



Title Global Strategic Supplier Quality Manual	Prepared by S. Daubert / M. Ward	Authorized by J. Hagen
Document no. and revision GSM0001.1	Supersedes None	Revision date 5 th February 2016

1.0 Scope

The goal of this Supplier Quality Manual is to provide a uniform method for ESAB'S global communication to suppliers of ESAB quality requirements, expectations, and guidelines especially towards strategic suppliers in the supply chain. This manual supports the growth, continuous improvement and proactive quality planning as a routine part of doing business. It is applicable to all organizations within ESAB.

2.0 Purpose

This ESAB Supplier Quality Manual has two purposes. First, this manual defines the fundamental quality system activities that ESAB expects from strategic suppliers and their supply chain to ensure ongoing quality planning, control, and improvement. Secondly, suppliers can use the manual as an aide in further developing their own quality systems.

3.0 References

1. **GQM0002** - Production Part Approval Process
2. **GSM0006** – Supplier Part Qualification
3. **GSM0003** – Supplier Management and Evaluation Procedure
4. **GQM0001** – Supplier Corrective Action Process (PPRP)
5. **GSM0005** – Supplier Selection Procedure
6. **GQM0004** – Early Launch Containment Process
7. **GSM0002** – Supplier Probation, Disqualification and Exit Procedure
8. AIAG Reference Document – Advanced Product Quality Planning and Control (APQP)
9. **GSM0004** – Supplier Packaging and Labeling Requirements
10. **Colfax-GTC-ICP-02-001** – Supplier Import Requirements Notice
11. **Colfax** – Code of Conduct for Business Partners
12. **Colfax** – Conflict Minerals Policy

4.0 Definitions & Abbreviations

Certificate of Analysis (C of A)

A document provided by a supplier that reports and certifies the actual results of the tests performed on a shipment of products and materials.

Certificate of Conformance (C of C)

A certificate provided by a Supplier's Quality Assurance Department to ESAB confirming that all material conforms to all applicable specifications.

Critical Features (CF)

Those product features/parameters whose reasonably anticipated variation affect subsequent operations, product function or customer satisfaction. CFs are established by the engineering control organization, using input from multiple sources. On newer documentation, they are circled on the engineering drawings.

Environmental Health and Safety (EHS)

EHS refers to programs, requirements and information related to the protection of the environment and the protection of human health and safety.

Key Supplier

Key suppliers are suppliers who produce and provide production material to ESAB. It also includes suppliers who provide production service such as chrome plating and those supplier commercial off the shelf items



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Strategic Supplier

Strategic suppliers are those defined by ESAB to hold the most risk for the company. Strategic supplier list will be maintained by Global Sourcing Team.

CA - Confidentiality Agreement

CTQ - Critical to Quality

ESD - Electro Static discharge

FAI – First Article Inspection

NDA - Non-Disclosure Agreement

PPAP - Production Part Approval Process

PPM - Parts Per Million

SCAR - Supplier Corrective Action Report

Note: MRO Suppliers will not be managed using this Manual.

5.0 Forms

The following form names are available through the ESAB sourcing contact. Sample completed forms can also be provided to assist with understanding of what is expected. These forms should be used so that ESAB can obtain the information it needs to ensure quality is being managed properly. This will be maintained by the ESAB Supplier Quality Department.

- On-Site Supplier Assessment
- PPAP Submission Forms
- Control Plan
- Supplier Change Request Form
- Self-Assessment Survey
- Non-Disclosure Agreements (NDA)

