GENERAL REQUIREMENTS FOR SUPPLIERS OF GRUPO COPO

Document content

1. INTRODUCTION

Grupo Copo considers suppliers as an integral part of the Quality System and **requires** from them a constant improvement of its products, processes and services, as well as a commitment to product quality.

This document sets out and defines the expectations that the GRUPO COPO places on its suppliers of materials and services with a potential impact on any characteristics of the product manufactured by the Group.

This handbook is based on the following principles:

- safety and customer satisfaction,
- planning for the achievement of objectives,
- conformity of each supply delivered,
- transparency, alertness, responsiveness

The **requirements** determined in this manual are basic and complementary to any other requirements that may be additionally communicated by Grupo Copo or specifically by the Grupo Copo plant, both in the project phase and during the series.

This agreement regulates the **requirements and procedures** for quality assurance, but does not limit the responsibility of suppliers for the quality they have to offer.

Note: In this document, when *Grupo Copo is* indicated, it is extended to Grupo Copo and when *Grupo Copo plant* is indicated, it is specific to a company of Grupo Copo (company of Grupo Copo to which the supplier supplies or for which it performs the service).

2. SUPPLIER'S COMMITMENT

The supplier undertakes to:

- Comply with applicable laws (environmental, labour, health and safety, information security, etc.).
- Ensure the proper functioning of its supply.
- Advise.
- Fulfil its contractual commitments during development and series production.
- Develop, produce and test its products and services to ensure compliance with quality requirements and characteristics.
- Achieve the defined quality objectives.
- Transmit internally all requested documents and required information.
- Report any observed deviations, changes or identified risks and take appropriate action and immediate reactive measures.
- Convey all legal and regulatory requirements to your suppliers.
- Ensure the security of the information made available to you.
- Establish proper management of its own subcontractors and sub-suppliers, resolving any problems identified.
- Obtain prior approval before serial supply and for any changes affecting the supply.
- Establish a containment plan for all initial production phases and/or after each serial problem, until the convergence criteria are met.
- Comply with all inspection, record keeping, documentation, labelling, marking, packaging and traceability procedures.
- Give advance notice to the buyer, whenever there are changes in your process.

3. GENERAL REQUIREMENTS

3.1. IDENTIFICATION OF THOSE RESPONSIBLE

The supplier shall identify the responsible persons within his organisation with sufficient authority and availability to deal with any problems related to product quality and/or supply that may affect Grupo Copo. The contact information must be communicated to Grupo Copo's contact person.

For suppliers supplying safety classified products or products with civil liability, the supplier must appoint a Product Safety Representative (PSB) and communicate to the GRUPO COPO contact person the name of the responsible person, position, contact telephone number, email and responsibilities.

The minimum tasks and responsibilities of the PSB shall be as follows:

1. Contribute, develop and set priorities to eliminate or prevent safety-relevant product defects during the development phase (error prevention).
2. Work independently, initiate and verify product, process and engineering relevant decisions in the course of product development and further product improvement (e.g. FMEA or risk assessment procedures) whenever there is a safety relevant impact.
3. Prepare, maintain and improve "lessons learned" checklists for the review of design, production, process or material properties under relevant product safety aspects.
4. Execute and evaluate component or material analyses with the aim of detecting safety-relevant deviations at an early stage.

5. Independently perform regular inspections of processes, materials and products of the current series to confirm the safety of the product for proper and predictable use or misuse, as well as follow-up actions in case of deviations.
6. Assess the probability and frequency of failure of the affected product, if it occurs.
7. In the case of a complaint, verify the planned corrective measures, their implementation and long-term effectiveness. The effectiveness of the measures shall be reviewed, confirmed and documented in writing by the supplier.
8. In the case of a complaint, communication shall be directed through the person responsible for the quality control of the component with the customer.
   The PSB should advise on the quality and confidentiality of information.

3.2. QUALITY OBJECTIVES. ZERO DEFECT TARGET

The primary objective of all activities involved in quality assurance is customer satisfaction. For this reason, suppliers must meet all agreed and legal requirements to the highest degree. The zero-defect strategy must be pursued, effective quality and production monitoring are absolutely essential. The emphasis should not be on the detection of non-conformities, but rather on their prevention.

The supplier is obliged to provide an error-free service/product (zero-defect target). In the absence of specific target agreements (e.g. in the technical conditions of supply, framework agreements, quality agreements, etc.) a target value of zero ppm is implied.

