GENERAL REQUIREMENTS FOR SUPPLIERS OF COPO GROUP

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 establishes and defines the expectations that Grupo Copo places on its suppliers of materials and services with a potential impact on any characteristic of the product manufactured by the Group.

This manual 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 extensible to Grupo Copo and when *Grupo Copo plant* is indicated it is specific to a company or 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, labor, health and safety, information security, etc.).
- Ensure the proper functioning of your supply.
- Advise.
- Fulfill its contractual commitments during development and mass 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 an adequate management of its own subcontractors and sub-suppliers, resolving any problems detected.
- Obtain prior approval before serial supply and before any change affecting the supply.
- Establish a containment plan for all initial production phases and/or after each serial problem, until convergence criteria are met.
- Comply with all inspection, record keeping, documentation, labeling, marking, packaging and traceability procedures.
- Notify the buyer in advance, whenever there are changes in your process.

3. GENERAL REQUIREMENTS

3.1. IDENTIFICATION OF RESPONSIBLE PARTIES

The supplier shall identify the responsible persons within its organization 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 that provide safety classified products or products with civil liability, the supplier must appoint a Product Safety Representative (PSB) and communicate to the Copo Group's contact person the name of the responsible person, position, contact phone number, email and responsibilities.

The minimum PSB tasks and responsibilities will be as follows:

1. Contribute, develop and set priorities to eliminate or prevent defects relevant to product safety 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 design, production, process or material properties review under relevant product safety aspects.
4. Execute and evaluate component or material analyses with the objective of detecting deviations relevant to product safety at an early stage.

5. Independently execute regular inspections of processes, materials and products of the current series to confirm product safety for proper and predictable use or misuse, as well as follow-up actions in case of deviations.
6. Evaluate the probability and frequency of failure of the affected product, if it occurs.
7. In the event 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 will be directed through the person responsible for quality control of the component with the customer.
   The PSB shall advise on the quality and confidentiality of the information.

3.2. QUALITY OBJECTIVES. ZERO DEFECT TARGET

The main objective of all activities involved in quality assurance is customer satisfaction. For this reason, suppliers must satisfy all agreed and legal requirements to the highest degree. The zero-defect strategy must be pursued, quality and effective production monitoring are absolutely essential. The emphasis should not be on the detection of nonconformities, 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 occurrences does not imply acceptance of a quality level different from that specified. The agreement on quality targets and measures does not restrict the supplier's liability for rectification claims and claims for damages due to defective deliveries, nor does it exempt the supplier from its quality commitment to the "zero-defect strategy". Copo Group does not accept defective deliveries / services and they 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 stabilization of the supply activities and the lasting improvement of the services performed.

The Copo Group 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 by demonstrating compliance with applicable ISO and IATF standards and other standards that may be indicated by Grupo Copo's 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 of its requirements. 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 submit a copy of the company's current certificate issued by an accredited certification body.

In the case of new suppliers that are not yet certified in IATF 16949 or ISO 9001, they must submit to the buyer a program of activities with defined dates to achieve certification within a period of no more than one year.

The supplier is responsible for maintaining its certification during the period in which it supplies the material or service, so it must send a copy of the new certificate in the event of updating or expiration.

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 its Management System mainly, but not exclusively, the following procedures of:

- Identification and prevention of errors at an early stage.
- Acquisition 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.
- Warranty procedures.

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

3.3.3. Supplier evaluations

The Copo Group reserves the right to evaluate 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 supplier's facilities

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 case third party checks already exist. For this purpose, the supplier shall make available all necessary documents / data and allow access to the relevant areas.

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

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

Some reasons why an audit would be performed are:

- 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.
- To be a potential or strategic supplier.
- Customer request.
- Relevant changes in the supplier or subcontractor/sub-suppliers.

