ADEO
Supplier Quality Manual
FOREWORD

Confidence / Requirements / Values Creation

Quality-CR is an essential foundation of the Trust we build on a daily basis with our Customers, our teams and our partners. It is an essential component of our Values Creation because it is a decisive vector of the Satisfaction of our Customers and above all a necessary condition of our “Utility”.

This trust is based on a shared vision, Customer satisfaction, our responsibilities and our impacts as major economic players.

This trust is not decreed; it is built, developed and demonstrated by a daily commitment. It is therefore on the basis of clear and shared requirements, that we market and offer the world’s population safe, compliant products adapted to their needs in each segment and in each market.

ADEO and its partner suppliers are inseparable in the implementation of the requirements.

That’s why ADEO makes Quality a key factor in the development of Supplier relations and considers it a strong convergence factor for developing sustainable and ethical relationships based on mutual trust.

The satisfaction of ADEOSERVICES/BU customers therefore depends on the controlled Quality demonstrated by Products delivered to ADEO by the Supplier in compliance with regulatory and normative requirements, specifications and commitments of the Responsible Purchasing Code of Conduct.

This Supplier Quality Manual defines the principles of Quality Assurance through ADEO essential quality requirements and procedures (applicable to all of its ADEO businesses), and thus clarifies all the provisions that you agree to respect throughout our commercial relationship.

Adeo Quality Leader
Julien Ledin
### OUR QUALITY TARGETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMPLIANCE MANAGEMENT</strong></td>
<td>Time limit for providing evidence of conformity &lt; 48 hours</td>
</tr>
<tr>
<td></td>
<td>0 regulatory non-conformity</td>
</tr>
<tr>
<td></td>
<td>Own-check &gt; 90% PASS first time</td>
</tr>
<tr>
<td></td>
<td>Inspection &gt; 95% PASS first time</td>
</tr>
<tr>
<td></td>
<td>100% of wood products from responsible sources</td>
</tr>
<tr>
<td><strong>NON-CONFORMITY</strong></td>
<td>0 Customer safety non-conformity</td>
</tr>
<tr>
<td></td>
<td>0 tolerance for repeated failures</td>
</tr>
<tr>
<td></td>
<td>8 D for each non-conformity treated</td>
</tr>
<tr>
<td><strong>CUSTOMER SATISFACTION</strong></td>
<td>Our products are rated 4 stars &amp; 10 customer reviews</td>
</tr>
<tr>
<td></td>
<td>After Sales Service return rate &lt; 3%</td>
</tr>
<tr>
<td><strong>SUPPLIER QUALIFICATION</strong></td>
<td>No critical Social and Quality Audit non-conformity</td>
</tr>
<tr>
<td></td>
<td>An action plan for each of the non-conformities detected during the audit</td>
</tr>
</tbody>
</table>
DEFINITIONS

The ADEO Supplier Quality Manual is based on the following definitions:

- **Supplier**: supplier means any type of supplier of tier 1 commercial products (importer, trader, manufacturer)

- **MDH or Marque des Habitants**, in other words, "Private Label Products" are the Products manufactured and sold under the name and/or brand defined by ADEO. The Private Label may appear directly on the Product, and/or its wrapping and/or its packaging, and/or on the over packaging.

- **Products = Contractual Products** include the products subject to orders placed by ADEO with the Supplier, indicated in the order form and/or in the Special Terms and Conditions agreed between the Parties. The Contractual Products shall designate both the products and their accessories.

- **Definition of regulatory statuses**:

<table>
<thead>
<tr>
<th>DISTRIBUTOR</th>
<th>IMPORTER</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>An ADEO company has the status of distributor for the products whose brand belongs to the supplier and when the supplier is located in the distribution market.</td>
<td>An ADEO company is an importer when it is supplied with a product of the supplier’s brand and when the supplier is located outside its distribution market.</td>
<td>An ADEO company bears the status of Manufacturer when it distributes an MDH product</td>
</tr>
</tbody>
</table>
  
  For example: International brand product from Italy and distributed in France. |
  
  For example: International brand product imported from Asia and distributed in Europe |

Quality Requirement Principle matrix according to product risk and regulatory status.