In this respect, a specific agreement on ppm values or incidents does not imply the acceptance of a different quality level than that specified. The agreement of quality targets and measures does not restrict the supplier's liability with regard to rectification rights and claims for damages due to defective deliveries, nor does it exempt the supplier from his quality commitment to the "zero-defect strategy". Defective deliveries/performances shall not be accepted by the GRUPO COPO and shall be charged to the supplier.

The consistent quality of supplies is part of the supplier evaluation.

In the event of failure to meet the agreed targets, the supplier is obliged to submit a corresponding action plan with corrective measures for the stabilisation of the supply activities and the sustainable improvement of the services provided.

The GRUPO COPO plant may define annual targets, penalties associated with targets or other requirements in the Quality Agreement, in the annual supplier evaluation report or other additional document.

3.3. MANAGEMENT SYSTEM

3.3.1. Certification requirements

The supplier shall demonstrate its ability to establish, document and implement an effective quality system, demonstrating compliance with the relevant ISO and IATF standards and other standards that may be indicated by the GRUPO COPO plant.

All suppliers of products and services, which have a direct impact on the product, must have at least ISO 9001 certification and, depending on the type of product or service, IATF 16949 or at least some requirements of IATF 16949. A material purchase agreement cannot be established if the supplier is not certified according to the current standard (ISO 9001 or IATF 16949).

As evidence of compliance with this point, the supplier must provide a copy of the company's current certificate issued by an accredited certification body.

In the case of suppliers that are new but not yet certified to IATF 16949 or ISO 9001, they must submit to the purchaser a time-bound programme of activities to achieve certification within a period not exceeding one year.

It is the supplier's responsibility to maintain its certification for the period during which it supplies the material or service, and a copy of the new certificate must be submitted in case of update or expiry.

The supplier must notify if its quality standard certification has been suspended, placed on conditional status, or if it is on special status with its customers for quality or delivery issues.

3.3.2. Quality Management System

The supplier undertakes to establish and maintain a quality management system certified according to IATF 16949 or ISO 9001. The supplier shall integrate into his Management System mainly, but not exclusively, the following procedures of:

- Identification and prevention of errors at an early stage.
- Procurement of raw materials and purchased parts.
- Planning and management of procedures to ensure the process.
- Statistical process control and process capability.
- Measurement and continuous improvement of products and processes.
- Controls and measures to ensure the "zero defect target".
- Risk assessment procedures by process.
- Guarantee procedures.

The organisation is responsible for assessing customer requirements and including them in the scope of the organisation's quality management system in accordance with 4.3.2 of IATF 16949.

3.3.3. Supplier evaluations

The GRUPO COPO reserves the right to assess financial, operational, quality, environmental, health and safety and information security systems in order to validate compliance with applicable standards and requirements.

Assessments may be carried out to ensure the stability and viability of the supply or service.

The supplier is expected to provide access to its facilities and those of its suppliers or subcontractors as required.

3.3.4. Process and/or product audits at the supplier's premises

The supplier shall allow Grupo Copo and its partners to carry out audits on its premises. Grupo Copo reserves the right to carry out audits also in cases where third party audits have already been carried out. For this purpose, the supplier shall make available all necessary documents / data and allow access to the relevant areas.

The supplier shall ensure the same right of audit at the sites of its suppliers or subcontractors.

The audits preferably take place on the basis of VDA 6.3 and ISO 9001 reference stipulations, as well as in connection with IATF 16949 for the automotive sectors, with the possibility of using customer reference stipulations upon prior notification.

Some reasons why an audit would be carried out include:

- To provide data for the verification of improvements to the quality system.
- The supplier is not certified by a third party.
- Approval process.
- Supplier does not meet acceptable performance guidelines, quality issues, critical supplier.
- Being a potential or strategic supplier.
- Client request.
- Relevant changes in the supplier or subcontractor/sub-suppliers.

The supplier undertakes to submit, within the required timeframe, the corresponding action plan in case non-conformities, deviations or observations are detected after the audit.

