

SUPPLIER QUALITY MANUAL

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REVISION LOG

Rev.	Remarks	Date Edited
4	All sections reviewed, significant edits all	2016-03-31
3	Added notes to Section 1 - Overall Introduction & Purpose and Section 3 – Responsibility per legal. Also updated Copyright to 2012 due to substantial changes	2012-06-08
2	Updated Supplier Approval section and Part qualification. Added Section 17 – Appendix A Husky Banned Substances. Updated Supplier Approval with proper file links. Updated Section 10.9 to show new delivery terms standard Free Carrier (FCA). Updated Section 11.4.2 with proper reference. Updated Section 10.3 and 14.4, revised wording directing supplier to Husky Commodity Manager.	2012-04-20 2012-04-11
1	Updated Section 5 – removed reference to Husky’s record storage. Updated responsibilities for corrective action/contingency plans. Incorporated Section 8 – First Article Inspection into Section 6 Part Qualification. Updated Section 6 with Part Qualification Levels based on product type, IP class and supplier risk. Removed reference to Husky’s record storage. Section 10 Deviation Process – now Husky – Supplier Change Proposal Process – now one process and form for both Machines and Tooling. Communication of changes from the supplier to Husky and Husky to Supplier for multiple purposes (one-time and permanent). Section 11 Source Inspection –updated from work instruction to process. Part Labeling – now Section 9 – separated as its own section from packaging and shipping Packaging and Shipping Section 12 – additional supplier responsibilities and reference to Husky Supplier Packaging Standard. Added Security of Goods and intellectual property. Section 15 Supplier Corrective Action Request updated notification and forms to 8D.	2010-06-21
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1 OVERALL INTRODUCTION AND PURPOSE

The Supplier Quality Manual is intended to provide Husky's Suppliers with the quality expectations of product supplied. This manual is intended to assist Suppliers in their understanding of the management, communication and reporting processes of Husky's Supplier Quality Program.

Suppliers to Husky are required to understand and follow all the processes and requirements in this manual. Any questions can be directed to Husky's Commodity Managers or Supplier Quality Engineer/Analysts.

Suppliers are selected at Husky for their ability to meet quality, delivery and cost expectations. It is Husky's goal that all Suppliers reach a performance status of Approved or Exceptional on an on-going basis.

It shall be understood by the Supplier that Husky's Supplier approvals, ratings, categorizations and part qualifications do not guarantee any new or renewed orders. Husky's Supplier approvals, ratings, categorizations and part qualifications are at the sole determination and discretion of Husky.

In this supplier quality manual the words "shall" or "must" refer to a mandatory requirement. The word "should" refers to a recommendation. Paragraphs marked with "Note", are for better comprehension or clarification of a particular requirement.

2 OVERALL SCOPE

This manual applies to all production suppliers to Husky Injection Molding Systems (Husky). It is to be used in conjunction with drawings, Husky Standards, specifications and the purchasing agreement.

2.1 STANDARDS

Husky internal standards and rules can be obtained through the respective SQE/SQA.

Any changes to this document must be reviewed in conjunction with any referenced Husky Standards (HS), including:

- HS 518 – Part Qualification
- HS 357 – Supplier Approval
- HS 528 – Aesthetics Standard
- HS 323 – Paint Standard
- HS 383 – Supplier Packaging Form
- HS 730 – Husky Banned Substances List
- Husky Supplier Quality Program – Global Supplier Scorecard Information
- Husky IMS – Customs Policy & Procedures Manual (section 10.7.1)

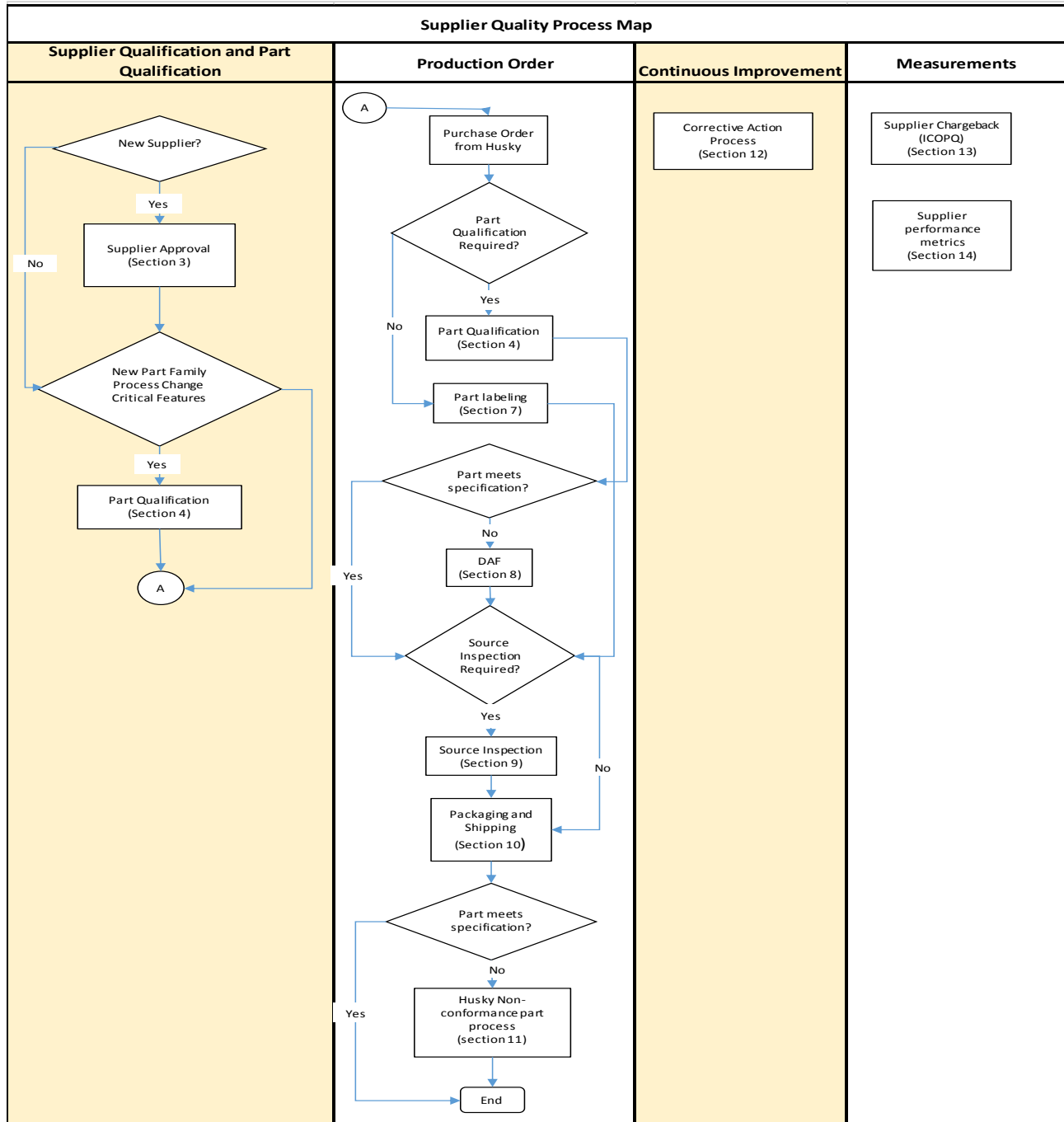
2.2 TERMS AND DEFINITIONS

APQP
Cpk

Advanced Product Quality Planning (AIAG Reference Manual)
Process Capability Index

CTQ Features	Product/process features most important to product fit, performance and manufacturability are referred to as CTQ or critical to quality. CTQ features require highest level of controls throughout the manufacturing and inspection process to ensure conformance to specifications.
DFMEA	Design Failure Modes and Effects Analysis
DVP&R	Design Validation Plan and Report
FMEA	Failure Modes and Effects Analysis
Gauge Accuracy	The maximum deviation from a true value for a measurement that an instrument will display.
Gauge Resolution	The minimum increment on the scale of an instrument
GR&R	Gauge Repeatability and Reproducibility
NC	Non-Conforming Part / Non-Conformance
Part Qualification Levels	Differentiates the supporting documentation, validation, and auditing requirements.
PFMEA	Process Failure Modes and Effect Analysis
PPM	Parts per Million
Process Audit	This type of audit focuses on a single process and as such is much focused. It checks the conformance of all aspects of the process to defined requirements. It also verifies the adequacy and effectiveness of the controls.
PSF	Part Submission Form
SQE/SQA	Supplier Quality Engineer / Supplier Quality Analyst
Supplier Approval	The placing of an enterprise on the approved list of suppliers following a process of supplier evaluation
Supplier Survey	The process of approving a potential supplier through the application of auditing techniques. A survey is performed before the contract or an agreement is signed.
Target Supplier	A supplier that provides products to Husky that have a critical impact on the quality of Husky products. This can include, but not limited to: <ul style="list-style-type: none"> • IP Class I suppliers as specified in HS290 • Poor performing Suppliers • New supplier
PQ	Part Qualification

Figure 1: Process Flow



3 SUPPLIER APPROVAL AUDIT

3.1 SCOPE

The supplier approval process applies to all new and existing Husky suppliers supplying products and services to Husky.