6.0 Supply Chain Roles and Responsibilities

- ESAB understands our business segments are different in nature. However, the roles and responsibilities represented in this section represent the core of our business and the differences you will see across our organization will be minimal.
- Commodity Management - Many of ESAB'S suppliers are engaged with multiple ESAB business units. The commodity manager is responsible for ensuring that there is one face to ESAB and the Suppliers' actions support the global strategy by driving cross business unit activities. The commodity manager is the supplier's primary contact for all business-related issues. The commodity manager is responsible for coordinating the periodic supply base performance review with inputs from ESAB'S supplier quality team, engineering team and manufacturing team regarding quality, cost, delivery, customer service and technical support. Commodity Management is response for facilitating Corrective Actions or Continual Improvement Projects for those suppliers with poor performance review results.
- Plant Buyers - The buyer is the primary contact for all purchasing-related issues at each plant. The Supplier must inform the buyer of any issue that could potentially impact quality and delivery, or to request any changes in their process. The buyer shall coordinate the review process with supplier quality and engineering for approval before responding to supplier. The buyer is also responsible for submitting periodic supplier delivery PPM and cost performance for supplier balanced scorecard
- Supplier Quality Management - Supplier quality management is responsible for working with the supplier in achieving and maintaining the expected quality standards and capabilities. Supplier quality management team will work closely with commodity management team to define supplier balanced scorecard, evaluate new



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supplier capability and quality system in NPI process and work with commodity management team to improve current suppliers with poor quality performance. Supplier Quality Management team is responsible for forming, training ESAB supply base audit team and lead the supplier audit process for both documentation and on-site auditing. Requirements of this responsibility may be delegated to site quality organizations.

7.0 New Supplier Selection Process

ESAB is an ISO9001-2008 certified company and only purchase products from the Approved Supplier List. To get on the Approved Supplier List, new suppliers will need to complete a Self-Assessment Survey and get a satisfactory score on other assessments as required by ESAB. These assessments include but not limited to Quality Management System assessment, the Special Process Capability Assessment and Financial Assessment. Global Quality will work with Global Procurement and Global Engineering very closely to make sure supplier is fully capable to make conforming products. New suppliers are categorized into Strategic and Key suppliers.

The Sourcing-led Supplier Evaluation process will be followed addressing financial, commercial, quality, health, safety and environmental, technical, operational, capacity and capability based issues. Assessment of the output of this process will be between the Sourcing and Quality organizations as appropriate.

8.0 Supply Management System Basic Requirements

Suppliers are key to ESAB'S ability to reliably fulfill our Mission and to satisfy customer requirements. Suppliers are encouraged to obtain third party registration to ISO9000 quality system, or equivalent national standards. The following are considered the bare minimum requirements.

NOTE: Where deemed necessary by the Sourcing or Supplier Quality Team, a documented Supplier Quality Plan will be required of the supplier. An example of items required in a Quality Plan is found in Appendix A.

NOTE: If a supplier does not maintain registration to ISO 9000 quality system, then special quality planning provisions may need to be made at the discretion of the Commodity Manager and Supplier Quality.

8.1 Supplier Responsibilities

- A. Requirements for Quoting
Suppliers are to respond to the request for quote within the allocated time to the appropriate buyer/authorized purchasing personnel. All requests for exceptions to the requirements shall be documented; otherwise, full compliance with these requirements is expected.
- B. Purchase Order Conditions
The supplier must agree to the terms and conditions set forth with the Purchase Order, Supplier Quality Manual or applicable contract conditions.
- C. Confidentiality
The supplier understands and agrees to hold in strict confidence all confidential information derived from ESAB. Suppliers may be required to sign a Confidential Disclosure Agreement (CDA), Non-Disclosure Agreement (NDA), or Mutual Confidentiality Agreement (MCA). When requested by an authorized representative of ESAB, the supplier shall execute and return all documents provided by ESAB.
- D. Specification and Document Review
 - Prior to acceptance of the purchase order, the supplier shall review all engineering drawings and specifications to ascertain that they meet the engineering revision level specified on the purchase order. The supplier shall notify the appropriate buyer/authorized purchasing personnel of any errors or omissions. ESAB will either correct the error or arrange for a temporary deviation (concession) until correction can be made. The supplier shall not implement changes to any ESAB document without prior approval having been issued in writing by the ESAB buyer/authorized purchasing personnel through either a formal concession/waiver or an authorized Engineering Change.



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- The supplier is responsible for verifying that they are using the most current revision level of all documents referenced on the engineering drawings and specifications called out on the purchase order.
- The supplier will establish a process to ensure the timely review, distribution and implementation of authorized drawing and document changes.