3.4. PRODUCT WARRANTY

The supplier guarantees that the delivered product will be:

- Marketable in compliance with all applicable laws and regulations; and,
- Under normal conditions of use, capable of performing the functions and being used for the purposes for which the product is intended, and to be as safe as can reasonably be expected; and
- Conforms to drawings, specifications, validations and all other documentation defining the product; and,
- Free from any apparent or concealed defects, and from any defects in design and materials; and

- In accordance with the EU directive (2000/53/EC of 27.06.2002), with all requirements and legislation on restricted, toxic or hazardous substances used in the manufacture of the product, its identification, packaging and storage.

The term of the supplier's warranty shall be at least thirty-six (36) months from the date of delivery of the product. In case of an extension of the contractual warranty, the supplier undertakes to grant the same extension.

However, the products shall be subject to all warranties, express or implied, provided by applicable law.

Upon receipt of a warranty claim, the supplier must respond after having analysed the problem according to the different categories:

Cat 1.-Supplier's responsibility (sample delivered by Copo to be analysed)
Cat 2.-Not found NTF problem (sample submitted by Copo for analysis)
Cat 3.- Responsibility of the use or customer

Cat 1: The supplier shall respond with an 8D as a tool to report and resolve problems. The "5 Whys" or Fish Diagram shall be used as the root cause analysis method. Response times shall be 24h (D1-D3) and 10 working days (D4-D6). If the supplier does not respond within the required time frame, the supplier shall be deemed to have accepted the warranty claim and all costs received by Tier 1 and/or OEM.

Cat 2: If the supplier concludes that the category is C2, the supplier shall clearly describe and document with data, how he has come to this conclusion. Normally, NTF describes a situation where the returned parts comply with all tests required by GRUPO COPO and/or its customers as defined in the PPAP, purchase orders and warranty terms. Additional levels of root cause testing, development of new tests, usage simulations, etc. may be required at the supplier's expense.
In some cases, when the defect is proven at the customer, a liability agreement may be reached between the Supplier, the GRUPO COPO and the Customer (% shared liability).

Cat 3: When the supplier concludes after investigation that the defect belongs to Cat 3 category, the supplier must submit all necessary documentation supporting this conclusion in order to approve this category. If the GRUPO COPO does not agree with this categorisation, it will notify the supplier of its objection and request a review and resubmission of the report or further root cause analysis.

The supplier shall keep all parts returned to him for analysis for a period of 6 weeks after receipt.

The supplier should incorporate the "Lessons Learned" from the warranty parts into their process. The "Lessons Learned" should also form part of the 8D report and it is recommended to have a database of these.

3.5. GUARANTEE OF SERVICES

The supplier or contractor, as an expert in its business, guarantees that the services provided will be:

- provided in accordance with industry standards and all applicable laws and regulations; and,
- carried out in a professional and workmanlike manner; and,
- free from any apparent or hidden defects.

The guarantee shall be for a period of at least thirty-six (36) months from the date of acceptance of the services.

Notwithstanding the foregoing, the services shall be subject to all warranties, express or implied, provided by applicable law.

3.6. BREACH OF WARRANTY

In the event that the products and/or services do not conform to the foregoing warranty, Grupo Copo may reject, in whole or in part, such products and/or services and the supplier undertakes, at Grupo Copo's discretion, to immediately replace or reimburse all costs incurred, and without prejudice to Grupo Copo's right to terminate the contract or to make any possible claim for damages.

3.7. COSTS

In the event that the products and/or services do not conform to the above warranty or to the requirements and requirements stated in this standard, the GRUPO COPO may, without prejudice to the right to claim damages, charge the supplier for repair or replacement costs, including but not limited to the following:

- Administrative costs
- The operating costs of security measures
- Costs incurred during the production or processing stage
- Claims and costs of third parties and other additional costs:
    - Customer customer
    - Costs of an expert(s),
    - Damage to property of Grupo Copo or property of the Client.
    - Logistics costs
    - Costs of tests and/or controls
    - Etc.

3.8. MODIFICATIONS

The supplier shall not be entitled to make modifications to the products or services including, but not limited to, processes, technical data or specifications, material, quality criteria, test methods, test facilities, dates, quantities of supplies or relocation of production without the written acceptance of GRUPO COPO and validation of samples according to point 4 "Approval Process of parts for production".

3.9. COMMUNICATION NOTIFICATION OF CHANGES

It is crucial that the relationship between Grupo Copo and its suppliers is based on open, effective and proactive communication. The occurrence of non-conforming product, unauthorised changes or any supply chain issues presents a risk to both Grupo Copo and its customers when they are not communicated and managed effectively.