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Husky chooses its suppliers based on the supplier's ability to meet cost, delivery and quality. The scope of this standard is to define Husky's criteria for selecting and evaluating new suppliers. This standard defines how the supplier approval audit will be performed, how the results of the audit will be reported, what to do in case the supplier does not meet Husky requirements.

Monitoring and re-evaluation of target suppliers is done through regular reviews of the supplier's performance.

3.2 PURPOSE

Define a process for supplier approval at Husky.

3.3 RESPONSIBILITY

All suppliers are required to comply with the requirements of this process and comply with all rules, regulations and laws in the locations they manufacture for or distribute to Husky, its customers or its suppliers.

To verify compliance, Husky will perform a supplier approval audit at the supplier site. For this Husky will assign a Lead Auditor, in most cases this will be a Supplier Quality Engineer/Analyst.

- | | |
|---------------------|---|
| Lead Auditor | <ul style="list-style-type: none"> • Coordinate the supplier Audit with the supplier. • Determine the scope of the audit and the amount of time required for the audit. • Correspond with the supplier and obtain a commitment from the supplier with regards to the audit dates. • Identify the person responsible for the supplier audit on the supplier's side, typically the Quality Manager. • Request a copy of the supplier's quality manual from the supplier for review prior to the audit if available. • Identify the critical processes to be audited and prepare the audit agenda accordingly. The Lead Auditor will submit the audit agenda to the supplier a minimum of at least one (1) week prior to the audit date and gain agreement. • Upon completion of the audit, the audit Lead Auditor will be responsible for preparing and issuing the audit report and following up with the supplier on any issues identified during the audit. |
| Supplier | <ul style="list-style-type: none"> • Providing a representative as a guide or escort during the audit and ensure information is available as requested. • Ensure the respective process owners are available for interviews • Identifying root cause, developing and implementing corrective action plans in response to Threats and Weaknesses identified. |

3.4 PROCEDURE

3.4.1 AUDIT SCOPE

The scope is defined by the SQA/SQE and is dependent on two factors:

- Type of supplier
 - Supplier manufactures according to Husky drawing and Husky specification

- Supplier manufactures technical product and owns the technology; however, Husky has modified an existing design to meet Husky requirements
- Supplier supplies a commodity item that is supplied to many other customers exactly the same
- Supplier is a distributor of manufactured goods.
- Audit Trigger (see below)

3.4.2 AUDIT TRIGGER

The trigger event of an audit has a strong influence on the audit scope. Listed below are triggers, which can result in a planned or event based audit. Those triggers can either be a reason for Husky to do an audit or for the supplier itself, as a self-assessment.

Table 1: Audit Triggers

Reason for Audit	Planned	Events-based
New Supplier	X	
New Technology	X	
New location (transfer of production)	X	
Major Changes to the Company, e.g. Management, core and support processes and/or ownership	X	
Product launch and process approval	X	
Periodic monitoring as part of current audit program	X	
Continuous improvement process	X	
Target criteria not achieved		X
Non-Conformities, Customer complaints		X
Production Breakdown		X

The audit result consists of two elements:

- Degree of requirements fulfilment, resulting from an audit requirements catalogue (percentage score)
- SWOT-Analysis, summarizing
 - Strengths
Characteristics that give the supplier an advantage over others.
 - Weaknesses
Characteristics that place the supplier at a disadvantage relative to others.
 - Opportunities
Elements that the supplier could exploit to its advantage.
 - Threats
Elements in the environment that could cause trouble for the supplier or Husky.

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If there are threats identified the supplier will not be considered approved until all of the threats identified have been resolved and a passing score is obtained. The Supplier is responsible for developing and implementing corrective action plans. There must be evidence of corrective actions being implemented and effective prior to the supplier being approved.

If the Commodity Manager or Sourcing Manager determine the need to use a Supplier with open Threats or who do not obtain the minimum required score, Special Approval must be obtained.

Note: A surveillance audit may be required to review the effectiveness of the implemented permanent corrective action. This will be done at Husky's discretion.

4 PART QUALIFICATION

4.1 SCOPE

Provide the Supplier with the responsibilities and requirements for Part Qualification.

4.2 PURPOSE

Define Husky's requirements for production part qualification. It is intended to be used to identify and plan part/product requirements with a Supplier prior to production in order to eliminate risk and variation within the product or the processing of the product.

4.3 RESPONSIBILITY

- | | |
|-----------------|--|
| Husky | <ul style="list-style-type: none"> • Identification of the need for part qualification • SQE/SQA define part qualification level • Notification to the Supplier of these requirements via Part Submission Form and PO processing |
| Supplier | <ul style="list-style-type: none"> • Information to Husky of any changes with respect to design, material, sub-contract or manufacturing processes <u>and</u> provision of supporting documentation of part conformity for approval. • Submission of Part Qualification documents via e-mail without reminder prior to shipping. <i>Parts shall not be shipped until approval is given by Husky.</i> • Completion <u>and</u> submission of Part Qualification documents written in English. |

4.4 REFERENCES

- APQP (Advanced Product Quality Planning) Reference Guide 1994, www.aiag.org
- PPAP (Production Part Approval Process) Reference Guide 4th Edition, www.aiag.org
- PFMEA (Process Failure Mode Effects & Analysis) Reference Guide 4th Edition, www.aiag.org
- MSA (Measurement System Analysis) Reference Guide 4th Edition, www.aiag.org
- SPC (Statistical Process Control) Reference Guide 4th Edition, www.aiag.org
- HS 518 - Part Submission Form (PSF)
- HS 518 - Control Plan and Process Flow Template

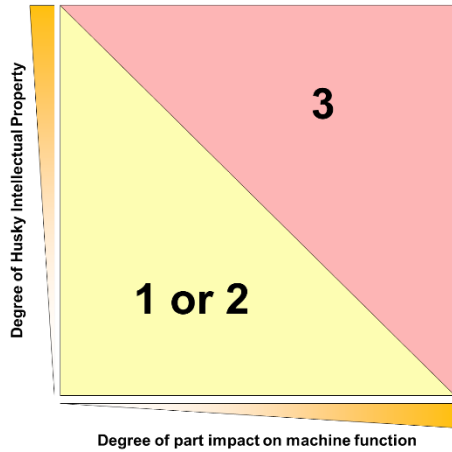
4.5 PART QUALIFICATION PROCEDURE

4.5.1 PART QUALIFICATION TRIGGERS

4.5.1.1 NEW PARTS

The PQ level and corresponding deliverables are defined via degree of Husky knowledge and impact on machine. The higher these two factors, the higher the PQ level, as seen in the picture.

Figure 2: PQ Level Selection Factors



4.5.1.2 CHANGES TO EXISTING PARTS

The supplier must inform the SQA/SQE about any changes (product or process) that might affect the product quality and functionality. This also applies to changes made by sub-contractor. The SQA/SQE then decides whether or not a PQ is needed and which level needs to be applied. The level is depending on the risk associated with the change.

4.5.1.3 NON-CONFORMANCES/WARRANTY ISSUES

For repeated quality issues or other reasons for Part Qualification, the level will be determined by Husky.