<table>
<thead>
<tr>
<th>Regulatory Status</th>
<th>Manufacturer</th>
<th>Importer</th>
<th>Distributor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical</td>
<td>Red</td>
<td>Red</td>
<td>Yellow</td>
</tr>
<tr>
<td>Major</td>
<td>Red</td>
<td>Yellow</td>
<td>Green</td>
</tr>
<tr>
<td>Minor</td>
<td>Yellow</td>
<td>Green</td>
<td>Green</td>
</tr>
</tbody>
</table>

| Reinforced | Certify the Product (collect documents and perform tests), perform own-checks, qualify the factories to control the production... |
| Standard   | Collect the conformity documents, perform own-checks, qualify the factories, control the productions... |
| Basic      | Collect the conformity documents (intended for the final consumer)... |

Conform to ADEO Responsible Development Policies (Wood, Social Conditions, etc.)
A. QUALITY ORGANISATION OF THE SUPPLIER

In order to respond to the ADEO Quality Assurance policy, the Supplier undertakes to deploy a system of quality management within its entity.

By quality management system we mean the essential measures to the achievement and maintenance of safety, product conformity and ADEO Quality requirements:

The supplier must establish a strong Quality Policy defining how the quality approach of the supplier fits into the overall strategy of their company. It is through this quality policy that the management’s commitments are translated. It must be oriented towards customer satisfaction and continuous improvement.

The implementation of a quality approach is a global business project involving all staff. It is thus necessary to define a quality organisation. Therefore, a Quality Manager must be identified as a contact point in order to control the quality actions and the exchanges with ADEO and its companies. The contact details of the quality manager must therefore be communicated via the Supplier Quality Assurance contract signed by the supplier and in the ADEO Supplier Portal.

As the cement of a robust quality organisation, a solid documentary system must enable the supplier to formalise its organisation and its processes to successfully implement its quality management system. This documentary architecture is based on the description of the business process, as well as on the set of procedures and instruction which must be implemented. These processes and requirements are known by employees in order to ensure their application during production.

The Supplier's organisation thus ensures product safety and conformity as well as control of the manufacturing process in terms of stability and efficiency.

Special attention will be paid to the evaluation of these measures during the qualification of factories by our Quality auditors (see chapter on Qualification of Factories).
B. PRODUCT CONFORMITY

Requirements:

- The conformity of the products is a prerequisite to their referencing and their marketing.
- The Supplier masters the regulatory requirements applicable to its products in the country of marketing.
- Evidence of conformity is available and provided upon request from ADEO and its companies.

By product conformity, ADEO understands conformity with all 3 indissociable elements:

- **Safety & regulatory conformity**
  - All of the regulations and normative requirements of the country of marketing, applicable to the product.

- **Conformity with our specifications**
  - Conformity with the specifications and technical specifications expressed by the ADEO companies.

- **Conformity with our policy of responsible development**
  - All of the Responsible Development Policies defined by ADEO and its companies such as the policies on Wood, Hazardous Substances and Social Qualification of Suppliers, Packaging Reduction, etc.

These requirements apply to 100% of our product referencing, regardless of the regulatory status endorsed by ADEO and its companies.

In the event of breach of safety and conformity obligations, ADEO and its companies will apply a non-conformity treatment. (See non-conformity treatment)

1. Use of the Quality Management System

Requirements:

- ADEO and its companies set up an information system dedicated to Quality management: the QMS [Quality Management System].
- The Supplier must use the QMS to communicate and transmit all evidence of compliance.

To ensure the conformity of the products, ADEO and its companies deploy a dedicated information system.

For each product, the QMS allows the following to be identified:

- the level of product criticality,
- the regulatory status,
- the necessary documents and evidence of conformity,

The system notifies the supplier and allows it to load all the necessary evidence of conformity.

The supplier’s use of the QMS is therefore essential and a prerequisite for referencing the products as soon as the QMS is deployed in the Business Unit.