To manage these risks more effectively, all suppliers should communicate the following as soon as possible:

a) Any outstanding or potential problems identified by the supplier.
b) Change in materials.
c) Supply and production capacity problem.
d) Change or modification of the manufacturing process, manufacturing site, manufacturing means, organisation affecting the product and/or its delivery.
e) Manufacturing and quality problem.

3.10. CONTINUITY OF SUPPLY AND SERVICE. CONTINGENCY PLAN

The supplier must have a process for identifying and managing potential risks in order to ensure the proper supply of parts, materials and services to the GRUPO COPO. The intention of this process is to address risks proactively.

Suppliers are required to have well-defined business contingency plans to ensure continuity of supply in the event of disruption to their operations and/or supply of materials, as a result of events caused by people, natural disasters, disruptions to tooling, moulds, unplanned manufacturing stoppages, logistical disruptions, breakages, cyber-attacks, etc.

These contingency plans should be regularly reviewed by suppliers and updated and submitted to Grupo Copo and Grupo Copo's contact person at the plant.

The supplier shall deliver the contingency plan together with the first sample documentation or when required and whenever it is updated or modified.

3.11. SUSTAINABILITY, ENVIRONMENT, COMMUNITY and INFORMATION SECURITY

The GRUPO COPO is committed to maintaining conditions and standards that result in the dignified and respectful treatment of people and the environment, therefore, the professional practice of its suppliers must be marked by ethical and responsible professional behaviour. The principles of legality, good faith, accountability, transparency, integrity and confidentiality are to be integrated into its standards of behaviour, therefore, its suppliers are expected to have appropriate policies, procedures and systems in place to support these principles.

The protection of the environment and the saving of natural resources are high priority objectives for the GRUPO COPO, so suppliers are also expected to demonstrate their commitment to the environment by adhering to the environmental principles and guidelines defined in document CSPR.07.01.009_ESG- ESG Commitments Suppliers.
The supplier must submit to the GRUPO COPO's interlocutor and to the GRUPO COPO's plant its environmental commitment and the environmental aspects relating to its process and the product supplied, taking into account the life cycle of the product it manufactures or the service it provides. The GRUPO COPO invites suppliers who are not environmentally certified to develop an implementation plan aimed at achieving certification status.

Likewise, for Grupo Copo, information is a very important asset and it is necessary to guarantee its confidentiality, integrity and availability in accordance with recognised information security management standards. At Grupo Copo, measures are taken to identify and protect information assets, so suppliers are also expected to demonstrate their commitment to protecting information and implementing and maintaining the necessary security controls, in compliance with the applicable legal and regulatory standards and the requirements of the client and other interested parties.

Therefore, every SUPPLIER of Grupo Copo UNDERTAKES:

- TO RESPECT the legal and regulatory provisions applicable to its activity, as well as to comply with the agreements and contracts signed with its collaborators.
- TO ENSURE equal opportunities between women and men, promoting gender equality throughout the organisation, diversity, work-life balance and promoting the absence of any kind of discrimination by maintaining a fair and equitable working environment.
- TO RESPECT Human Rights and the principles of the International Labour Organisation in the conduct of its activities and the treatment of its personnel.
- To implement an active policy of prevention in the field of health and safety at work and to monitor its implementation on an ongoing basis.
- TO COMPLY with all laws and regulations relating to the protection of the environment. The work or products used must not contain any product, material or substance prohibited by law or applicable regulations.
- TO IMPLEMENT the necessary measures to guarantee the security of the information, protection and adequate treatment of personal data, guaranteeing at all times the confidentiality, integrity and availability of the data processed by Grupo Copo.
- TO MAINTAIN ethical criteria in its relations with third parties based on the principles of transparency and the prevention of corruption and bribery, rejecting any type of misleading, fraudulent or malicious conduct.

4. PARTS APPROVAL PROCESS FOR PRODUCTION

Suppliers shall carry out all activities necessary to ensure compliance with all Group specifications and requirements. It is also the responsibility of suppliers to ensure that their suppliers, for whom they are responsible, comply with all requirements and have the necessary means to do so.