4.5.2 PART QUALIFICATION REQUIREMENTS

Table 2: Part Qualification Requirements

#	PQ Requirements	PQ Level			Accepted Documents	Acceptance Criteria
		1	2	3		
1	Part Submission Form (PSF)	S	S	S	Part submission form	All supplier fields completed, supplier signature
2	Sample Parts	O	S	S	-	Sample parts must be in accordance with supplied documentation.
3	Technical Specifications	S	S	S	Husky engineering prints (Drawings), supplier engineering prints (Drawings), Technical Specifications, ...	Husky engineering drawing or supplier controlled drawing, all dimensions ballooned A Husky drawing overrules a supplier drawing.
4	Material Certificates	R	S	S	Mill certificate, certificate of compliance, mechanical property test report, heat treat (hardness) report, ...	If defined in the technical specification, e.g. drawing, Material shall meet 100% of Husky specifications i.e. material grade, chemical composition, mechanical properties, hardness, micro structure, etc.
5	Dimension Results	R	S	S	Dimension report, refer to Husky template	Full dimension report with all features numbered according to the ballooned drawing. All dimensions must meet Husky and/or applicable specifications.
6	Performance & Functional Test Results	R	S	S	Performance test report, functional test report, DVP&R test report, coating test report, ...	Evidence required showing that all performance and function tests "pass" i.e. Husky drawing, Husky standard, and/or applicable specifications.
7	Process Flow & Control Plan	O	R	S	Process flow diagram, Process control plan, refer to Husky templates	Must include all manufacturing operations, dock to dock flow, equipment used, inspection devices with sample size and frequency, critical to quality features (CTQs) to be controlled, reaction plans, etc.
8	Process FMEA	O	O	O	Process FMEA, refer to Husky template	Only required if a Husky DFMEA is available for a Husky designed part. Must include all potential failure modes and adequate controls. PFMEA only needed if a risk in the process is identified during feasibility study, e.g. new machinery/ processes, never before produced technology/ characteristics. In this case, only the risks associated to the "new" need to be assessed.
9	Measurement System Analysis (MSA)	O	R	S	List of inspection equipment and calibration reports, GR&R reports	Gauge calibration records must be current dated. GR&R for CTQs required if requested by Husky. <10% = pass; 10-20% = marginal; 20-30% = improvement plan; >30% = no good Alternatively "Capability of Measurement Processes" according to VDA Vol 5 is also accepted.
10	Appearance Approval	R	R	S	Color standards, coupons, photos	If required in the technical specification, e.g. drawing, as per Husky standards HS 323 and HS 528, appearance approval sign-off by Husky
11	Packaging Approval	O	R	S	Packaging approval form	Packaging approval form HS 383 or similar supplier document completed by supplier and signed off by Husky
12	On-site Process Audit	O	O	S	Husky process audit report	Process audit completed by Husky and passed
13	Third-Party Validation	O	O	S	Third party lab test report	Parts 100% according to specifications
14	Process Capability Study	O	O	S	PpK, CpK report	Applicable to critical to quality (CTQ) dimensions, PpK>1.67, CpK >1.33

Notes

S = The supplier shall submit to Husky I.M.S. and retain a copy of records or documentation as specified in the Purchase Order (PO) and/or Part Submission Form (PSF) by the Husky QA/SQE.

R = The supplier shall retain documents on-hand as specified in the Purchase Order (PO) and/or Part Submission Form (PSF) by the Husky SQA/SQE. Documents will also be made available to Husky I.M.S. upon request.

O = Optional at the discretion of the SQA/SQE

4.5.3 PRODUCTION PART SUBMISSION AND APPROVAL

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Upon successful documentation review and process audit, the Supplier is ready to submit the sample part(s) to the responsible SQE/SQA for part qualification approval.

The Supplier warrants product compliance to all drawing and specification requirements by providing a signed copy of the PSF (Part Submission Form). All other supporting documents identified on the PSF (dimensional results, material cert., etc.) are required to be submitted at the same time for Husky's review.

A Supplier is expected to submit only parts that meet all Husky requirements for the part qualification approval. In the event an initial part qualification does not fully conform to Husky requirements a Deviation Assessment Form (DAF) must be included with the qualification submission (refer to section 8 for details). Additionally an improvement plan shall be submitted describing planned corrective actions and timing as this deviation is temporary. Final part qualification approval will be granted upon completion of a subsequent submission where:

- 1) Evidence is provided to confirm that any non-conforming features were corrected, and
- 2) Any critical to quality (CTQ) features must be measured and included in the dimension report.

Once a part(s) representing a part family is qualified, other parts within the same part family may be ordered with a Level 2 Part Qualification for each new part number ordered. In this case only characteristics that differ from the initial Part Qualification Report need to be verified. Additional inspection may be required when parts are first received according to expectations established at the initial planning stage.

Reports must be e-mailed to the Husky SQE/SQA prior to shipment of the parts. Reminders will not be sent and Suppliers will receive non-conformances for not submitting Part Qualification Documentation prior to shipment.

Non-compliance identified from the review may result in the initiation of a corrective action plan from the Supplier, a DAF and re-submission of qualification part(s). Once the Supplier is approved for the part and part family, the individual business units are able to place production purchase orders.

4.5.4 FORMS

Contact SQE/SQA to obtain form templates as required:

- Part Submission Form
- PFMEA Form
- Control Plan and Process Flow
- Packaging Approval Form
- Deviation Assessment Form

5 PURCHASE ORDERS

5.1 SCOPE

This document outlines the Purchase Order process and requirements for delivery date commitments from the Supplier.

5.2 PURPOSE

The purpose of this section is to communicate to the Supplier the important elements of a Husky Purchase Order and to define Suppliers responsibilities once a Purchase Order is accepted.

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5.3 RESPONSIBILITY

- Husky**
- Issue the Purchase Order to the Supplier. Once a supplier accepts an order, they become fully responsible for meeting Husky's requirements regarding quality, lead-time, delivery and all specifications.
- Supplier**
- If delivery commitments cannot be maintained or partial shipments are necessary, the supplier must inform the Husky Buyer immediately.
 - Ask questions to clarify the part requirements and specifications if they are not clear, for example:
 - Engineering revision level
 - Drawing requirements including: raw material, specifications, GD&T
 - Purchase order quantity
 - Unit price
 - Shipping location
 - Required delivery date
 - Suppliers must commit to a delivery date within two (2) working days after the receipt of a purchase order (or requested delivery date change by Husky) unless otherwise in writing. The **committed delivery date** will always be the **date the part is received at the designated Husky location**, NOT the date of shipping. Suppliers must calculate the shipping time into the commitment date. Late deliveries will be noted on the scorecard (see also Section 134).

For any further information, or in any case of unclear processes, the Supplier shall contact their respective Husky Purchasing contact.

6 GENERAL INSPECTION REQUIREMENTS

6.1 SCOPE

Document the inspection requirements by Suppliers based on the critical features of Husky parts. This standard will outline the equipment required along with the calibration and maintenance expectations. It will also outline Husky's expectation for inspection reports and maintaining inspection reports.

6.2 PURPOSE

Define the requirements for inspection equipment required for manufacturing Husky products. It is intended to provide a guideline to Suppliers for the monitoring and inspection test equipment they will require.

6.3 RESPONSIBILITY

- Supplier**
- Use appropriate monitoring and inspection equipment for verification of all Husky parts during in-process and final inspection, as approved through part qualification.
 - Maintain the equipment and define and execute an appropriate calibration plan.
 - Ensure that inspectors are qualified and certified appropriately. CMM operators must have Geometric Dimensioning and Tolerance (GD&T) specific training.

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- Send inspection reports by e-mail prior to shipment of the parts upon Husky's request.
- Ensure that the inspection gauges are maintained at a minimum according to ISO 9001:2008 section 7.6 "Control of Monitoring and Measuring Devices". This includes:
 - A documented list of calibrated gauges and calibration schedule. Gauges must be calibrated and traceable to national standards.
 - Review of the calibration schedule based on the condition of the gauge at the time of calibration. If a gauge is out-of-tolerance when it is calibrated, the calibration frequency should be increased to ensure accuracy of measurement between calibrations.
 - Periodic review of the condition of gauges checking for wear. Gauges must be safeguarded against damage. If a gauge is dropped or damaged, it must be quarantined and calibrated.
- Identify the need for gauge verification before process steps in between calibration intervals, e.g. calliper verification via gauge block.

6.4 INSPECTION GAUGES REQUIRED

It is the Supplier's responsibility to define the inspection gauges required for in-process and final inspection in an inspection plan and/or control plan.

As a general rule, the resolution of a gauge should be 10 times more than the tolerance of the feature being measured.

Example: 10 ± 0.01 mm requires a gauge with 0.001 mm resolution.

As a general rule, the accuracy of a gauge should be 4 times greater than the tolerance of the feature being measured.

Example: 10 ± 0.01 mm requires a gauge calibrated to a tolerance of ± 0.0025 mm.

All inspections should be performed with gauges and parts at $20^{\circ}\text{C} \pm 2^{\circ}\text{C}$.

Gauge R&R is a must for CTQ characteristics, if requested by Husky. Other means of showing measuring process capability can be discussed with the SQE/SQA and need their approval. For part tolerances of 5 microns or less, gauge R&R is strongly recommended.

Inspection gauges and inspection methodology will be approved by Husky's SQE/SQA. If the Supplier does not have the appropriate equipment, additional gauges or equipment may be required depending on the part family being manufactured.