Practicalities:

1. When one or several products are referenced, the supplier receives a notification once a day asking it to load all evidences of conformity required on each of the products.
2. Depending on the regulatory status, the product risk levels and the requirements of ADEO and its companies, evidences are analysed & validated (either internally or using service providers).
3. If the conformity is validated the product can be sold.
4. If the conformity is rejected the product cannot be sold.
2. Conformity file

Requirements:
- The assembling (detention/validation) of elements of conformity is a prerequisite to the referencing and marketing of products.
- The Supplier makes available the necessary samples representative of the contractual product in order to carry out additional tests to demonstrate the safety and conformity of the Product.

To establish the conformity of the products, ADEO and its companies rely on the requirements related to the regulatory status and in every case the conformity of the Products will be ensured by the supplier’s transmission of the conformity file corresponding to the contractual product. It includes in particular all evidences that demonstrate the safety and conformity of the contractual product.

The level of evidences of conformity collected varies depending on the regulatory status endorsed by ADEO and its companies as well as the level of product criticality:

*Example of Differential Treatment by Level of Criticality and Level of Responsibility*

```
<table>
<thead>
<tr>
<th>Compliance file</th>
<th>Mandatory and subject to validation</th>
<th>Mandatory without validation</th>
<th>On request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaging, instructions and regulatory markings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proof of Compliance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declaration of Compliance (EC, DoP, TDS declaration...)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Rules</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```

![Diagram of Management Rules](image_url)
The whole set of these documents constitutes the TCF, or "Technical Construction File". This file will be subject to validation by the ADEO and its companies quality teams. These teams may rely on the expertise of external laboratories to validate a certification file.

**In the case of products (which confer Manufacturer or Importer status)** the Supplier conformity file may be supplemented by additional tests and other evidences based on representative samples of the contractual product in order to presume or certify the conformity of the Contractual Product. Several samples may be requested from the Supplier.

### Golden Sample

**Requirement:**
- The supplier makes the Golden Sample available at the request of ADEO teams
- The validation of the Golden Sample by ADEO and its companies and by the supplier is a mandatory requirement for launching the first mass production of MDH products.

The Golden Sample is a complete finished product (finished product with its accessories and software, printed packaging, printed labelling, printed user manual, packaging materials) issued from the final manufacturing process (OFF PROCESS) and final tools (OFF TOOL).

It corresponds to the final version of the developed product, and is an accurate representation of what will be supplied as standard and therefore of the contractual product.

A true milestone project, the validation of the Golden Sample puts an end to the product development phase:

The Golden Sample must be validated by the supplier and by ADEO and its companies to give the go-ahead for mass production.

The Golden sample has multiple objectives:
- To validate the developed product
- To have a reference sample in the case of inspection
- To finalise product certification

The quantity of Golden Samples required to validate this milestone is defined by the ADEO quality teams with regard to the certification needs.
These samples will be retained by the supplier, if possible on its manufacturing site, as well as by ADEO.

Each Golden Sample shall be fitted with an identification label (Annex I). This label must not be separated from the product. In the case of damage or a need to renew it, ADEO must be notified. The replacement label will be validated according to the terms imposed by the ADEO quality teams.

4. Traceability

Requirements:
- The supplier implements product traceability that is adapted and effective on the product (origin and composition) and its supply chain
- Traceability must remain effective during transportation, storage and use of the product

Traceability refers to all of the measures put in place in order to have the necessary information to know the composition of a Product and to track it throughout the production and distribution chain up until the final consumer.

The establishment of an efficient traceability system allows the tracing and identification of the defective components/products/batches in the case of non-conformity.

The traceability procedure must be studied in such a way as to ensure the identification and traceability of the product.