E. Delivery

It is expected that you will deliver products on time to the agreed upon schedule. A delivery is considered on-time if it is delivered either on the date promised or one day prior to the promised delivery date.

8.2. Handling and Storage Requirements

- A. The supplier is responsible for the proper handling and storage of any item supplied or consigned from ESAB including all raw materials, components, and tooling Any special handling, packaging, and storage requirements requested by ESAB will be documented on the purchase order.
- B. Prior to processing, the supplier is responsible for the inspection of ESAB supplied material and verification of the correct quantity. If ESAB supplies nonconforming material to the supplier, the supplier shall be responsible for notifying the respective ESAB buyer/authorized purchasing personnel of the receipt of nonconforming material. ESAB buyer/authorized purchasing personnel shall provide specific instructions regarding the disposition or use of supplied nonconforming material.

8.3. Process Controls

- A. The supplier is responsible for the quality of any process that affects the appearance, configuration, assembly, heat treatment; plating, and/or metallurgical properties of ESAB consigned or stocked material.
- B. The supplier is responsible for adopting the necessary techniques and controls during all phases of manufacturing to ensure that the quality of the product being produced is both known and controlled. Established key processes that affect the form, fit, or function of our product may not be modified by a supplier without written agreement from the ESAB buyer/authorized purchasing personnel. For new products, changes to products or subsequent to a significant quality problem the processes and workplace practice may be subject to PPAP activities that would be detailed within the agreed Quality Plan, as appropriate. The full definition of the PPAP requirements are specified in GQM0002.

8.4. Notification of Product or Process Changes

- A. A process change is defined as any significant change to the manufacturing process, equipment modifications or replacements, changes to process parameters, and the purchasing of materials from new sources that could adversely affect form, fit, or function of the purchased material that has been accepted/approved by ESAB and/or our customer.
- B. ESAB must ensure that its customers receive product that is consistent with drawings, product specifications, and inherent performance requirements. To facilitate this requirement for consistency, suppliers must notify and receive approval from ESAB using the Supplier Change Request Form prior to any change that might affect form, fit or function of the purchased material including but not limited to:
 - Manufacturing Process or Process Parameters
 - Manufacturing Location
 - Manufacturing Equipment (modifications or replacements)
 - Material Sourcing

The responsible buyer/authorized purchasing personnel must be contacted prior to any changes being implemented as the requirements vary for the different ESAB business units.

8.5. Sub-tier Supplier Selection and Management



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ESAB tier one suppliers are expected to manage their own supply base. ESAB may request FAI information along with other process control data from you about your supplier whenever a sub-part is considered critical or direct the use of a given sub-supplier, but these actions in no way remove your responsibility to manage your supply base

As a ESAB tier-one Supplier, we expect you to make supplier management an active part of your quality management system, including the elements of:

- Process Control
- Change Control
- Risk Management
- Auditing
- Actively manage your suppliers

Also, ESAB tier one supplier shall not place any ESAB tooling with subcontractors without notification and written permission from ESAB purchasing.

8.6. Packaging and Labeling

- A. Packaging and labeling shall be in accordance with GSM0003, ESAB Supplier Purchase Order Document /Packaging Requirements.

8.7. Technical Requirements

If build to print then Paragraph A applies, for shared or outsourced design then paragraph B will apply.

A. ESAB'S Drawings

ESAB drawings have developed over time using different formats. If you have a question about the information listed on the drawing, contact your Supplier Quality Engineer to get clarification. If a drawing change is needed submit a change request found on ESAB's website. Because ESAB is aware that drawings are an important component of supplier quality output, the newest drawings have Critical Features identified with a "racetrack" oval around a feature or note.

Clear document control of ESAB drawings is required. Any issues with drawing format or detail need to be referred to the nominated design authority within ESAB.