6.5 INSPECTION REPORTS

It is the Supplier's responsibility to ensure that inspections are completed and documented according to the control plan and any specific requirements implemented by Husky's Supplier Quality Engineer/Analyst.

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Inspection reports must be stored and traceable by serial number for five (5) years. Every part needs to be traceable at least to a delivery, production order and incoming goods. Reports must be available upon request by Husky when non-conformances are found or for verification of parts that fail while in service.

Inspection reports must contain the following information:

1. Husky Part Number and Revision
2. Part Name/description
3. Project Number if applicable (customized parts)
4. Date
5. Drawing Number and Revision
6. Purchase Order and Position Line
7. Supplier Name and 6 digit Supplier Code
8. Feature description or name
9. Feature Reference (a copy of the Husky drawing with a ballooned letter or number reference to the feature must be included)
10. Nominal dimension and tolerance
11. Actual measurement of feature
12. Serial Number

The information can be recorded in the local language, however, English is preferred. In case a report is requested by Husky, the original in local language, an English translation must be provided. The information submitted to or requested by Husky must be neat, organized and legible. Unreadable reports will be returned to the supplier to correct.

Husky SQE/SQA may request inspection reports prior to each shipment or on a spot audit basis. The Supplier is responsible to submit inspection reports by e-mail as directed, prior to shipment of parts. Failure to do so will result in a Non-conformance report being issued.

7 PART LABELLING

7.1 SCOPE

Define the requirements for part identification and serialization. This standard applies to all parts, components and assemblies supplied to Husky.

7.2 PURPOSE

Ensure suppliers are compliant to part/component labelling and serializing.

7.3 RESPONSIBILITY

- Supplier**
- Ensure that part labels, identification and serial numbers are applied to each part.
 - Ensure the label meets specification, is readable, straight, and in the proper location as identified on the drawing.
 - Retain full traceability of raw material or material supplied by Husky

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7.4 PART IDENTIFICATION

All part labels, identification and markings must have the following characteristics:

- Legible (readable), English characters
- Permanent (unless otherwise approved or specified). Methods for marking include: laser, engraving, acid, stamping. The method selected must not distort the part or affect feature specifications.
- Located on the surface indicated on the drawing (if indicated) Alternate locations can only be used if approval is granted through a DAF (reference section 8)
- Straight and tidy.
- Modified parts (i.e. reworked or converted from one HPN to another) shall maintain both serial numbers but the original HPN shall be removed and replaced with the new part number.

The details for identification are based on the part type and have been broken into 3 categories (see below).

7.5 PART CLASSIFICATIONS

7.5.1 HUSKY DESIGNED PARTS

Components that Husky provides a design and drawing. All Husky designed components require part identification. The part identification must be located on the surface indicated by the drawing. If the surface is not indicated, a non-critical surface shall be selected and approved by a Husky SQE/SQA.

The following table describes the requirements for part identification (Note: Husky Business Unit Specific).

Table 3: Part Identification Requirements

Business Unit	Tooling (Hot Runners and Molds)	Machines
Identification	<p>As specified on the drawing by Husky Engineering:</p> <ol style="list-style-type: none"> Husky Part Number / Revision Project Number (if available) Manufacturing Sequence Number (3 digit code) 	<p>Supplier Identification-Husky Part Number (HPN) – Revision</p> <p>Note: Supplier identification should be the Supplier Number (6 digit code) or Supplier Initial(s) approved by the SQE</p>
Traceability information	<ol style="list-style-type: none"> Husky Supplier Number (S- with 6 digit code provided by Husky)* Production Date (CW/YY is the 2 digit calendar week and 2 digit year when the part was manufactured)* <p><i>*if space is limited the information should be applied according to priority</i></p> <p>Permanently mark 1 to 5 as per drawing definition location shown. Text must be clear and legible.</p> <p>Recommended font:</p> <ul style="list-style-type: none"> ARIAL 3mm high, 0.03 to 0.1 deep <p><i>If space limited, engraving height must be adjusted by designer</i></p>	<p>YYYYMM##</p> <p>YYYYMM: 4 digit year and 2 digit month (date code) manufacturing date</p> <p>##: part number specific to the year and month of manufacture</p> <p>Serial Numbers are not required for non-critical components (sheet metal, brackets, gates, hardware, and small machined components with loose tolerances).</p> <p>The requirement for Serialization will be verified by Husky's SQA/SQE.</p>
Example	<p>1234567/0 890123</p> <p>456 S-123456 – 22/15</p> <p>HPN = 1234567</p> <p>Revision = 0</p> <p>Project No. = 890123</p> <p>Manufacturing Sequence No. = 456</p> <p>Supplier number = 123456</p> <p>Calendar week = 22</p> <p>Year = 2015</p>	<p>S-1234567-0</p> <p>20091005</p> <p>Supplier Identification = S (supplier number also acceptable) or supplier initials approved by the SQE</p> <p>HPN = 1234567</p> <p>Revision = 0</p> <p>Manufactured Year = 2009</p> <p>Manufactured Month = 10</p> <p>Part Manufactured in 2009-10 = 5</p>

Notes:

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- For parts that cannot be labelled directly, they must have an identifying label on the supplied packaging. Separate labelling must be provided for each package.

7.5.2 SUPPLIER DESIGNED PARTS – HUSKY SPECIFIC

Components or assemblies that the Supplier Designs with input from Husky’s engineering regarding the application. These parts are exclusively supplied to Husky as they are modified to meet Husky’s requirements. This category includes (but is not exclusive to) control panels, computers, servo valves, electrical and hydraulic motors, sensors, transducers, heaters, thermocouples, conveyors etc.

In accordance with Customs regulations, the country the part is “Made in” or “Country of Origin” must be included on the label and spelled in English without using abbreviations. For Example, “Made in Germany”.

7.5.3 SUPPLIER DESIGNED PARTS – CATALOGUE COMPONENTS

Components or assemblies that are generic to all of the Supplier’s customers. This category includes (but is not exclusive to) hardware (fasteners, washers etc.), generic electrical components (breakers, wires, connectors, I/O cards etc.),

Parts in this category must follow industry standards for identification, if applicable. The supplier’s part specific number and revision level must be present on the component, if possible. For parts that cannot be labelled directly, they must have an identifying label on the supplied packaging. Separate labelling must be provided for each package.

Where possible, the Husky Part Number should also be included.

If a Husky component specification (design standard document) is available, all requirements must be followed.

In accordance with Customs regulations, the country the part is “Made in” or “Country of Origin” must be included on the label and spelled in English without using abbreviations. For Example, “Made in Germany”.

If questions arise regarding the requirements, please contact the SQE/SQA.

8 SUPPLIER - HUSKY DEVIATION APPROVAL PROCESS (DAF)

8.1 SCOPE

Document the Supplier’s responsibility if they produce non-conforming parts which they would like Husky to consider accepting. This standard outlines the one-time approval process the Supplier must follow for non-conforming products/parts that are identified prior to shipping the part to Husky.

This process applies to parts that are out of tolerance, missing components in an assembly or any application where parts do not meet specification.

This process also applies to permanent change requests to product changes initiated by the Supplier.

This process also applies to Supplier initiated improvement requests i.e. drawing updates, improvement/clarification on drawings and design.

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8.2 PURPOSE

Communicate with Husky's Suppliers, their responsibilities and Husky's expectations for approval of parts when they deviate outside of the specification. Approval must be obtained prior to shipping to Husky.

8.3 RESPONSIBILITY

- Husky**
- Assess deviation requests and either approve or decline.
- Supplier**
- Inspect parts and ensure that they meet Husky's specification prior to shipping the parts to Husky.
 - In the event that a part is discovered out of tolerance before shipping, the Supplier must submit a Deviation Assessment Form (DAF) request to obtain approval before shipping.
 - Submit a Deviation Assessment Form prior to any attempt to repair. All repair methods must be approved by Husky.
 - Submit a Deviation Assessment Form a minimum of 6 months before a Permanent Change to a Supplier designed part becomes effective.

8.4 PROCEDURE

8.4.1 ONE-TIME DEVIATION APPROVAL REQUEST (NOT PERMANENT)

A one-time request for change will be considered under the following circumstances:

- A minor non-conformance (slightly out-of-tolerance) for manufactured components
- Planned repair (approval from Husky must be obtained)
- Missing components in assemblies that are easy to install

A Deviation Assessment Form must be completed. The form must be completed in English and all fields must be filled in. **Incomplete forms will be returned to the Supplier and this will delay the process.**

The Supplier must provide a proposed solution for rework or repair, as well as a corrective action, preventing the deviation from happening again. Photographs, inspection reports, and/or drawings may be attached to help explain the non-conformance from specification.