The supplier undertakes to send, within the required deadline, the corresponding action plan in the event that 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 analyzing the problem according to the different categories:

Cat 1.-Supplier's Responsibility (sample delivered by Copo for analysis)
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 for reporting and resolving problems. The "5 Whys" or Fish Diagram shall be used as the root cause analysis method. Response times will be 24h (D1-D3) and 10 working days (D4-D6). If the supplier does not respond within the required time frame, the supplier will 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 it has reached that conclusion. Normally, NTF describes a situation where the returned parts meet all tests required by Copo Group 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 Supplier, Copo Group and Customer (% of shared responsibility).

Cat 3: When the supplier concludes after its 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 Grupo Copo does not agree with this categorization, 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 retain all parts returned for analysis for a period of 6 weeks after receipt.

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

3.5. SERVICE GUARANTEE

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

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

The warranty 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 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 indicated in this standard, 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
- Operating costs of protection measures
- Costs incurred during production or processing stage
- Claims and costs of third parties and other additional costs:
    - Cliente
    - 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 in accordance with 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 appearance of a non-conforming product, unauthorized changes or any problem related to the supply chain, presents a risk to both Grupo Copo and its customers, when not communicated and handled effectively.

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

a) Any pending or potential problems identified by the supplier.
b) Change in materials.
c) Supply and production capacity problems.
d) Change or modification of manufacturing process, manufacturing site, manufacturing means, organization that affects 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 the identification and management of potential risks, in order to ensure the adequate supply of parts, materials and services to Grupo Copo. The intent of this process is to proactively address risks.

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 in tooling, molds, unplanned manufacturing stops, logistical disruptions, breakages, cyber-attacks, etc.

These contingency plans must be regularly reviewed by the suppliers and updated by Grupo Copo's interlocutor and the Grupo Copo plant.

The supplier shall submit 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

Grupo Copo is committed to maintain conditions and standards that result in a dignified and respectful treatment of people and the environment, therefore, the professional practice of its suppliers must be marked by an ethical and responsible professional behavior. The principles of legality, good faith, accountability, transparency, integrity and confidentiality must be integrated into its behavioral guidelines, therefore, its suppliers are expected to have adequate 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 Copo Group, therefore suppliers are also expected to demonstrate their commitment to the environment by assuming the environmental principles and guidelines defined in document CSPR.07.01.009_ESG- ESG Commitments Suppliers.
The supplier must submit to the Copo Group's interlocutor and to the Copo Group's plant its environmental commitment and the environmental aspects related to its process and supplied product, taking into account the life cycle of the product it manufactures or service it performs. 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 the recognized standards of Information Security management. In Grupo Copo, measures are taken to identify and protect information assets, so it is expected that suppliers also demonstrate their commitment to the protection of information and the implementation and maintenance of the necessary security controls, in compliance with the applicable legal and regulatory standards and the requirements of the customer and other interested parties.

Therefore, every SUPPLIER of Grupo Copo is COMMITTED:

- 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 organization, diversity, reconciliation of work and family life, as well as promoting the absence of any type of discrimination by maintaining a fair and equitable work environment.
- TO RESPECT Human Rights and the principles of the International Labor Organization in the development of its activities and the treatment of its personnel.
- TO IMPLEMENT an active prevention policy in the field of occupational health and safety and to monitor its ongoing implementation.
- TO COMPLY with all laws and regulations concerning the protection of the environment. The works or products used shall not contain any product, material or substance prohibited by law or applicable regulations.
- TO IMPLEMENT the necessary measures to ensure the security of information, protection and proper treatment of personal data, ensuring at all times the confidentiality, integrity and availability of the data processed in Grupo Copo.
- TO MAINTAIN ethical criteria in its relations with third parties based on the principles of transparency and prevention of corruption and bribery, rejecting any type of deceitful, 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 suppliers' responsibility to ensure that their suppliers, for whom it is 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 Data Sheet and Safety Data Sheet
  - Annual evaluation
  - Reception audit

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

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

- **Other Inserts**:
  - ISO 9001 / IATF 16949 (certification is not required, but compliance with minimum requirements)
  - Initial Samples and PPAP
  - Annual evaluation
  - Supplier audit
  - Reception audit

- **Tooling**:
  - ISO 9001
  - Technical Data Sheet / 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

- **Transportation and warehousing, intermediaries**:
  - ISO 9001
  - Annual evaluation

4.2. ALLOCATION OF SUPPLY

The assignment of the supply to the supplier is the responsibility of the Copo Group Purchasing Department.

