affect the Final Customer must have evidence of closure in loco by GIBBOUS CORP Quality and / or complementary documents that prove the implementation of corrective actions in the Supplier's Plant. Any other documents used by the supplier as an analysis and

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troubleshooting tool may be attached to the RNC. When applicable, Containment Actions at the GIBBOUS CORP Plant are the sole responsibility of the supplier.

7.8 Document Retention

Suppliers should retain records on file that are easily accessible, in accordance with the following requirements:

- Certificate of raw material used in the manufacture of security items: 02 years in an easily accessible archive and 15 years stored in dead archive;

7.9 Deviations of Specifications and Derogations

Detection of Specification Deviation at the Supplier's Plant: Forward request for granting engineering deviation to GIBBOUS CORP Quality and wait for the issuance of prior and formal authorization approving the shipment and the conditions of shipment of parts or product to GIBBOUS CORP. The total of the pieces produced with the deviation can only be sent after the formal approval issued by GIBBOUS CORP Quality. Failure to comply with the above steps will result in non-conformity with supplier's due penalties of the supplier in their IDF- Supplier Performance Index and / or other applicable penalties as a result of the severity of the occurrence and the risks involved.

8. Requirements for Continuous Improvement

8.1 Controlled Boarding

It is a tool used by GIBBOUS CORP Quality to ensure the identification, containment and solution of problems within the supplier's plant, thus ensuring product conformity. The supplier may enter this program, when it occurs:

- Non-conformities resulting in: line stops, incidence on Final Customer, Safety / Legislation product characteristics;
- Repeated nonconformities;

8.1.1 Controlled level 1 shipment (CS 1):

From the CS1 notification, performed by GIBBOUS CORP Quality, the supplier representative must respond to the notification within 72 hours.

The supplier must implement an isolated inspection area of the production line, with input flow, output and well-defined inspection situation. Inspect 100% of parts, as described in this notification.

Demonstrate the training of the operators on the accomplishment of this activity. Physically identify the inspected parts (as agreed with GIBBOUS CORP Quality) and place an identification by box / volume shipped,

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containing the description "Controlled Shipping Level 1". Report the evolution / statistics (number of nonconformities per characteristic) of the EC 1 as agreed with GIBBOUS CORP Quality.

The period of validity of EC 1, as well as the exit rules will be defined in the Letter of Notification of Controlled Shipping.

8.1.2 Controlled Shipping level 2 (CS 2):

It will be applied when there are recurrences of nonconformities of characteristics that are part of Level 1 CS. In addition to the actions described above, the inspection process should be performed by a company specialized in selections, indicated by GIBBOUS CORP, which will report the result of this selection directly to the GIBBOUS CORP Quality. The costs related to this process are the responsibility of the supplier.

The period of validity of CS 2 as well as the exit rules will be defined in the Letter of Notification of Controlled Shipping.

Remark:

- Activation of Level 2 Controlled Shipping anticipates the supplier to run the standard CS1 simultaneously. Such contention should be active for another 4 weeks after the closure of Level 2 CS.
- CS2 may be an escalation from CS1 but not necessarily. In the following cases CS2 can be adopted directly:
 - A supplier's inefficiency was characterized after the actions implemented which is recommended to adopt a third party company to ensure the conformity of the product shipped to GIBBOUS CORP.
 - Particularly serious cases that demonstrate the strong fragility of the Quality System implemented (also after a negative audit with serious non-conformities).

8.2 Cost Savings and Recovery

The process of cost recovery starts when from a supplier failure, there is a need to use own resources and / or third parties to carry out unplanned activities at the GIBBOUS CORP plant, at the Client or where it is necessary to locate and rework non-conforming parts.

All necessary preventive and corrective actions to ensure the protection of the process of our clients will be taken. Costs will be forwarded to the responsible provider at the end of this process.

These values include, but are not limited to: scrap, replacement parts, work hours, travel expenses, product transportation; third party service provision, assurance processes, line stoppages on GIBBOUS CORP or the Customer.

Elaborated by:	Aproved by:	Date:
Quality Manager	Board of Directors	20/Jan/2020

8.3 Communication with Providers

The communication of the supplier with GIBBOUS CORP should preferably be done by telephone or the transmission of data via e-mail. Depending on the subject being treated, people should be located according to the following relation:

- PURCHASES: subjects related to contracts and commercial negotiations, production volumes, delivery dates, fractionation, etc...
- QUALITY: all matters related to the development, continuous improvement and eventual problems of product and / or process quality, information regarding nonconformities.

The updated and official version of the Manual must be obtained by the supplier through a request made directly to the buyer, GIBBOUS CORP Quality or by downloading the electronic version by accessing the GIBBOUS CORP website in the "Quality" menu. Physical copies are considered **uncontrolled documents**.

HISTORY OF REVISIONS

DATE	REV.	ALTERATION DESCRIPTION
21/11/2016	01	In the Preface added to GIBBOUS CORP'S VISION AND THE QUALITY POLICY
09/02/2017	02	In the Preface added Note: Ethics (Human Rights)
11/07/2017	03	Added item 1.1 – Code of Ethics or Conduct
17/01/2018	04	Change in format, goals of indices and adaptation to the requirements of the standard ISO 9001:2015
20/01/2020	05	Change calculation method PSQ (4.1.1), IPF (5.1.2), IDF (5.2), top 10 (5.1.1) and 6.5 (Inserted the Romaneio de Serviços Externos)

Elaborated by:	Aproved by:	Date:
Quality Manager	Board of Directors	20/Jan/2020