Husky will review the DAF to determine if the part(s) can be reworked, repaired or used as is. The completed form, with disposition will be returned to the Supplier. If the non-conformance from specification is accepted, the Supplier is responsible to review the approved solution and complete the actions as indicated in the form for the specified Purchase Order(s) and Serial Number(s). It is the Supplier's responsibility to ensure rework is completed as directed.

The Supplier must ensure that the Serial Number(s) engraved on the part matches with the serial number(s) on the form before shipping of the item to Husky.

Once the rework is complete, the Supplier must confirm that the rework is not visible (i.e. the part appears as if no rework was completed). If the Supplier is unsure the rework is acceptable

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and meets all aesthetic and technical requirements, the Supplier must contact Husky and provide photos showing the rework.

Husky may also request the Supplier to submit photos or an on-site inspection before shipment and final approval of the reworked part.

A copy of the completed Deviation Assessment Form must be attached to the part and final inspection report must be e-mailed before shipment.

8.4.2 PERMANENT CHANGE APPROVAL REQUEST

A permanent Change Proposal will be considered under the following circumstances:

- Supplier designed product has design improvements or reduces cost
- Supplier is requesting a drawing update to improve manufacturability or reduce cost
- Supplier is requesting an alternative equivalent material

The Supplier is required to notify Husky a minimum of 6 months before the change is planned to be implemented. Sample parts must be available for testing with validation results at the time of request. Supplier will be required to work with Husky Engineering to ensure that product is compatible and meets performance specifications. **The Supplier must not assume that the new product is compatible with Husky's product. Approval for the change and validation with Husky product is required.**

8.4.3 UNAPPROVED CHANGE PROPOSAL

In the event that the Change Proposal is not approved, the part cannot be used and may not be shipped to Husky. If this is a One-Time request, the part(s) is deemed as scrap. In all cases, the Supplier must immediately contact the Husky expeditor or buyer to discuss the next steps.

If Husky owns the raw material, the Supplier will be charged for the cost of the raw material in accordance with the Purchasing Agreement.

8.5 FORMS

- Deviation Assessment Form (DAF)

Completed Deviation Assessment Forms must be submitted according the Husky Business Unit, copying your SQE/SQA:

Bolton and Shanghai Machines: +Insp/DAF@husky.ca.

Luxembourg Hot Runner Components: lxhrseat@husky.ca

Luxembourg Mold Components: lxmdhotseat@husky.ca

Asia Design Support for Tooling: agong@husky.ca

Milton ECN: miltecn@husky.ca

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Bolton Molds: bmdengs@husky.ca

For Permanent Change requests, Husky's Commodity Manager and Supplier Quality Engineer/Analyst must be copied.

9 SOURCE INSPECTION

9.1 SCOPE

Document the process for source inspection when supplying Husky designed parts.

Source Inspection may apply to new Husky Suppliers, existing Suppliers producing new part families, and at the discretion of the SQE/SQA in the event of a quality issue.

9.2 PURPOSE

Define the requirements for source inspection, the responsibilities and execution.

9.3 RESPONSIBILITY

- Husky**
- SQE/SQA communicates to the Supplier and Husky purchasing the source inspection and shipping approval requirements.
 - SQE/SQA executes the source inspection according to the sampling plan defined.
 - SQE/SQA is responsible for final approval of the shipment.
- Supplier**
- Inform Husky purchasing and SQE/SQA in advance when the shipment will be completed including final inspection.
 - Committed delivery dates must be maintained.
 - Not to ship parts to Husky until the SQE/SQA has officially approved the shipment.

9.4 PROCEDURE

9.4.1 REQUIREMENT FOR SOURCE INSPECTION

Suppliers who qualify for source inspection are Suppliers who provide Husky designed parts that are identified as high risk or critical by the Supplier Quality Engineer/Analyst or sourcing team. Criteria used for evaluating high risk and criticality:

- New suppliers at the beginning of production
- Existing Suppliers producing new part families
- Quality issues and corrective actions that require close monitoring

9.4.2 SOURCE INSPECTION REQUIREMENTS

Suppliers who are notified of the source inspection requirement may not ship product until approved. It is the responsibility of the SQE/SQA to approve the parts for shipment. The SQE/QA will determine an appropriate sampling plan including inspection for some or all of the following requirements:

- For Critical to Quality (CTQ) Features, the SQE/SQA will verify the following:
 - All CTQ's have been measured

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- Dimensions and tolerances match the Husky drawing
- Method of inspection is correct (ensure datum's are applied correctly)
- Application of tolerances is correct (including bonus tolerance)
- Non-CTQ Features and Drawing Notes
- All general visual requirements must be verified including:
 - Cleanliness
 - Surface finishes
 - Paint quality
 - Labelling
 - Deburring, sharp edges, tapped hole quality

9.4.3 SOURCE INSPECTION DISPOSITION

Source Inspection Results shall be recorded and emailed to the SQE/SQA for review and approval before shipping. The supplier must retain on file a copy of the inspection results and approval.

If any non-conformances are found, the Supplier must conduct 100% inspection and sorting on impacted feature(s) for all the products in the batch. If Supplier does not scrap the non-conformed parts, the Supplier must follow the Deviation Approval process. This process requires the Supplier to determine the rework or repair options and submit to Husky for approval (refer to section 8 for details).

10 PACKAGING AND SHIPPING

10.1 SCOPE

Provide the Supplier with the requirement for packaging, and international shipments. Documents with further details for compliance are referenced for logistics and customs.

This standard applies to all parts, components and assemblies supplied to Husky.

10.2 PURPOSE

Provide the minimum requirements for Husky Suppliers to follow and ensure compliance to packaging and shipping.

10.3 RESPONSIBILITY

- Supplier**
- Ensure that parts/components/assemblies are labelled and packaged appropriately to arrive at Husky’s global locations without damage, rust, corrosion or contamination. Parts/Components/Assemblies must be protected for storage for a period of 2 years.
 - Ensure that the packaging complies with Husky’s Health and Safety regulations. Packaging that arrives which poses a threat to the safety of Husky employees will be refused for delivery and the Supplier will be responsible of all return shipping charges.
 - Ensure that packaging requirements for each country are adhered to and all customs documentation is complete.
 - Contact the Husky SQE/SQA to review Husky Supplier Packaging Standards to ensure compliance.
 - Ensure that approval of the packaging is obtained through the Part Qualification Process using the Supplier Packaging Form (HS383) prior to the first shipment arrival. This approval does not relieve the Supplier of their responsibilities described above.

10.4 PACKAGING

A complete description of the packaging, including the requirements below must be made on the Supplier Packaging Form (HS383) and approved by Husky. Supporting documentation, e.g. MSDS for used rust inhibitors other than mentioned below, should be included to speed up the approval process. The following requirements must be met when packaging parts for shipment:

- Parts must be packaged in such a way as to prevent damage during shipment ensuring that critical surfaces will not touch each other
- The packaging must be strong enough for the part weights and to remain in-tact during transport and storage. Parts within the package must be secured to prevent movement during shipment. This includes v-blocks for large cylindrical parts or bolts/blocking to secure the parts directly to the pallet or crate. Parts that can move during shipment provide a safety risk to material handlers during handling and removing packaging.
- The method of packaging must be appropriate to the distance and mode of transportation (land, sea, air)
- Parts within the package must be secured to prevent movement during shipment. Parts that can move during shipment provide a safety risk material handlers during handling and removing packaging.
- Parts packaged in wooden boxes shall have one side or top of the box fastened using screws (not nails) to facilitate unpacking, reduce the risk of part damage, and increase the safety of material handlers.
- The parts must be protected to prevent rust. Rust inhibitors must comply with Husky’s Health and Safety Regulations and must not be classified as Hazardous Material. Any deviation from the required rust inhibitors listed below, require an approval to be obtained through EHS and the Part Qualification Process.

Table 4: Corrosion Protection Packaging Requirements

Tooling (Hot Runners and Molds)	Machines
--	-----------------

LPS-3 and Anti-corrosion Paper	<i>Local Shipment</i> Cortec VpCI-369H (or approved substitute)
	<i>Overseas Shipment</i> Cortec VpCI-369H (or approved substitute) <u>and</u> wrap with anti corrosion paper (wax paper) <u>or</u> wrap with Cortec VpCI-126, 4 mil film <u>or</u> put into a VpCI-126, 4 mil bag.