B. Supplier Designed Products

The supplier define the necessary key design milestones, review points, test and validation and delivery within a project plan which, can for initial submission be within the agreed Quality plan. This will address:

- Product Design and Development
- Process Design and Development
- Product and Process Validation /Acceptance
- Feedback, Assessment and Corrective Action
- Control Planning

These items will need to be agreed between the supplier and ESAB at the early stages of the relationship to ensure it is integrated into the contractual requirements and planned and resourced accordingly. This process will need to meet ESAB Design Lifecycle management guidelines / APQP requirements as identified in the APD process.

C. Production Parts Approval Process

Any parts manufactured to an ESAB family of brand's drawing, particularly those with Critical Features or Critical Parameters detailed, will nominally require a PPAP per procedure GQM0002, unless otherwise directed by the SQE. This will include First Article Inspections and any Capability Studies as identified through the assessment of CtQ risks. Additionally certain Early Launch Containment (ELC) requirements may be required to assess risk associated with initial launch. The PPAP activities may relate to the full part/product release or system features, as appropriate, subject to agreement within a Quality Plan.



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- D. First Article Inspection Package Submission (FAI) – If PPAP is not required.
- a. Unless indicated otherwise on the purchase order, first article inspection data approval shall be obtained from the supplier prior to initiation of full production. The supplier is responsible for notifying ESAB purchasing/supplier quality when first article samples and inspection data are available. ESAB Purchasing/Supplier Quality will make arrangements with the supplier to review the first article data and samples. ESAB first article approval does not relieve the supplier of the responsibility of assuring that subsequent production is in accordance with documented requirements.
 - b. Supplier shall use a representative item(s) from the first production run of a new part or assembly to verify that the production processes, production documentation and tooling are capable of producing parts and assemblies that meet requirements. The FAI package needs to include the following:
 - Verification of all design characteristics
 - Material and Special Process Certifications
 - Manufacturing Process Verification
 - Nonconformity products resolution
 - FAI reports for major subassemblies
 - c. ESAB will need FAI in the following situations as detailed in PPAP procedure GQM0002, with specific elements covering but not limited to the following:
 - New part introduction
 - Engineering changes
 - New supplier or new location of manufacture
 - Lapse in production for more than 2 years
 - When required by the ESAB customer
- E. When specified on the ESAB purchase order, one copy of a C of A shall be submitted by the supplier to the designated location.

8.8. Calibration System and MSA

- A. Responsibility for the supply, maintenance, and calibration of standard measurement and test equipment, such as pin gages, thread gages, micrometers, comparators, multi-meters, etc. rests with the supplier.
- B. Special measurement and test equipment including calibration and maintenance of such special equipment rests with the supplier, unless otherwise specified in the purchase order.
- C. Gages, measuring devices, and testing equipment used to determine the acceptability of materials and tooling used in production shall be controlled and calibrated in accordance with the current revision of ISO 10012 or equivalent national standard.
- D. Supplier shall provide a measurement system analysis (e.g. gauge repeatability and reproducibility (GR&R)), for each measurement process utilized in either the quality control or outgoing inspection plans for critical features, as required. These analyses and plans will be filed with the Supplier with a copy sent to ESAB

8.9. Verification of Quality

- A. ESAB reserve the right to perform any testing or inspection that may be necessary to determine that the purchase order requirements have been met, including verification at the supplier's location if required. The supplier may be required to submit test or inspection data corresponding to the lot(s) being tested or inspected for comparison or correlation purposes.
- B. The supplier shall permit access by representatives of ESAB and applicable regulatory agencies to the supplier's premises (and the premises of Supplier's subcontractors and supplier(s)) for the purpose of evaluating Supplier's facilities, processes, goods, quality system and records, through audit or inspection activities as appropriate.
- C. Product accepted at receiving inspection may be found to be nonconforming during the manufacturing process. The supplier is liable for such product regardless of when a nonconformance is found.