The Supplier must transmit its traceability procedure to ADEO and its companies, on request, in order to gather all the necessary information, at each production cycle of a Product:
- the origin of the product,
- its destination,
- its composition,
- the partners from its manufacture up to its distribution,
- the manufacturing batch and the number of parts.

The Supplier must provide ADEO and its companies all elements of traceability, which specify:
- the definition of the traceability,
- the expression of the traceability,
- the definition of the manufacturing batch,
- the location of the traceability of the product and the packaging,
- the reading keys to understand the traceability (explanation of the characters of the traceability).

In addition, the Supplier must ensure that the identification of packaged products remains effective during transport and storage as well as during use by the client.
Auto controls are safety and/or performance tests that allow to verify the conformity and the safety of the product throughout its marketing cycle.

Auto controls are carried out on samples taken in stores and/or in warehouses.

There are 2 phenomena that may affect the conformity of a product over time: deviances in production and normative and regulatory evolution:

- Deviances in production - leads to non-conformity
- Regulatory change - leads to an update or reassessment of conformity

In the event of non-conformity detected as part of these auto control campaigns, ADEO will apply the non-conformity treatment procedure (see treatment of non-conformities).
C. QUALIFICATION OF FACTORIES

Requirements:
- The Supplier implements a qualification system for its factories and/or subcontractor
- The qualification of suppliers/factories of our suppliers is a mandatory requirement for the establishment and maintenance of the commercial relationship with ADEO.
- ADEO deploys a process adapted according to ADEO’s regulatory status

Quality management of the manufacturing sites depends on the quality of the products supplied, and therefore the level of satisfaction of our customers. That is why we consider the qualification of factories to be a major factor contributing to the construction of a relationship of trust with our suppliers, but also with our customers.

More than ever, our utility to the world’s population leads us to incorporate our social and environmental impact in the heart of each of our actions. That is why we are extending our requirements in the chapters on respect for workers and the environment.

This qualification can be made at two levels, depending on ADEO’s regulatory status:
1. self-assessment
2. and on-site audits

<table>
<thead>
<tr>
<th>Regulatory status</th>
<th>Factory audits</th>
<th>Supplier self-assessment</th>
<th>Factory self-assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributor</td>
<td>Optional</td>
<td>Obligatory</td>
<td>Optional</td>
</tr>
<tr>
<td>Importer</td>
<td>Obligatory</td>
<td>Optional</td>
<td>Optional</td>
</tr>
<tr>
<td>Manufacturer</td>
<td>Obligatory</td>
<td>Optional</td>
<td>Optional</td>
</tr>
</tbody>
</table>

Important: It is reminded that in the framework of this exercise, the supplier has a duty of absolute sincerity. Any breach of this duty may result, in accordance with the provisions of the framework contract, in immediate corrective measures, or even the termination of the contract, depending on the severity of the breaches.

For products purchased and/or manufactured for ADEO and conferring upon ADEO the status of manufacturer and importer, the supplier agrees to provide us with full details of all of its factories:
- Company name,
- Full address,
- GPS coordinates,
- GLN number
- Number of employees
- Type of industrial process implemented (machining, assembly, manufacture, etc.)

1. Self-assessment

The self-assessment questionnaire is submitted to all suppliers regardless of the ADEO regulatory status.
- It is mandatory where ADEO is a Distributor.
- For the ADEO Manufacturer and Importer statutes, it is recommended in particular to prepare on-site audits. Indeed, it incorporates all the essential requirements that will be assessed during the qualification audits.

The self-assessment includes 2 components: quality, social. The environmental component is under construction. Each component is assessed independently.
To be qualified, the supplier/factory must be conformed to all of the chapters.

**Validity duration:** This self-assessment will be valid for 3 years from the first reception by ADEO Quality teams.

### 2. The audits

The audits are mandatory for the referencing of MDH suppliers and of products imported by ADEO and its companies.

They allow the evaluation of the Quality system of the Supplier, its industrial potential and its conformity with our own compliance policy, including social and environmental parts. They are operated either by the ADEO Quality teams, or subcontracted to qualified organisations.

The nature of the audits differs according to the context in which they are carried out:

- **The initial audits:** these are complete audits, during which the auditor assesses all of the audit criteria. They are made as part of the Sourcing activity and allow or not the referencing of the supplier.