- https://www.cortecvci.com/Publications/PDS/VpCI-369_and_VpCI-369_H.pdf
- Plugs are required for ports to prevent contamination and damage of critical surfaces
- Additional requirements such as vacuum packaging and desiccant packages may be necessary for sea shipments
- Packages intended for hand lifting must not exceed a gross weight of 20 Kg (44 lbs). Packages which exceed this gross limit must be delivered on load carriers (pallets, skids) specifically designed for mechanical lifting devices
- If the center of gravity for the package is not at the center of its volume, it shall be indicated on the outside of the packaging.
- For shock-sensitive parts, a shock absorbing packaging must be chosen and shock-watch indicators or similar must be used on the outside of the packaging.

Suppliers may be charged for the cost of the parts and shipping or rework if the parts arrive damaged or rusted.

10.4.1 PACKAGING MATERIALS

Packaging materials used must comply with the final destination country requirements. The PO will reference the destination country. Note: if the "Ship to" address is for the purpose of consolidation, it remains the Supplier's responsibility to ensure the final destination country's requirements are met.

Reference for final destination Canada, ISPM 15 is required (including shipments from the US):

<http://www.inspection.gc.ca/english/plaveg/for/cwpc/wdpcqe.shtml>

Reference for final destination United States:

http://www.aphis.usda.gov/import_export/plants/plant_exports/wpm/index.shtml

For other final destination countries, it is the responsibility of the supplier to be familiar with and comply with these requirements.

10.4.2 PACKAGE LABELLING

Each part must have the HPN marked on the outside of its individual packaging.

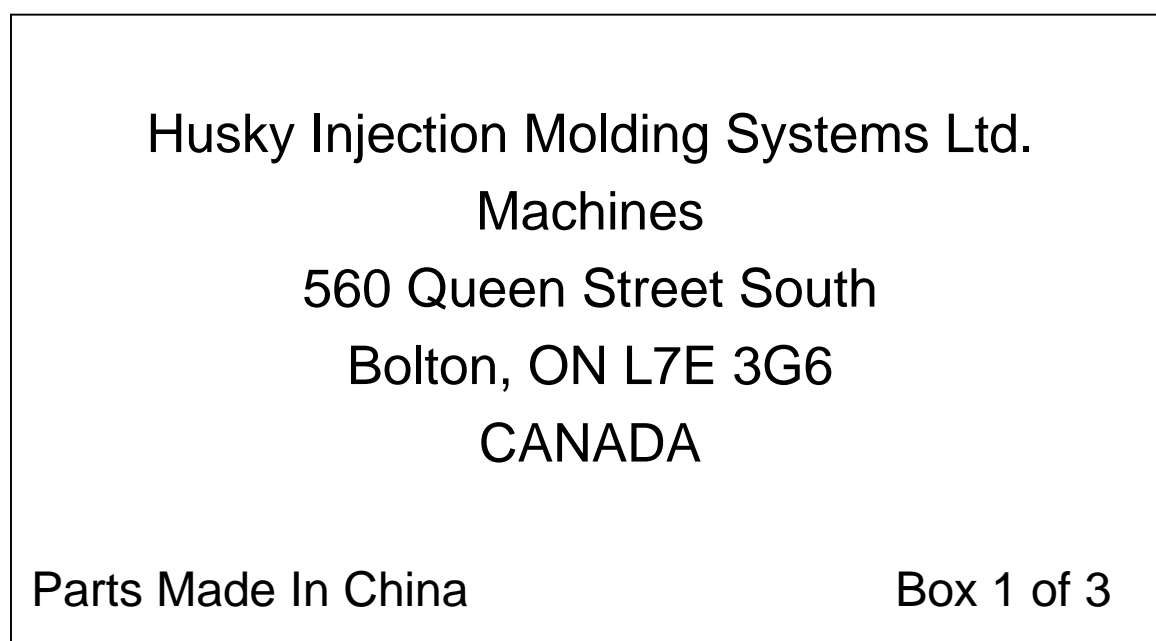
It is the Supplier's responsibility to indicate handling instructions for the package (i.e fragility, do not stack, this side up, etc.)

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Every box, crate, pallet or container within a shipment must be labelled. The label must contain the following information:

- Destination Company Name
- Destination Business Unit
- Destination Address (ensure the address corresponds to the business unit)
- Country of Origin/Manufactured In/Made In
 - The country name must be spelled in English in full form
 - The Country of Origin is the country in which the parts were manufactured. For various countries, indicate "Reference Customs Invoice"
- Box X of Y (required if more than one Box/container/crate is in the shipment, example "Box 2 of 5" if it is the second box of a total of 5)

Figure 3: Example Label



For large containers, multiple labels on different sides may be necessary.

10.5 PACKING SLIP

Each shipment must have a packing slip. The packing slip must be written in English. Failure to supply all or accurate information may effect on-time performance and may also delay payment to the Supplier.

The following information must be on the packing slip:

- Unique packing slip number (Supplier generated)

For each different Husky Part Number (according to the Purchase order) in the shipment, the following must be listed:

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- Purchase Order Number and Line
- Husky Part Number-Rev
- Part Description
- Quantity
- Box/Container Number (if more than 1 box/container/crate in the shipment)
- Weight (total shipment weight is satisfactory)

One copy of the packing slip must be affixed in a clear plastic sleeve on the outside of the lead box (i.e. Box 1).

10.6 SECURITY OF GOODS AND INTELLECTUAL PROPERTY

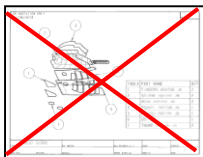
Securing intellectual property, supplies, parts or other goods is a vital component of packaging. All business, technical and financial information that goes beyond basic publicly available facts about Husky is considered sensitive.

10.6.1 SECURITY MEASURES

Security measures must be in place to ensure the integrity and security of processes relevant to the transportation, handling, and storage of cargo from Suppliers. Security and safeguard of all Husky property is the sole responsibility of suppliers until it has been formally received on Husky property, by Husky personnel in the field and/or at designated Husky pre authorized locations.

10.6.2 TECHNICAL DRAWINGS

Technical drawings or other engineering specific information must not be included in or on any packaging from Suppliers. Inspection reports that include technical drawings or engineering specific information must be submitted by e-mail.



No technical drawings

10.6.3 TOTAL VALUE OF GOODS

Only the total value of goods shall be included on shipping labels, when appropriate, for international shipping. Do not include information of purchase order pricing agreements or other non-shipping relevant cost information.

10.6.4 SUPPLIER REFERENCE

Reference to supplier name or information including logos and marketing slogans on packaging is not permitted unless pre-authorized by Husky. Supplier/manufacturer specific information shall be included only on shipping labels and/or other appropriate documentation.

10.6.5 REFERENCING HUSKY'S CUSTOMERS

Reference to Husky's end customer information shall not be included on or in any packaging or labelling. Direct shipments to customers under special circumstances as directed by Husky are the only exception.

10.6.6 RECORDS AND DATA

Inspection records, SPC data, certificates of conformance, approval forms and/or other types of process or technical part quality related information is allowed only as defined under supplier agreements by component, package or service. All documentation described is only allowed within the internal sealed package as defined by supplier control plan requirements and authorized by Husky.

10.7 CUSTOMS REQUIREMENTS

For shipments with a final destination country different from the sender, it is the responsibility of the Supplier to ensure that all regulatory requirements are met and all required documents are supplied. It is the responsibility of the Supplier to know the requirements for the destination country.

Failure to supply all accurate and complete information may result in a delay in shipment and payment.

Please note: the Customs Invoice is a separate and different document which must be provided for all international shipments.

Beginning January 24, 2010 the Bureau of US Customs and Border Protection (US CBP) has instituted new regulations covering international importations arriving via vessel into the US.

For more information, please visit: <http://www.cbp.gov/>

10.7.1 CUSTOMS INVOICE

Customs documentation for international shipments must be supplied and must comply with the final destination country. All required information must be included on the customs invoice. The Customs Invoice must be in English or translated into English.

Three (3) copies of the Customs Invoice must be included in an envelope attached to the lead box/container/crate.