4.1. SUPPLIER REQUIREMENTS

Depending on the different product families, the following requirements apply:

- **Chemicals**:
  - ISO 9001
  - Technical and Safety Data Sheet
  - Annual evaluation
  - Reception audit

- **Plastic inserts**:
  - ISO 9001 / IATF 16949 (certification is not required, but minimum requirements must be met)
  - Initial Samples and PPAP
  - Annual evaluation
  - Supplier audit
  - Reception audit

- **Metal inserts**:
  - ISO 9001 / IATF 16949 (certification is not required, but minimum requirements must be met)
  - Initial Samples and PPAP
  - Annual evaluation
  - Supplier audit
  - Reception audit

- **Other Inserts**:
  - ISO 9001 / IATF 16949 (no certification required, but minimum requirements must be met)
  - Initial Samples and PPAP
  - Annual evaluation
  - Supplier audit
  - Reception audit

- **Tooling**:
  - ISO 9001
  - Factsheet / Control Report
  - Annual evaluation

- **Calibration / Testing Service**:
  - ISOIEC 17025 (or national equivalent)
  - Annual evaluation

- **Rework service, selection, internal logistics, maintenance, environment**:
  - ISO 9001
  - Initial plant valuation

- Annual evaluation

- **Transport and storage, intermediaries**:
  - ISO 9001
  - Annual evaluation

4.2. ALLOCATION OF SUPPLY

The allocation of the supply to the supplier is the responsibility of the GRUPO COPO Purchasing Department.

4.3. QUALITY PLANNING

Advanced quality planning (APQP) is the key process for defect prevention and continuous improvement, therefore, the supplier must show compliance in the following cases:

- During the development of new processes and products.
- Before making changes to processes and products.
- In the event of quality problems in processes or products.
- Prior to the transfer of tooling to new manufacturers or new installations.

Once the project supplier has been selected, a kick-off meeting will be held with the supplier, defining the advanced quality planning, and meetings will be arranged according to the complexity of the products and timing of the different projects.

4.4. PRODUCTS NOT REQUIRING INITIAL SAMPLE DOCUMENTATION

For indirect materials, some initial reporting and sampling or additional testing may be required for validation and release.

Indirect materials: non-manufactured materials or materials used to support the manufacturing process that are not part of the final product, i.e. packaging materials, blank labels, etc.

For chemicals and adhesives, certificates of analysis, technical and safety data sheets may be required for verification of compliance with specifications.

Certificates of conformity or particular specifications are required for components derived from the manufacture of tooling.

4.5. PRODUCTS REQUIRING INITIAL SAMPLE DOCUMENTATION (PPAP OR OTHER DOCUMENTATION)

For all parts that are part of or integrated in the final product or delivered to the customer (direct materials), initial samples and PPAP documentation are required.
The supplier must provide initial samples free of charge. Samples must be representative of your manufacturing process for approval, as requested by the company, along with appropriate documentation (PPAP or required), unless it has been stipulated in writing that it is not required.

PPAP requirements are based on the AIAG Production Part Approval Process (PPAP) Manual or customer specific requirements.

The standard for all Grupo Copo is full PPAP (level 3 per AIAG) unless Grupo Copo or, where applicable, the Grupo Copo plant approves the deviation.

Initial samples must be manufactured using the tools, moulds, process and normal series production cycle. The packaging of these parts must be properly identified and the delivery note must specify and mention "Initial samples".

The supplier shall demonstrate its production capacity in terms of equipment and facilities, as well as prove that it has qualified personnel.

The submission of initial samples and PPAP dossier should be done in the following situations:

- New part or product.
- Modification due to an engineering change.
- Material different from that previously approved.
- When new tools, dies, moulds, installation changes, etc. are used in production.
- When the supplier makes any changes to the production process.
- When a new sub-supplier/sub-contractor is used for parts and/or materials.
- When tools or production line idle for six months or more.
- Quality reasons.

The supplier is responsible for keeping a complete record of all PPAP deliveries.

Approval status:
The following provisions shall be used:

- Accepted
- Rejected - Supplier is not authorised to supply products. The supplier must correct and re-deliver the PPAP package and samples.
- Conditionally accepted:
  a) The product requires further evaluation to determine whether it is acceptable.
  b) The supplier is authorised to deliver his products for a certain period of time or limited quantity, and must carry out improvement actions or send documentation as the case may be.
  c) Others.

Subsequent to approval, the supplier is responsible for ensuring that all future production meets the defined and established requirements,

The customer may participate in the release process at the supplier's premises or make evaluation visits throughout the life of the product.