- **The follow-up audits:** these consist of measuring the progress of corrective action plans and can lead to a change in the scoring. They can be performed on-site, or off-site, in the event that proof of being brought into conformity can be verified by obvious tangible evidence sent to the auditor (valid only for the Quality audit).
- **The re audits:** these are full audits to ensure the maintenance of the qualification level of the factory when the previous audits are going to be expired. They can also lead to a change in the scoring.

The qualification of the Suppliers and the Factories is carried out according to 3 different areas:

- **Quality**
- **Social**
- **Environmental (under construction)**

At the end of the audit, and regardless of its type, a debrief is carried out by the auditor in the presence of the supplier. This debrief is to identify the areas for improvement and enable the supplier to establish its corrective action plan. At the end of this audit, the supplier obtains a scoring which will be communicated to it in a period of 5 days.

**Duration of validity:** The audits have a duration of validity of 3 years from the date of the last initial or re audit. The follow-up audit does not therefore extend the validity of the audit which it follows.

For example:

- Initial audit: 28/06/2017
- Follow-up audit: 11/08/2017
- End of validity: 27/06/2020

### Ratings and qualification status:

<table>
<thead>
<tr>
<th></th>
<th>Qualified</th>
<th>Qualified under conditions</th>
<th>Non-qualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified</td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>Social</td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>Environmental</td>
<td>Under construction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• **Qualified**: The factory meets the minimum qualification criteria allowing it to create/maintain its commercial relationship with ADEO.

• **Qualified under conditions**: The factory partially meets the ADEO requirements. In this case, the factory will be asked to implement a corrective action plan allowing it to confirm its Qualified status.

• **Non-Qualified**: The factory does not meet the ADEO requirement criteria and will not be able to create or maintain a commercial relationship with ADEO.

<table>
<thead>
<tr>
<th></th>
<th>Qualified</th>
<th>Qualified under conditions</th>
<th>Non-qualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified</td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>Social</td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>Environmental</td>
<td>Under construction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To be qualified, the supplier/factory must be consistent across all of the chapters.

**Reaction rules:**

- **Example 1:**

  Quality Component (Qualified) + Social Component (Qualified) + Environmental Component (Qualified) = Referencing possible Orders authorised

- **Example 2:**

  Quality Component (Qualified) + Social Component (Non-qualified) + Environmental Component (Qualified) = Referencing impossible Orders not authorised

- **Example 3:**

  Quality Component (Qualified under conditions) + Social Component (Qualified) + Environmental Component (Qualified) = Referencing possible Orders authorised
The scoring of audits determines the level of qualification of suppliers and factories. There are 3 levels of qualification:

- **Qualified**
  - The factory obtains a sufficient scoring on all of its audits (see Annex II: qualification requirements)
  - The supplier can be referenced
  - The product orders can be sent

- **Qualified under conditions**
  - The factory obtains an insufficient scoring on at least one audit.
  - The supplier can still be referenced but has a time limit of 6 months to implement its action plan and validate it with a follow-up audit
  - Beyond this period, the factory switches to non-qualified and orders will be blocked

- **Non-qualified**
  - The factory obtains a very insufficient scoring on at least one audit
  - The supplier cannot be referenced
  - The product orders are blocked
### 2.1 Quality Audits Focus

The Adeo Quality Audit is a formal, systematic and independent assessment that identifies deviations from an internal reference system, based on the principles of ISO 9001.

This ADEO Quality audit schedule therefore covers the chapters essential to quality management:

| Quality Organisation | - Quality Management System  
|                       | - Documentary System         
|                       | - HR Management              
|                       | - Internal Control           |
| Product Development   | - Process of product development  
|                       | - Industrialisation         |
| Purchases and planning| - Supplier management        
|                       | - Specifications of components and materials  
|                       | - Management of customer orders and scheduling  |
| Raw materials and components | - Acceptance checks  
|                           | - Identification            
|                           | - Storage                   
|                           | - Management of supplier non-conformities |
| Production             | - Organisation of workshops  
|                       | - Production methods         