To assist in ensuring that all required information is included on the Customs Invoice, the following checklist shall be used:

Table 5: Shipping Documentation Requirements

#	Data Elements	Explanation	Customs Invoice	Packing Slip	Airway or Bill of Lading	Trade Agreement/ Certificate of Origin
1	Reference Number	Shipping/Customs Invoice number.	X	X	X	X
2	Shipment Date	Date the goods are actually shipped	X	X	X	X
3	Seller	Party who owns the goods. Complete company name/address/contact name/telephone/email/ & tax identification number	X	X	-	X
4	Shipper/ Exporter	Party who is actually shipping the goods. Complete company name/address/contact name/telephone/e-mail & tax identification number	X	X	X	X

#	Data Elements	Explanation	Customs Invoice	Packing Slip	Airway or Bill of Lading	Trade Agreement/ Certificate of Origin
5	Buyer	Party who will be paying the seller for the goods. Complete name/address/contact name/telephone/e-mail & tax identification number	X	X	-	X
6	Consignee	Party where the goods will actually be delivered to. Complete name/address/contact name/telephone/e-mail & Tax Identification number.	X	X	X	X
7	Carrier/ Forwarding Agent	Party who will transport goods on supplier/customer's behalf	X	X	X	-
8	Country of Export for shipment	Where the shipment originates from	X	X	X	-
9	Customs Broker name	Identify the customs broker for the Husky location that the goods are destined for.	X	-	-	-
10	Purchase Order/Position #	Husky purchase order number and position on the purchase order	X	X	-	-
11	Part number	Must always show Husky's part number. Supplier part number can be shown if applicable	X	X	-	X
12	Part Description	Complete written Alpha description - no acronym. Must be in written in English. If possible, the material, size and any other item description details.	X	X	-	X
13	Country of Origin	For each part number in the shipment - country where the part is <i>made</i> , not necessarily where it is shipping from.	X	X	-	X
14	HS Classification of the Import Country	Contact Husky if the supplier does not have the information. Refer to country specific section for contact details in the destination country.	X	-	-	X
15	Weight	Net weight of each item. This is a compulsory requirement in many countries to support import accuracy and enhance security. Please refer to country specific sections for details on destination country weight requirements.	X	X	-	-
16	Quantity	of each item	X	X	-	-
17	Unit Price	of each item	X	-	-	-
18	Extended Price	line total	X	-	-	-
19	Total Shipment Value	Zero value is not acceptable	X	-	-	-
20	Currency	Currency of the transaction	X	-	-	-
21	Terms of sale	sale, warranty, return, further processing, temporary, etc.	X	X	-	-
22	Measurements	Total gross weight and number of packages/skids/crates/etc.	-	X	X	-
23	Total number of pieces in the shipment	Total number of crates, boxes, skids, etc. contained in the shipment	X	X	X	-
24	Total Shipment Gross Weight	Gross weight of the total shipment	X	X	X	-
25	Total Shipment Net Weight	Net weight of the total shipment	X	X	X	-
26	Kind of Packaging	Type of packaging (i.e. wooden box, cartons, containers, etc.)	X	X	X	-
27	Delivery Terms/Inco Terms	Incoterms are unique to destination countries – contact a customs agent for more info – see 10.7.2.	X	X	X	-
28	Freight Costs	If applicable (inland freight) to point of export	X		X	-

#	Data Elements	Explanation	Customs Invoice	Packing Slip	Airway or Bill of Lading	Trade Agreement/ Certificate of Origin
29	Mode of Transport	How the goods will be transported to the destination (truck, ocean, air)	X	X	-	-
30	Customer Reference	Project number or tag number, if applicable	X	X	-	-
31	Special Instructions	Any specific delivery/clearance or special instructions	X	X	-	-

Husky IMS – Customs Policy & Procedures Manual (ENTRY030C): C-TPAT Requirements

Husky is Customs-Trade Partnership Against Terrorism (C-TPAT) certified. This is a voluntary certification to ensure security measures are in place to expedite shipments through the United States border. All Suppliers to Husky are required to complete a C-TPAT survey once per year. The request for the survey will be sent electronically. It is the responsibility of the Supplier to pay the fee and complete this survey on-line. Husky may send a representative to the Supplier's site to follow up on areas of concern.

10.7.2 CONTACT INFORMATION

For any questions regarding Customs Requirements, please send an e-mail to the following:

- Canada: bolcb@husky.ca
- United States: hkycususa@husky.ca

10.8 SUBSTANCE COMPLIANCE

All substances used in the product and packaging must comply with the Husky's regulations (HS 730) and the regulations for the country the product is being supplied.

Specifically for supplying to Europe, Suppliers are required to comply with REACH. REACH is a European Community Regulation on chemicals and their safe use (EC 1907/2006). It deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances. The new law entered into force on 1 June 2007.

The REACH approach is likely spread out in future as a worldwide regulation to control the usage of hazardous chemicals and substances.

The aim of REACH is to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. At the same time, innovative capability and competitiveness of the EU chemicals industry should be enhanced. The benefits of the REACH system will come gradually, as more and more substances are phased into REACH.

The REACH Regulation gives greater responsibility to industry to manage the risks from chemicals and to provide safety information on the substances. Manufacturers and importers will be required to gather information on the properties of their chemical substances, which will allow their safe handling, and to register the information in a central database run by the European Chemicals Agency (ECHA) in Helsinki. The Agency will act as the central point in the REACH system: it will manage the databases necessary to operate the system, co-ordinate the in-depth evaluation of suspicious chemicals and run a public database in which consumers and professionals can find hazard information.

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REACH provisions will be phased-in over 11 years. Companies can find explanations of REACH on the ECHA website, in particular in the guidance documents, and can contact national helpdesks. It is the responsibility of the Supplier to be familiar with and comply with these requirements.

For further information suppliers shall review the following website: <http://echa.europa.eu/>

10.9 LOGISTICS

The Supplier is responsible to use only the approved service provider for freight forwarding when the terms of the purchase order are Free Carrier (FCA). The approved service providers are dependent on the overall size of the shipment and region the part is coming from. The freight forwarder is established by Husky's Global Logistics group.

Please contact your Husky Commodity Manager to ensure the proper service provider and accounts are used.

In all cases, including Free Carrier (FCA), it is still the responsibility of the Supplier to properly package, label, and provide the required packing slip and customs invoice with the shipment.

10.10 FORMS

- Supplier Packaging Form (HS 383)

11 NON-CONFORMING PART PROCESS

11.1 SCOPE

Document the process for how Suppliers will be informed if non-conforming material is received at Husky, provide understanding of the Non-Conformance (NC) report and outline Husky's expectations to follow disposition instructions and contain subsequent parts.

Included in this document is a checklist designed to guide Suppliers in how to contain non-conforming products, attached in the 8D form.

11.2 PURPOSE

The purpose of this document is to communicate with Husky's Suppliers, their responsibilities and Husky's expectations when non-conforming product is discovered at Husky.

11.3 RESPONSIBILITY

- Husky**
- Document the non-conformance in an NC report.
 - Determine the disposition of the non-conforming product.
 - Communicate this information with the Supplier.
 - Collecting data from the supplier and reviewing it on a regular basis in order to request corrective and preventive actions, if necessary.

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- Supplier**
- Provide Husky with parts meeting specification.
 - However, in the event of non-conforming product reaching Husky, follow the disposition instructions provided and contain all current parts and future parts to prevent a repeat occurrence.
 - Track and document all cases of parts returned to them for analysis and/or repair, regardless if warranty applies or not.
 - Provide results in the form of a 4D or 8D report.
 - Communicate to the Husky purchasing contact, if required delivery times for replacement or repair cannot be met.

11.4 PROCEDURE

11.4.1 NOTIFICATION OF NON-CONFORMANCES

For the sake of simplicity, all classifications will be referred to as NC in the following paragraphs.

Husky will issue the Supplier a Non-Conformance (NC) report with a unique number, which must be referenced by the supplier in every communication to Husky. The NC report will indicate the disposition of the product and the Disposition Actions required. In case of the disposition code 'Use As Is' the Supplier receives NC report to execute containment (see section 11.4.3) and to prepare the 8D report (see section 12).

In the case of Scrap, Rework, or Repair, a Purchase Order (negative and positive) will also be sent to the Supplier. This does not apply, if rework is done by a third party.

If the item required is urgent, Husky will notify the Supplier of the required delivery date. The Supplier must reply to the Husky contact if the required delivery date cannot be met.

If the NC part is scrap, the Supplier must notify the Husky contact if they want the part returned (at the Supplier's expense).

11.4.2 CONTAINMENT

For all Non-Conforming product received at Husky, the Supplier shall ensure that Husky does not receive another similar defect. Containment of all potentially affected products is required. This includes:

- All affected products within the part family, and/or parts with similar features
- Inventory at supplier warehouse
- Work In Process (WIP) including Raw material/Supplier parts/unfinished parts
- Parts already received at Husky, including Spare Parts Centres (internal)
- Suspect parts in transit to Husky shall also be communicated to the SQE/SQA

If similar parts (different Husky part numbers) are also potentially affected, the Supplier is responsible to notify Husky of those part numbers so a Quality Alert can be issued.