Testing. The supplier may be required to submit samples or parts to complete product evaluation for modification, functionality, repeatability, or other testing.

Charges for rejection of submission of initial samples: The supplier shall be responsible for covering all costs arising from the rejection of Initial Samples, such as administrative costs, transport, material rejections, return processing, as well as other additional activities necessary for repeat approval.

4.6. PRODUCT REQUALIFICATION PROCESS

Suppliers must issue a requalification report for the parts they supply, which must be issued and sent together with the samples every three years without request or at the periodicity requested by the company. The purpose of this requalification is to ensure the conformity of the products supplied.

The report shall contain:

1. Dimensional. Measurement of samples in all specified dimensions.
2. Material Report and Material Certificates. Evaluation of all characteristics included in the material and product specifications.
3. Assessment of Special Processes. Where applicable.

5. IMPACT OF NON-CONFORMING PRODUCTS

5.1. LEVELS OF NON-CONFORMITY.

In the event that non-compliant products (non-compliance with any requirement or defect relating to an intended or specified use) are detected at the GRUPO COPO's or the end customer's premises, an alert or incident may be issued depending on the seriousness of the problem.

An incident is considered to be a deviation or non-conformity of product related to S/R, legal non-compliance, deviations from drawing specifications, direct disruption to customer supply, production stoppages, major manufacturing impacts, repetitive deviations or non-conformities and any incident referred by the customer regardless of its severity.

An alert is considered to be any deviation or non-conformity detected that is not classified as an incident.

An action plan (PDCA) is requested for the alert and an 8D for the impact.

5.2. SUPPLIER'S LIABILITY FOR NON-CONFORMING PRODUCT.

In the event that non-conforming products are detected at Grupo Copo's facilities or at the end customer, it is the supplier's responsibility:

a) Hire a company for the immediate selection or reworking of the material.
b) Provide selection criteria in accordance with the specification.
c) Supervise the correct execution of selection or rework with your staff.

d) Follow up on the selection or rework so that the material is in accordance with what is specified in time and form.

When non-conforming material is detected due to the supplier, the corresponding notification is issued. The supplier must send a response and has a maximum period of 2 working days, or as communicated by the plant, to dispose of the non-conforming material. After this period, the material will be disposed of as decided by each Grupo Copo plant (applicable to both national and foreign suppliers).

Upon notification of the non-conformity and within 24 hours, the supplier shall submit the containment measures, which shall include:

a) Method of containment,
b) How the reviewed and warranted product is identified, and
c) The containment plan for the product in transit or at the GRUPO COPO facility or at the end customer.

It is the supplier's responsibility to select and certify 100% of 3 deliveries, quantity may vary if expressly indicated.

The supplier shall submit a response to prevent the recurrence of the problem by means of an action plan or 8D within a period of time:

- For the action plan the deadline indicated by Grupo Copo or the Grupo Copo plant and
- For 8D: 24h (3D), 10d (6D), 60d (8D)

The action plan or 8D should include:

- Analysis of root cause(s)
- Verification of corrective and preventive action, and
- Dates and responsibilities for incomplete actions.

Suppliers shall be responsible for all costs related to non-conformity.

In case of recurrence of non-conformities or degradation of performance, the GRUPO COPO is entitled to:

- To inspect, without prior agreement, products in the supplier's warehouse or material in transit at the supplier's cost, if the supplier does not carry out the inspection himself or arrange for it to be carried out.
- Visit supplier for problem analysis or process/audit.
- Request for an action plan or measure from the supplier to solve the problem.
- Escalate the problem and the situation to the Purchasing Department and jointly take appropriate action.
- Re-assign all associated and generated costs.

5.3. REQUEST FOR DEROGATION

If the product does not meet any of the specifications, but the supplier considers it to be functionally satisfactory, the supplier may apply to the GRUPO COPO quality department for provisional acceptance for supply under derogation. Derogation is only given for a limited quantity of product or a limited time. Without having this derogation request approved the supplier cannot ship the material affected by the deviation.

6. SUPPLIER PERFORMANCE EVALUATION

6.1. PERFORMANCE EVALUATION

Performance evaluation is carried out for all suppliers including those imposed by the customer, considering all products, services and materials they supply.