|                       | - Series changes             
|                       | - Checks                    
|                       | - Management of non-conformities  
|                       | - Identification of products |
|                       | - Maintenance               |

**Practicalities:**

1. The audit is announced: The date of the audit is agreed between the supplier and the auditor depending on the availability of each of the parties.
2. The standard duration of a Quality audit is 1 day.
3. Audit procedure: the audit must take place in the presence of the quality manager of the factory, and all persons responsible for the activities covered by the audit schedule. These people undertake to provide all the elements required by the auditor to carry out the assessment. In addition, the presence of the site director is mandatory at audit opening and closing meetings.
4. The scoring and audit report will be forwarded to the supplier within 5 days of the end of the audit.

2.2 Social Audits Focus

ADEO is a member of the ICS, a multi-sectoral initiative dedicated to the improvement of social and environmental conditions in production via the performance of social audits. ICS members mutualised their efforts using common tools and sharing audit results.

Social audit is based on the fundamental principles of human rights, the principal conventions and recommendations of the International Labor Organization, and the national and/or local laws. It covers the 9 following themes:

- Management system
- Child Labor and young workers
- Forced labour
- Non-discrimination
- Disciplinary practices, harassment and abuse
- Freedom of association and grievance mechanisms
- Working hours and overtime
- Remuneration
- Health and safety

The details of the content of the social audit is available on the ICS website at the following address: [https://ics-asso.org/fr/documentation/](https://ics-asso.org/fr/documentation/).

Practicalities:

1. The audit is semi-announced: The audit company inform the supplier of a window of 2 weeks during which the audit may take place. It is therefore the auditor who determines precisely the day of the assessment and the factory is not notified of this.

2. The standard duration of a Social audit depends on the number of employees in the factory:

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>1 day</th>
<th>2 days</th>
<th>3 days</th>
<th>4 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;150 employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>151-500 employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>501-1200 employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;1200 employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Audit procedure: the audit is conducted in the presence of parties such as the Quality, Health, Safety and Environment Manager and the Human Resources Manager of the factory, who agree to provide all elements required by the auditor to carry out the assessment. In addition, the presence of the site director is mandatory at audit opening and closing meetings.

4. The scoring: a list of non-conformities and the summary will be sent to the supplier within 5 working days of the end of the audit, however, to ensure confidentiality, the audit report is not provided as is to the supplier.
2.3 Environmental Audits Focus
ADEO is a member of the ICS, a multi-sectoral initiative dedicated to the improvement of social and environmental conditions in production via the performance of environmental audits. ICS members mutualised their efforts through the use of common reference systems and sharing of audit results.

The objective of the environmental audit is to evaluate the conformity and the environmental approach of the production sites in the light of the following 8 chapters:

- Environmental management system
- Energy use
- Water consumption
- Wastewater effluent treatment plant
- Air emission
- Waste management
- Prevention of pollution and dangerous substances
- Prevention and management of major accidents

The details of the content of the environmental audit are available on the ICS website at the following address: https://ics-asso.org/fr/documentation/.

Practicalities:

1. The audit is announced: The date of the audit is agreed between the supplier and the auditor depending on the availability of each of the parties.
2. The standard duration of an Environmental audit is 1 to 3 days depending on the size and equipment of the factories.
3. Audit procedure: the audit is conducted in the presence of parties such as the Quality, Health, Safety and Environment Manager, who agree to provide all elements required by the auditor to carry out the assessment. In addition, the presence of the site director is mandatory at audit opening and closing meetings.
4. The scoring and audit report will be forwarded to the supplier within 5 days of the end of the audit.
D. Product Quality Assurance Management (series life)

1. Production follow-up

Requirements:
- The Supplier implements a production monitoring system to control its manufacturing process (stability and efficiency).
- The Supplier agrees to provide ADEO and its companies with the evidence of the control of the manufacturing process, at their request.