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8.10. Product/Material Nonconformance

- A. The supplier shall notify the respective ESAB buyer/authorized purchasing personnel if nonconforming material has been shipped to ESAB. The ESAB buyer shall coordinate the containment and disposition of suspect nonconforming material with Quality department personnel.
- B. If a supplier responsible nonconformance is found at ESAB, its customer, or an agent of ESAB, upon communication of the details of the nonconformance the supplier is responsible for determining the necessary actions to establish an effective containment plan. The supplier is responsible for immediately initiating containment of any suspect product within their facility or in the supply pipeline. This shall include the present lot, or any lots currently being inventoried. The supplier shall also notify the ESAB buyer/authorized purchasing personnel of any suspect material that is in transit. Suppliers are required to communicate details of containment action to the ESAB buyer/authorized purchasing personnel or Supplier Quality Engineer within 24 hours of receiving the initial nonconformance notification. The final communication shall be via 8-D Corrective Action Plan, typically within 30 days.
- C. Suppliers may be charged back for all expenses incurred by ESAB as a result of delivery or quality problems attributed to that supplier. Charge backs may be transacted as a debit against open invoices. Expenses may include but are not limited to:
 - Rework Costs
 - Replenishment Costs
 - Testing Costs
 - Recall Costs
 - Freight Costs
 - Handling Costs
- D. In the case of certain cost considerations ESAB reserve the right to pursue contract termination should it be deemed inappropriate to proceed with the relationship

8.11. Request for Deviation (Concession)

- A. The supplier is responsible for meeting all the requirements of the purchase order, drawings, and ESAB specifications or industry standards and Specifications (e.g., EIA, ASTM, etc.) when specified or applicable. Material that does not conform to these requirements shall not be shipped to ESAB, its customers or other suppliers without prior written approval having been given in the form of an approved deviation (concession) request for known nonconformance.
- B. Request for deviation (concession) from requirements shall be brought to the attention of the ESAB buyer/authorized purchasing personnel. Approval or disapproval of supplier deviation (concession) requests will be documented and communicated to the supplier.
- C. Each request for deviation (concession) shall include a statement of corrective action, person responsible for the corrective action, and estimated date of implementation of corrective action to prevent recurrence of the nonconformance.
- D. Supplier shall identify, store, and ship approved deviated nonconforming material in such a manner as to keep it separate from conforming material. Where applicable, the deviation (concession) number shall be noted on the packing slip, and when requested, on all shipping containers.
- E. Ensure that copies of the approved deviation (concession) are included in every box of the parts affected so that your parts will not be rejected. Also in a few cases such as Printed Circuit Board Assemblies, parts will need to be labeled with the deviation (concession) number to identify them in the field in case they fail.

8.12. Corrective Action

When requested, the supplier will submit a corrective action plan that provides the details of how the nonconformity will be resolved in an 8D format. ESAB expects a supplier to investigate the root cause(s) and respond to the ESAB buyer/supplier quality engineer with a corrective action plan within ten business days. The details of the investigation, corrective action plan, verification of the effectiveness of the corrective action and preventive actions shall be documented.



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The requirements of the Supplier Corrective Action reporting process detailed within ESAB document GQM 0001 will apply.

8.13. Quality Records

The supplier is responsible for maintaining the following records for each production part number manufactured or provided, as applicable:

- A. Inspection records
 - First article inspection results
 - Incoming inspection
 - Set up inspection records
 - In process inspection records
 - Final inspection records
 - Dock audit results
- B. Certificates of analysis
- C. Certificates of compliance
- D. Laboratory analysis test results
- E. Purchase orders
- F. Approved deviations
- G. Calibration records
- H. Nonconforming material records
- I. Corrective action responses
- J. Shipping records
- K. Production record
- L. Environmental Health and Safety (EHS) records

These records shall be maintained for a minimum of six years or as specified by the business unit purchasing department.

8.14. Continual Improvement

ESAB expects that each of its suppliers support continual quality, cost, service and technology improvement by formulating and implementing continual quality and deliver improvement plans.