11.4.3 REPLACEMENT, REWORK OR REPAIR OF NON-CONFORMING PART

It is the Supplier's responsibility to ensure that the replacement, rework, or repair of Non-Conforming product meets Husky's specifications. An inspection report confirming that any rework or part correction

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meets the Husky drawing requirements must be e-mailed to the appropriate SQE/SQA before returning the part.

In the event that the rework or repair does not meet the required specification, the Supplier may submit a Deviation Assessment Form (DAF) to request to ship the non-conforming product to Husky (reference Section 8.4.1).

Note: The Supplier may be charged for rework hours incurred by Husky, Husky owned material, sub-contracting rework/repair in accordance with the Purchasing Agreement.(see Section 13)

12 SUPPLIER CORRECTIVE ACTION REQUEST

12.1 SCOPE

Document the process, responsibilities and requirements for a Supplier Corrective Action Request

12.2 PURPOSE

Outline responsibilities for Supplier's submission of corrective action reports.

12.3 RESPONSIBILITY

- Husky**
- Issuing the corrective action request to the Supplier.
- Supplier**
- Once the defect has been identified by Husky:
 - Implement a containment plan such that Husky does not receive any more defective product (refer to section 11.4.2).
 - Rework, repair or replace any defective product found at Husky's facilities
Confirming receipt of the complaint and submitting the containment plan within 48 hours of the corrective action request unless an extension is approved by your SQE/SQA.
 - Determine the root cause of the defect.
 - Create a permanent corrective action plan based on the root cause.
 - Document the containment plan, the root cause and the permanent corrective action. Provide this documentation to the SQE/SQA by the Due Date.
 - Implement a permanent corrective action to eliminate the source of the nonconformance.
 - Report implementation evidence and effectiveness measures to the SQE/SQA
 - Document all the above in an 8D corrective action report and submit to the SQE/SQA
 - If the Supplier does not know how to complete the corrective action request, it is the responsibility of the Supplier to contact Husky's Supplier Quality Engineer/Analyst for assistance.

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12.4 PROCEDURE

12.4.1 NOTIFICATION OF SUPPLIER CORRECTIVE ACTION REQUEST

The SQE/SQA will notify the Supplier via e-mail with the request for corrective action with the details associated.

The need for a Supplier Corrective Action may come from a variety of sources. The most likely sources are listed below:

- Safety issues related to supplied product
- Consistent poor Supplier ratings
- Repeat non-conformances
- Need Identified by the Operations or the Business
 - Non-conformances related to significant downtime
 - Non-conformances related to high internal cost of poor quality (ICOPQ)
 - Non-conformances with a high Risk Priority Number (RPN)
 - High number of non-conformances
- Complaint from Husky's Customer
- Threat or weakness found during Husky audit

This list is not intended to be all inclusive.

Whenever possible a sample of the non-conforming product will be returned to the Supplier.

12.4.2 SUPPLIER'S INVESTIGATION

12.4.2.1 CONTAINMENT ACTION

As soon as the Supplier has been notified of the non-conformance the Supplier must take immediate action to contain the defective product. This containment plan is to include all inventories that could potentially be affected including work in process (WIP) at the Supplier. (Refer to section 11.4.2)

12.4.2.2 ROOT CAUSE

The Supplier is responsible for verifying the root cause of the non-conformance. The Supplier may use whatever tools available to identify the root cause, such as Five Why, Fishbone or other known processes. The SQE/SQA is available to assist in the root cause investigation when needed. The root cause must be verified and supported with objective evidence. The Supplier shall identify how the root cause was verified in their response to Husky.

12.4.2.3 CORRECTIVE ACTION

The Supplier is to identify all corrective actions taken or to be taken to eliminate the root cause of the non-conformance. The Supplier is to identify the implementation date of these corrective actions. The corrective actions implemented shall permanently eliminate the root cause of all discrepancies.

The Supplier must also provide the preventative action steps necessary to permanently eliminate the non-conformance from occurring in similar product.

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12.4.2.4 **REPORTING TO HUSKY**

The Supplier is to respond to the SQE/SQA who issued the corrective action request. The Supplier's response is to include the following:

1. **Containment Plan**

Actions identifying what inventory was inspected and how was it inspected. The number of defects discovered. The target date for completion. The verification or validation of effectiveness. The containment plan must be submitted within 48 hours and must include actions to ensure no more defective product escapes before a permanent corrective action is implemented.

2. **Root Cause**

An analysis of the cause always needs to be carried out using suitable problem-solving methods. If required by Husky, more extensive, detailed analyses (such as Ishikawa, 5 why, error simulations ...) are to be provided.

- a. The potential root cause (what has caused the problem to occur and/or how the problem was created).
- b. The escape root cause (what allowed the problem to escape detection and reach the customer).
- c. The systematic root causes (deficiencies in the system that allowed the defect to occur and escape).

3. **Corrective Action Plan**

The permanent solutions to be implemented at the Supplier to eliminate the root cause of the non-conformance. The due date and verification of effectiveness.

Note: the containment must be completed as quickly as possible (reference Section 11.4.2. The root cause and corrective action plan must be submitted by the Response Due date. The implementation may take longer due to the complexity of the problem. The implementation time must be stated by the Supplier and approved by the SQE/SQA.

Husky 8-Discipline Report must be used unless otherwise approved by Husky. Approval may be given to Suppliers to use their own corrective action forms to respond provided they contain sufficient detail. The recommended timing for completing containment, root cause investigation and corrective actions is as follows:

- Submit containment plan – within 48 hours following receipt of corrective action request
- Complete root cause investigation and submit permanent corrective action plan – within 2 weeks following receipt of corrective action request
- Implement permanent corrective actions – according to the approved corrective action plan tasks due dates

12.4.3 **IMPLEMENTATION**

The Supplier is responsible to update Husky's SQE/SQA when implementation of the corrective action is completed. Evidence of implementation (processes, procedures, pictures, documents) may be requested or an audit may be conducted at the Supplier's site to validate the Supplier's response.

12.4.4 **VERIFICATION**

Husky's SQE/SQA will set a verification time period. The purpose of the verification is to ensure that the corrective actions that were implemented were effective. Verification evidence may be requested from

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the Supplier to show that the problem has not re-occurred. Husky's SQE/SQA will also review non-conformances at Husky and any complaints from customers to verify the problem has been resolved.

Once verification is complete and Husky's SQE/SQA determines the corrective actions were effective, the corrective action request will be closed.

12.5 FORMS

Husky 8-Discipline Report



8D form
template.xlsx

13 SUPPLIER CHARGEBACK (ICOPQ)

13.1 SCOPE

Chargeback covers all items identified as non-conforming, assigned to suppliers within the Global Machines Business, which incur rework.

13.2 PURPOSE

Outline the process by which Husky's Suppliers are charged back for the rework costs and downtime incurred for non-conforming parts assigned to that supplier as the cause area.

13.3 RESPONSIBILITY

- | | |
|-----------------|--|
| Husky | <ul style="list-style-type: none"> • Document the rework hours for labour or the cost for contract rework in the NC • Provide supplier with costs on a monthly/quarterly basis related to their non-conformances • Create negative purchase order to recover costs |
| Supplier | <ul style="list-style-type: none"> • Review non-conformances and costs associated with rework. • Provide Husky with payment or credit note to cover the costs • Review opportunities for improvement and submit plans to Husky when non-conformances occur outside of performance targets |

14 SUPPLIER PERFORMANCE METRICS

14.1 SCOPE

This document outlines the scorecard elements and definitions on the measurement of Supplier performance.

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14.2 PURPOSE

The purpose of this section is to communicate to the Supplier, the scorecard which will be published monthly to Target Suppliers. All Target Suppliers are expected to maintain a minimum 3 month rolling overall rating of Exceptional or Approved.

14.3 RESPONSIBILITY

- Husky**
 - Schedule a monthly scorecard review where the opportunities for improvements will be discussed.

- Supplier**
 - Achieve Approved or Exceptional performance.
 - Review opportunities for improvement and submit plans to Husky when performance is Conditional or Unsatisfactory.

14.4 SCORECARD INFORMATION

For a detailed explanation of the scorecard rating, please contact the Husky Commodity Manager.

15 DOCUMENT CONTROL

Printed copies are uncontrolled. The document will be controlled by Husky Injection Molding Systems Ltd and re-issued to Suppliers when revisions are made. It is the Supplier's responsibility to delete and/or destroy old revisions. The current version is always available for download at <http://www.husky.co> and can be found under "Supplier Information".