Production follow-up is intended to ensure that the product derived from the supplier’s manufacturing process is in conformity and the critical characteristics of the product and the manufacturing process are controlled. Production follow-up involves deploying all the actions and checks to assess the stability, robustness and efficiency of the manufacturing process.

It may be implemented in different ways:

DUPRO (During Production Control): This involves performing a quality control before the end of the production. This control makes it possible to verify that the defined production parameters are correctly applied and to avoid detecting a failure when the batch has been totally produced.

PSI (Pre-Shipment Inspection): Inspection before shipping is a check carried out after the production, and before the delivery. It is done by means of statistical sampling. This inspection, carried out in the supplier’s factory, consists of visual checks as well as functional checks.

PST (Pre-Shipment Tests): Based on the products sampled during the PSI, the PST is a battery of laboratory tests carried out on the product in order to check that the product complies properly with the main safety and usage clauses.

For products conferring on ADEO and its companies the regulatory status of Manufacturer and/or Importer, ADEO evaluates the supplier’s monitoring plan and supplements it with additional measures/controls/inspections to certify the safety and conformity of the product out of manufacture.

ADEO and its companies value the performance of Suppliers and Factories in adapting the level of control and monitoring at the performance and robustness levels of the quality system of the Supplier and of its Factories.

2. Management of product/process modifications

Requirements:
- Any Product modification for an MDH and/or imported product must be the subject of a Validation request made to ADEO. The modification can only be carried out after validation by ADEO.
- In the event of a change in the Manufacturing Process, the supplier must demonstrate the control and stability of the conformity.

In the life cycle of a product, it may be that the supplier wishes to make changes to its products, or its manufacturing methods. The reasons may be multiple. Here are a few examples (non-exhaustive list):

<table>
<thead>
<tr>
<th>Material</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Modification of a material/substance in view of a regulatory change</td>
<td>• Rationalisation of the manufacturing process linked to the establishment of a LEAN work site</td>
</tr>
<tr>
<td>• Change of material in order to reduce the cost price</td>
<td>• Change of one or more manufacturing parameters with the aim of reducing</td>
</tr>
<tr>
<td>• Change in composition linked to a raw materials shortage</td>
<td></td>
</tr>
<tr>
<td>• Change in composition in order to increase product performance</td>
<td></td>
</tr>
<tr>
<td>• Change of tier 2 supplier (subcontracting)</td>
<td></td>
</tr>
</tbody>
</table>
internal non-quality.

| Machine                        | • Change in manufacturing site to respond to capacity problems  
|                               | • Renovation of a mould                                      
|                               | • Replacement of a machine to increase production capacities |
| Workforce                      | • Establishment of an additional shift team to increase weekly production capacity                               
|                               | • Call for a less-skilled workforce to rationalise production costs                                         |

Any Product modification must be the subject of a request validated by ADEO.

**Practicalities:**

1. The supplier addresses any request for modification of an MDH product or Imported product to its Purchasing contact.
2. ADEO analysis the request and may require a new sample of the modified contractual product for validation and/or refusal of the modification in order to update the certification and/or to renew it.

**The case of sub-contracting:** In the situation where the supplier calls on a new factory to manufacture its finished products, that factory must be the subject of a complete qualification process as described in the paragraph, Qualification of Factories.

3. Continuous Improvement

**Requirements:**

- The supplier implements a process for resolution and capitalisation of Customer complaints
- ADEO and its companies treat the return rates resulting from the After-Sales Service and the product reviews as being central to measuring the performance of the product offering.

The main challenge for Quality is its vocation to ensure a high level of customer satisfaction during use. Continuous improvement is a voluntary and proactive approach, the purpose is to identify areas of dissatisfaction and provide efficient and fast corrective action plans.

In the case of proven customer dissatisfaction (high rates of returns or negative customer reviews), ADEO reserves the right to initiate, in collaboration with the Supplier, a continuous improvement approach which may target the product and/or its packaging and/or its instructions and/or its manufacturing process. This approach will ensure better customer satisfaction during use.