8.15. Security Requirements (i.e. C-TPAT, AEO or equivalent)

Several ESAB businesses are certified C-TPAT (Customs Trade Partnership Against Terrorism) members. ESAB is committed to supply chain security for all items shipped and delivered to any ESAB facility. Consistent with the Company's obligations and responsibilities under C-TPAT, ESAB recommends the following for its suppliers:

- A. To maintain its own C-TPAT Certification, Authorized Economic Operator (AE) Certification or equivalent Supply Chain Security Program status (if applicable).
- B. To immediately notify ESAB in the event of a change in C-TPAT or equivalent program status (if applicable).
- C. To immediately notify ESAB in the event of any actual breach in security or suspected breach in security.
- D. To secure its facilities through the use of sufficient access controls, fencing, security guards, security cameras, lighting, and so forth.
- E. To properly educate its shipping staff on properly inspecting a container/trailer prior to loading according to the C-TPAT Supply Chain Security Criteria (if applicable).
- F. To properly secure all cargo loading and handling areas and all transportation equipment storage areas restricting access to authorized personnel only.
- G. To verify and ensure that ISO/PAS 17712 Certified high security seals are properly placed on all containers/trailers bound for the United States (if applicable).
- H. To regularly evaluate and self-assess its supply chain security procedures and internal controls.



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- I. To secure, protect and restrict access to all electronic data systems, documentation and other information relating to the ESAB activities, which might be transmitted to ESAB and/or other third parties to affect the international movement of cargo to ESAB.

8.16 Environmental Health and Safety (EHS) and Conflict Minerals

Suppliers are a critical partner to ESAB and our customers who all strive for compliant and sustainable products with minimal toxicity or hazard. Because the requirements differ by nation and customer, the details of the specific expectations and Supplier survey are articulated in ESAB EHS Survey Form. The completion and return of the ESAB EHS Survey Form is required to maintain a business relationship with ESAB.

A. Supplier EHS Responsibilities

- Suppliers must promptly notify ESAB upon any modification that materially affects the information on ESAB EHS Survey Form...or that is otherwise significant to the EHS aspects of the Supplier/ESAB relationship¹. Material modifications to product composition shall be communicated through a revised ESAB EHS Survey Form submitted to ESAB within 48 hours.
- Suppliers must maintain the systems, programs and formal responsibilities required to understand, characterize and communicate their applicable EHS statutory obligations covered by the elements of ESAB EHS Survey Form.

B. Supplier EHS Competency -

As an ISO 14001/OSHAS 18001 certified company, ESAB has committed to the extension of our management of safety and environmental protection to our supply chain in order to reasonably control and influence liabilities and risks impacting ESAB and our customers. As a consequence, we request basic EHS information to establish our due diligence with regard to Supplier EHS competency. ESAB will evaluate Supplier responses and will follow-up on any detected issues of concern. ESAB will make reasonable accommodation, within reason, to a Supplier demonstrating a commitment to EHS. ESAB reserves the right to decline a relationship with any Supplier found to have a substandard EHS performance, at ESAB's sole discretion.

C. Restricted Substances

ESAB incorporates the Supplier goods into our product(s) so the composition of Supplier components and raw materials must be communicated in order to operate safely and to meet government and customer requirements. Suppliers know their products most expertly, so ESAB will rely on the provided information. Accuracy is vital to our mutual EHS interests and success. Suppliers should regard these responses as mandatory.

a. STATUTORY Restricted Substances

There are a diversity of legal limits, restrictions and prohibitions on specific chemical compounds that may be present in Supplier goods. ESAB provides a list of the known and potentially applicable statutory requirements and thresholds in ESAB EHS Survey Form. Suppliers should regard these responses as mandatory.

b. NON-STATUTORY Restricted Substances

In addition to legal requirements, parties may establish chemical compounds of concern for internal, industry, application or other reasons. Because these impact our mutual ability to market the products, these also require a mandatory response. ESAB provides a list of the known and potentially applicable statutory requirements and thresholds in ESAB EHS Survey Form. Suppliers should regard these responses as mandatory.

D. Conflict Minerals

Pursuant to the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules of Form SD associated with Section 13(p) of the Securities Exchange Act of 1934, all ESAB Suppliers must comply with the Colfax Conflict Minerals Policy found at <http://ir.colfaxcorp.com/governance.cfm> and with all expectations and requirements mandated thereunder.