4.3. QUALITY PLANNING

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

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

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 scheduled according to the complexity of the products and timing of the different projects.

4.4. PRODUCTS THAT DO NOT REQUIRE INITIAL SAMPLE DOCUMENTATION

For indirect materials, some reporting and initial samples 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, data sheets and safety data sheets may be required for verification of compliance with specifications.

Certificates of conformity or special 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 into 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 otherwise stipulated in writing.

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, if applicable, the Grupo Copo plant approves the deviation.

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

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

The delivery of initial samples and PPAP dossier should be performed in the following situations:

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

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

Approval status:
The following provisions will be used:

- Accepted
- Rejected - Supplier is not authorized to supply product. Supplier shall correct and redeliver PPAP package and samples.
- Conditionally accepted:
  a) The product requires further evaluation to determine if it is acceptable.
  b) The supplier is authorized to deliver its products for a determined 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 facilities 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 expenses arising from the rejection of the Initial Samples, such as administrative expenses, transportation, material rejections, return processing, as well as other additional activities necessary for the repetition of the 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 guarantee the conformity of the products supplied.

The report shall contain, as a minimum:

1. PPA Home
2. Process flow diagram
3. Control Plan
4. Standard measurement report
5. Report of materials and their certificates
6. D/TLD: Products with relevant characteristics (e.g. D/TLD) must undergo a disposition inspection every 12 months.

Grupo Copo's plant may request additional requirements at the beginning of each project.

If suppliers fail to submit the required requalification documentation within the defined deadline, the supplier will be penalized with additional costs.

5. REPERCUSSIONS WITH NON-CONFORMING PRODUCTS

5.1. LEVELS OF NONCONFORMITY.

In case of detection of non-conforming products (non-compliance with any requirement or defect related to an intended or specified use) at the Copo Group or end customer's facilities, an alert or incident may be issued depending on the severity of the problem.

An incident is considered to be a deviation or non-conformity of product related to S/R, legal non-compliances, deviations from drawing specifications, direct disruptions in 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 incident.

The supplier shall commit to submit an 8D problem action report, which is the official communication tool for reporting and resolving problems. The supplier shall submit to Grupo Copo the standard 8D report document using the template received from Grupo Copo. The results of the analysis and actions shall be documented. This format is also used to monitor the effectiveness of corrective actions over time. Evidence of actions taken shall be included in the 8D report for closure. In the absence of a format, the supplier may use its own format.

If the supplier does not respond within the 8D deadline required by Grupo Copo, the supplier will be penalized with a new claim with additional costs due to the late response or lack of evidence.

5.2. SUPPLIER'S LIABILITY FOR NONCONFORMING PRODUCT.

If 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 rework of the material.
b) Provide selection criteria in accordance with the specification.
c) Supervise the correct execution of the selection or rework with your personnel.
d) Follow up on the selection or rework so that the material is in accordance with the 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 domestic and foreign suppliers).

Upon notification of the nonconformity and within 24 hours, the supplier must submit the containment measures, which must include:

a) Containment method,
b) How the reviewed and warranted product is identified and
c) The containment plan for the product in transit or at Grupo Copo's facility or at the end customer.

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

The supplier shall submit a response to prevent recurrence of the problem through an action plan or 8D within a timeframe of:

- For the action plan the deadline indicated by Grupo Copo or 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 non-conformance related expenses.