The supplier's performance is assessed by taking into account:

- Quality performance: ppm's, incidence, certifications, effectiveness of corrective actions, quality system, costs, etc.
- Logistics performance: on-time deliveries, quantity delivered, punctuality, documentation, costs, production stops.
- Service Performance:
    - Reactivity and responsiveness: response time, documentation, information, problem solving and requests.
    - In the approval and change process: documentation, timeliness, product status.

Supplier evaluation is continuous. Grupo Copo may ask the supplier for action plans, audits, reviews, information, etc., depending on the results obtained.

Periodically (according to the specifications of the GRUPO COPO plant) and annually (evaluating the period from January to December), suppliers are sent the result of the performance evaluation, indicating the actions to be taken.

The total annual rating is the compendium of quality performance (40%), logistics performance (30%) and service performance (30%).

The rating is used to assess the supplier:

Score	Qualification	Comments
80-100	A: Approved	The supplier complies with the assessment requirements; Maintain the partnership relationship with the supplier.
40-79	B: Conditional pass	Supplier approved for supply, however, there are ongoing actions or improvement actions needed.
0-39	C: Not approved	Supplier with serious problems that condition the product and in turn the end customer; The supplier does not meet the valuation requirements; Not suitable for supply to the Grupo Copo plant and the rest of Grupo Copo; Blocking the supply, assigning new project with the supplier and evaluating a possible change of supplier.

6.2. CRITICAL SUPPLIER

A critical supplier is a supplier whose periodic or annual performance rating is very close to being a C supplier.

In the case of a critical supplier, an improvement plan will be requested from the supplier, which must be submitted urgently. If the latter improvement programme is not effective, Grupo Copo will define the actions to be taken with the supplier, as well as the continuity of the supplier or whether an orderly exit plan should be implemented.

7. OTHER REQUIREMENTS

7.1. HAZARDOUS MATERIALS. RESTRICTED SUBSTANCES.

Suppliers shall ensure that they comply with all requirements and legislation on restricted, toxic or hazardous substances used in the manufacture of the product. All material classified as hazardous by local, regional or state regulations shall be identified, documented, handled, packaged and shipped according to relevant laws, rules and regulations. Suppliers must comply with the European Union Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and any and all amendments. For more information: http://www.echa.europa.eu

Suppliers are required to report any hazardous materials contained in the product. Supplied products must comply with safety and ELV (Life Cycle Vehicle) requirements regarding the handling of restricted materials.

Suppliers are requested to provide an International Material Data System (IMDS). Direct material suppliers are requested to be listed on www.mdssystem.com.

For chemicals, the supplier shall provide the Safety Data Sheet at the start of supply, when it is updated or when required.

7.2. CERTIFICATION OF MATERIALS

The supplier shall ensure that the product supplied complies with all material specifications included in the product drawing and/or purchase order. Material certifications are required containing the results measured during the industrialisation phase and whenever necessary during series production as designated by the GRUPO COPO plant.

7.3. SPECIAL FEATURES

Some products will have characteristics that are designated as Special Characteristics (key, significant, safety and regulatory, D-TLD, critical, etc.) on the drawing and/or load books. The supplier is responsible for complying with the requirements of these features, establishing and implementing the necessary means, resources and controls to ensure compliance and providing the required and necessary documentation and information.

7.4. FAILURE MODE AND EFFECTS ANALYSIS (FMEA)

As a requirement of the GRUPO COPO plant and depending on the product/service served, it is necessary for the supplier to use this tool to prevent problems through a structured analysis of potential failure modes. The FMEA is

a living document and must be updated in the event of changes in design, process and/or quality problems, deliveries, etc.

7.5. CONTROL PLANS

At the request of the GRUPO COPO plant, and depending on the product/service, the supplier will be required to carry out and keep alive the control plan detailing the control of the relevant process parameters and the product characteristics indicated, guaranteeing their compliance.

7.6. STATISTICAL AND ANALYTICAL TECHNIQUES

At the requirement of the GRUPO COPO plant, and depending on the product/service, the supplier will be required to ensure that all tools, equipment and processes used demonstrate the ability to consistently produce quality parts. Special features included in the customer specifications will require a minimum CPK (coefficient of process capability) of 1.67 and 1.33 for all other features.

7.7. MATERIAL IDENTIFICATION AND TRACEABILITY

The supplier must be able to identify the specific lot through all stages of production, packaging and delivery. The supplier must establish and define the necessary means for clear identification, traceability of material, product and process, as well as ensuring FIFO.