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The Colfax Conflict Minerals Policy applies, regardless of form and location of ownership, to all ESAB suppliers of materials or products consisting of or containing “conflict minerals” (cassiterite, columbite-tantalite (coltan), gold and wolframite and the following derivatives: tantalum, tin and tungsten). These requirements must also be passed through by Supplier to all of its suppliers of materials or products containing conflict minerals within the Supplier’s supply chain for materials or products purchased by ESAB. Failure to cooperate regarding these requirements, including timely responses to periodic survey requests and related due diligence inquiries by Colfax, could lead ESAB to source from alternative suppliers.

8.17 Code of Conduct for Business Partners

Suppliers are a critical partner to ESAB and, as such, are required to conform to our Code of Conduct for Business Partners as specified in [GSM0007]. [Please return the signed Code of Conduct to the appropriate Sourcing Agent.]

8.18 Country of Origin and Free Trade Agreements

ESAB requires its suppliers to identify the country of origin of each article (product/component) on both the product itself and on every level of packaging and to provide proper documentation on every shipment to comply with all applicable laws and regulations. ESAB depends on its Suppliers to provide information to enable our own products to comply with select free trade agreements, where applicable. Accordingly, Suppliers must provide a clear statement of whether or not its products qualify for any free trade agreements.

Country of origin information is mandatory for doing business with ESAB. Unmarked articles may be subject to additional duties or may be seized or destroyed by the Customs Authorities. Moreover, non-compliant shipments and paperwork can cause significant audits, penalties, and forfeitures. Country of origin documentation and product marking is required at first shipment of any product and must be updated at least annually or earlier if the applicable origin changes before the year is through.

Contrary to a common misconception, the following rules usually apply to both domestic and international transactions.

1. Products must be marked with country of origin (unless ESAB agrees item qualifies for a clearly applicable exception).
2. All levels of packaging must be marked with country of origin.
3. All sales invoices and packing lists must provide country of origin information.

8.19 Import and Export Compliance

On international shipments, Suppliers must ensure that the export controls laws of both the U.S. and the originating country (if non-USA) are met. For all destination countries that require pre-shipment inspection, consular legalization, or import security Importer Security Filing (ISF) or Entry Summary Declaration (ENS)-type destination Customs filings, Supplier shall ensure that these programs are performed accurately and timely to be fully compliant at least three (3) days before the respective deadlines, or Supplier shall accept the resulting penalties.

Suppliers must file import and/or export paperwork in a timely and accurate manner that declares full and appropriate values to ensure accurate duty assessment. Without limiting the foregoing, if pre-payments, customer-provided tooling, or other dutiable assists have been provided, Supplier shall ensure that they are properly declared.

Finally, Suppliers must ensure compliance with our Corporate Supplier Import Requirements Notice Colfax GTC-ICP-02-001 trade compliance initiative. Refer to this Notification for full import requirements by the Supplier.



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8.20 Product Compliance Classification Codes

For each product supplied, Supplier should provide the associated Harmonized System (HS) Tariff Commodity Code and Export Control Number (ECN) under the export laws and regulations of the exporting country. If the product is not listed under the exporting country's Export Control Dual Use or Military listing, the Supplier should indicate "ECN Not Listed" or if a U.S. product, EAR99 if applicable. Product HS and ECN classification codes should be listed on the commercial invoice or per an agreed upon procedure with ESAB.

8.21 U.S. Advance Importer Security Filing (ISF) Compliance

All material delivered to any U.S. seaport on ocean carriers requires an advance security notification to the U.S. Customs and Border Protection (CBP), known as an Importer Security Filing (ISF), and must be accepted by CBP at least 24 hours prior to cargo loading aboard a vessel in the Foreign port. This process generally requires at least a week of careful cooperation between the Supplier, freight forwarder and Customs import broker in advance of pickup. Therefore, Supplier must be prepared and submit required cargo details in accordance to the ESAB ISF instructions and in prescribed format. All ESAB Suppliers who require ocean shipment of material must comply with this directive in order to continue to be a Supplier to ESAB. ISF Guidelines are available at the following site: <http://www.cbp.gov/border-security/ports-entry/cargo-security/importer-security-filing-102>.