**Process Trust Killer:**

The first step of this purpose is the detection of low performant product who destroy the trust of our customers, in the aim to lead a quick continuous improvement based on the customers views and the returns rates. These products are called « Trust Killers” and are classed in thee levels according to criteria below:

<table>
<thead>
<tr>
<th>Score (Average Star)</th>
<th>Number of views</th>
<th>3% ≥ Return Rate &gt; 5%</th>
<th>5% ≥ Return Rate &gt; 10%</th>
<th>Return Rate ≥ 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 2 stars</td>
<td>≥ 10 Reviews</td>
<td>L3</td>
<td>L3</td>
<td>L3</td>
</tr>
<tr>
<td></td>
<td>≥ 5 Reviews</td>
<td>L2</td>
<td>L2</td>
<td>L3</td>
</tr>
<tr>
<td></td>
<td>≥ 2 Reviews</td>
<td>L1</td>
<td>L2</td>
<td>L3</td>
</tr>
<tr>
<td>OR</td>
<td>3% ≥ Return Rate &gt; 5%</td>
<td>5% ≥ Return Rate &gt; 10%</td>
<td>Return Rate ≥ 10%</td>
<td></td>
</tr>
</tbody>
</table>
This detection is followed but containment actions and by a product diagnosis will allow to ADEO product team to create a related action plan.

<table>
<thead>
<tr>
<th>Containment action: Action done when as soon as detection in the aim</th>
<th>Deadline of Action plan creation</th>
<th>Curative Action : Action launched after deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>The product is a Trust Killer</td>
<td>Product Diagnosis</td>
<td>Stop orders</td>
</tr>
<tr>
<td>Level 3</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Level 2</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Level 1</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

If no action plan has been created before the related deadline in the trust killer process (according to level), the curative actions will be launched by Adeo Quality Team.

Scope of Supplier action:

Then the action plan, Adeo reserves the right to initiate, in collaboration with the supplier, actions which may target the product, and/or its packaging and/or its instructions and/or its manufacturing process.

If no improvement has been launched or observed beyond the delay of 6 months from the date of first communication, ADEO will perform the unpublication of product on the internet website and will stop the orders of product, bringing the product commercialization to an end.

**E. MANAGEMENT OF NON-CONFORMITIES AND CRISIS**

Non-conformity refers to non-conformity with or deviation from a standard, which may be a legal, regulatory or normative requirement for health, safety or the protection of consumers and goods.

Non-conformity also applies to products that do not correspond to the requirements provided in the specifications, to the description and/or are unfit for their expected use.

1. Management of non-conformities

   **Requirements:**
   - ADEO and its companies must be notified immediately in the event of detected non-conformities and potential and/or proven risk to the safety of customers and employees.
   - The supplier agrees to conduct all the analyses aimed at identifying the root cause of the failure, whether that failure is the result of the design and/or the production.
   - ADEO implements all actions required to ensure the safety of its customers and its activities.
When a non-conformity is detected on a product, the supplier is notified through a “notification of non-conformity” form. (Annex III, supplier non-conformity sheet). This sheet will be sent to the Quality manager of the supplier. It notably contains all the descriptive elements of the failure as well as the details of the ADEO supervisor in charge of its follow-up.

Upon receipt of this notification, the supplier has:
- 24 hours to acknowledge receipt of the non-conformity and implement security actions
- 5 days* to determine the root cause(s) of the non-conformity and establish the corrective action plan to contain it/them.
- 10 days* to finalise the corrective action plan

*These periods may vary depending on the nature and criticality of the non-conformity

The ADEO supervisor for the non-conformity establishes a monitoring period following the implementation of the corrective action plan. The non-conformity will be closed at the end of this period if no recurrence is detected.

The supplier undertakes to implement a methodology and problem-solving tools comprising at least the following steps:
- Identification of actors / party responsible for the treatment
- Description of the failure
- Ensuring safety
- Research of the causes
- Establishment of the corrective action plan
- Implementation of correction actions
- Monitoring
- Capitalisation (feedback)

2. Crisis Management

Some exceptional situations, notably resulting in a risk to the health and/or safety of consumers or a threat to the interests, reputation and fundamental values of ADEO, require exceptional effort from the supplier and from ADEO, who therefore agree to cooperate fully in the "crisis management" procedure that will be implemented.

To manage the "crisis", ADEO implements a crisis unit, responsible for the management of all actions to be implemented in very close contact with the supplier in order to implement all actions necessary for the resolution of the crisis and the restoration of a normal situation.