7.8. SUPPLIER AUDITS

The supplier shall have an internal process for conducting and monitoring quality audits of its products and processes and shall provide evidence of the conduct and monitoring of audits of its suppliers or subcontractors.

7.9. SAFETY COMPONENTS

If the supplier supplies materials classified as safety or with civil liability, a self-assessment must be carried out annually and the report and the result of the self-assessment must be sent to the GRUPO COPO plant.

7.10. QUALITY CRITERIA

The supplier must comply with the quality criteria defined and established by the GRUPO COPO during the development phase, industrialisation and during the series and the performance of the service, extending this compliance to the entire supply chain (suppliers, contractors and subcontractors) by establishing and implementing the means, monitoring, controls and evaluations necessary for this purpose.

7.11. DELIVERY

Delivery is expected to be 100% on time, meeting the defined and established specifications and criteria.

7.12. STORAGE, PACKAGING AND LABELLING

All parts and products supplied shall be properly packaged, labelled, marked and stored by the supplier in accordance with GRUPO COPO's legal requirements.

The supplier shall:

- Store products in such a way that they are secured against theft, loss or deterioration of material properties due to environmental influences and damage.
- Labelling in such a way that the status of the product and the inspection and testing status are clearly recognisable at any time until consumption. This will facilitate traceability in case of non-conformity of parts.
- Ensure that batch traceability is possible even after series production has ceased.
- Establish the necessary means and systematics to ensure FIFO, identify reference modifications or study notes.
- Clearly identify and notify prior to shipment initial samples, parts for testing, parts under follow-up, parts under derogation, etc.

7.13. LABEL OF INITIAL SAMPLES, OTHER SAMPLES AND TESTS.

Minimum label content:

- Reference
- Product
- Engineering level
- Type: Initial Samples, Test, Follow-up, etc.
- Date
- Addressee: Company, Contact person, Department
- Sender: Company, Person, Department

7.14. IMPORT REQUIREMENTS

All suppliers must comply with the customs regulations of the country where Grupo Copo's plant is located, and with the relevant import and export laws and regulations.

7.15. ADDITIONAL/EXTRAORDINARY FREIGHT

The supplier shall be liable for additional freight costs incurred due to a failure of quality or delivery performance by the supplier.

7.16. SPARE PARTS

Unless otherwise agreed in writing between the Parties, the supplier undertakes to continue to supply spare parts, for each vehicle model, for fifteen (15) years from the date of the last production of that vehicle model for which the parts were supplied. All production of spare parts must be supplied to the required quality level.

7.17. ARCHIVE

The provider must ensure access for consultation throughout the archiving period.

Special or safety features:

- 30 years from acceptance of PPAP or in accordance with customer-specific CSRs
- This period must guarantee a minimum duration of 15 years after the last part has been manufactured.

Definition and validation documents: 10 years from the end of production.

Records related to identification of supplies for traceability, characteristics and parameters according to the control plan, audits performed: 6 years

Elements of the PPAP dossier: 1 year after the last production of the supply series and spare parts.

8. ANNEXES, ASSOCIATED DOCUMENTS, HISTORY OF THE PROCEDURE (CREATION AND REVISION)

Associated documents:
GRUPO COPO SUSTAINABILITY POLICY (www.grupocopo.com)
INFORMATION SECURITY POLICY (www.grupocopo.com)
CSPR.07.01.009_ESG- ESG Commitments Suppliers

General Document Information

REVISION NO.	DATE	DESCRIPTION MODIFICATION	DONE	REVISED	APPROVED
V01	06/18	Creation of procedure. Adaptation of requirements 9001:2015	I. Silva	I. Silva	J.A.R. Estévez
V02	03/19	Proofreading and Translation	N. Lorenzo	N. Lorenzo	J.A.R. Estévez
V03	02/22	*GRUPO COPO* Sustainability Policy Update	N. Lorenzo	N. Lorenzo	J.A.R. Estévez
V04	09/22	Information Security Policy	N. Lorenzo	N. Lorenzo	J.A.R. Estévez
V05	01/23	Information Security Policy Update	O. Isorna	N. Lorenzo	J.A.R. Estévez
V06	01/24	General review	N. Lorenzo	N. Lorenzo	J.A.R. Estévez