Many other destination countries have programs similar to ISF; ESAB requires the Supplier's full compliance with such programs.

8.22 EU Advance Security Filing (ENS)

The European Union (EU) requires the electronic filing of an Entry Summary Declaration (ENS) for all imports into EU member countries. Similar to the ISF for the U.S., the ENS is lodged electronically at the Customs office of the member country port of entry before the goods are brought into the customs territory of the EU. The Supplier must ensure that the Carrier lodges the ENS. ENS guidelines are available at the following site: http://ec.europa.eu/ecip/security_amendment/procedures/index_en.htm.

Timing requirements, as of date of this publication, are as follows:

- For ocean freight, the European 24 Hour Rule requires that the ocean carrier file an ENS with the relevant national Customs authority in the EU for all shipments that will be carried on a vessel that will call one or more ports in the EU
- For airfreight, 4 hours before entering the EU
- For road transport, one hour before entering the EU

The EU rules prescribe the data elements that must be included in the ENS. An incomplete ENS will be rejected by the Customs authorities. A shipment for which an ENS has not been filed and accepted by Customs may not be loaded.

Many other destination countries have programs similar to ENS; ESAB requires the Supplier's full compliance with such programs.

8.23 Prohibited Countries and Entities

ESAB policy prohibits any ESAB Business from conducting business with any countries or entities restricted by U.S law and other applicable National law to the transaction, if not in conflict with U.S. law. ESAB requires all Suppliers, both domestic and international; to ensure that they do not sell ESAB anything



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manufactured or shipped, directly or indirectly, by a prohibited country or entity.

9.0 Supplier Performance Evaluation

ESAB may evaluate all suppliers based on quality, delivery and cost performance, as well as responsiveness to ESAB requirements. The actions taken with the suppliers will be dependent upon those evaluations. The decision about the actions will consider not only the supplier's performance but the current business needs and costs. Any additional evaluation requirements will be as specified within a mutually agreed upon supplier Quality Plan.



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Appendix A – Supplier Quality Plan Template (Example)

(Example topics to have agreement on prior to contract commencement)

References to Customer refer to ESAB

No	Topic	Agreement	Owner	Where captured / comments
1	Organization	1. Supplier Customer Interface: 2. ESAB Sourcing: 3. Supplier Engineering 4. Customer Engineering (ESAB) 5. Supplier Quality 6. Customer Quality (ESAB) 7. etc.		
2	Contractual / Sourcing	1. Quotation Timeline 7 days 2. Delivery requirements 3. Payment terms		
3	Engineering	1. Agreement to APD process 2. Agreement to ECR process		Agreed plan for rollout Use of ECR form.....
4	Quality	1. PPAP activities 2. Definition of CtQs as below 3. Agreement for Process audit 4. Commitment for Early Launch Containment plan 5. Agreement to service level requirements for SCAR management of 48 hours containment and 30 day SCAR close out 6. Agreement on use of Waiver form for any production planned deviations 7. Agreed KPI measures covering EOL % defects, Critical test % Defects, CpK studies on CFs x, y, z 8. Other ...costs, reworks, etc.		GQM0002 Tech File
5	Reporting	1. Agreed reporting methods, Monthly reviews covering Quality, Cost and delivery performance 2. SCAR / PPRP / PPAP progress		
6	Packaging and Transport	1. Agreed use of packaging to specification xyz 2. Agreed protection against ESD damage 3. etc.		
7	Trade Compliance	1. Agreement to Supplier Import Requirements Notice		

ⁱ *Promptly*: within the lesser of 48 hours or 2 business days subsequent to Supplier or ESAB discovery

Material: a) EHS characteristics that change the regulatory standing of the Supplier good(s) or

b) the change in status of the Supplier with respect to the statutory and violations description previously furnished in Attachment 8.16 or c) a recalculation of the Total Recordable Incidence Rate that changes the previously submitted value by 20% or greater, whether gradual or sudden

Significant: Any change to an EHS element or parameter that is reasonably regarded as important information for ESAB and our customers, whether listed in Attachment 8.16 or not.