In case of recurrence of nonconformities or degradation of performance, Grupo Copo is entitled to:

- To review, without prior agreement, the products in the supplier's warehouse or material in transit at the supplier's cost, if the supplier does not do it himself or arrange for it to be done.
- Visit supplier for problem analysis or process/audit.
- Request for an action plan or measure to the supplier to solve the problem.
- Escalate the problem and the situation to the Purchasing Department and jointly adopt the measures considered pertinent.
- To reimburse all associated and generated costs.

5.3. REQUEST FOR DEROGATION

If the product does not meet any of the specifications, but the supplier considers that it is functionally satisfactory, the supplier may apply to Grupo Copo's quality department for provisional acceptance for supply under derogation. The 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 performed on all suppliers, including those imposed by the customer, considering all products, services and materials supplied.

The supplier's performance is evaluated taking into account:

- Quality performance: ppm's, incidence, certifications, effectiveness of corrective actions, quality system, costs, etc.
- Logistics performance: on-time delivery, quantity delivered, punctuality, documentation, costs, production downtime.
- Service Performance:
    - Reactivity and responsiveness: response time, documentation, information, problem resolution 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 Grupo Copo's plant specifications) and annually (evaluating the period from January to December), suppliers are sent the results 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 meets the valuation 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 final 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 to the supplier, which must be submitted urgently. In case this last improvement program is not effective, Grupo Copo will define the actions to be taken with the supplier, as well as the continuity of the supplier or if 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, Authorization 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 chemical products, 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 provided complies with all material specifications included in the product drawing and/or purchase order. Material certifications are required containing the results measured during the industrialization phase and whenever necessary during serial production as designated by the Copo Group 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 Grupo Copo's plant and depending on the product/service served, it is necessary that the supplier uses this tool for the prevention of problems through a structured analysis of potential failure modes. The FMEA is a living document and must be updated in case of changes in design, process and/or quality problems, deliveries, etc.

7.5. CONTROL PLANS

At the request of the Copo Group 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 Copo Group plant, and depending on the product/service, the supplier will be required to ensure that all tooling, 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, have material, product and process traceability, as well as ensure 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 evidence the conduct and monitoring of audits of its suppliers or subcontractors.

7.9. SAFETY PARTS

If the supplier supplies materials classified as safety or with civil liability, a self-evaluation must be carried out annually, sending the report and its results to Grupo Copo's plant.

7.10. QUALITY CRITERIA

The supplier must comply with the quality criteria defined and established by Grupo Copo during the development phase, industrialization and during the series and 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 LABELING

All parts and products supplied shall be properly packaged, labeled, 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 insured against theft, loss or deterioration of material properties due to environmental influences and damage.
- Label in such a way that the product status and inspection and testing status are clearly recognizable at any time until consumption. This will facilitate traceability in case of non-conformity of parts.
- Ensure that batch traceability is possible even after mass production has ceased.
- Establish the necessary means and systematics to guarantee the 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 corresponding import and export laws and regulations.

7.15. ADDITIONAL/EXTRAORDINARY FREIGHT

The supplier shall be responsible for any additional freight costs incurred due to a failure in quality or delivery performance on the part of the supplier.

7.16. SPARE PARTS

Unless otherwise agreed in writing between the Parties, the supplier agrees 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 supplier must guarantee access for consultation during the entire archiving period.

Special or safety features:

- 30 years from PPAP acceptance 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 the identification of supplies for traceability, characteristics and parameters according to the control plan, audits performed: 6 years

PPAP dossier items: 1 year after the last manufacture of the supply series and spare parts.

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

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

General Document Information

NO. REVISION	DATE	DESCRIPTION MODIFICATION	DONE	REVISED	APPROVED
V01	06/18	Creation of procedure. Adaptation of 9001:2015 requirements	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	Sustainability policy update *Copo* Group	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 overhaul	N. Lorenzo	N. Lorenzo	J.A.R. Estévez