EKIDE Supplier Manual

Continuous improvement in quality, environment, and health and safety is a prerequisite for the satisfaction of our customers by delivering a product or service that meets their requirements.

To achieve this, **EKIDE** extends this commitment to its suppliers, using this manual to provide them with the requirements in terms of quality, environment and safety that regulate the contractual relations between EKIDE and the Suppliers in order to improve the results of the business and obtain the full satisfaction of our customers.

The requirements expressed in this manual do not replace those expressed in the general conditions of purchase, and all EKIDE suppliers are obliged to comply with their content.

The supplier undertakes to comply with the requirements of this manual. This first page must be signed by the supplier and sent to the EKIDE Purchasing Manager.

By signing this sheet, the conditions described in this manual are accepted and complied with.

Approval:

Approved Ekide Group

Name	Estibaliz Fernández
Role	Purchasing Manager
Date	14/06/21
Signature	

Compliant Supplier

Company	
Name	
Role	
Date	
Signature	

Content

1. SCOPE AND PURPOSE

The contents of this manual apply to suppliers who provide products and services for the manufacture of parts or assemblies for customers under EKIDE specification such as:

- Special raw materials: castings, rods, tubes, pipes, cables, coils and similar products.
- Pre-machined and finished parts, whether or not they are made of metallic material.
- Outsourced processes and surface treatments.

Suppliers must ensure that their own suppliers also meet the standards set throughout the supply chain.

2. RESPONSIBILITY

Suppliers are responsible for ensuring that the products and/or services they provide meet the established requirements, assuming full responsibility for their quality.

The verification and approval of the suppliers' facilities, systems, records and products by EKIDE does not relieve each supplier of its obligation to provide an acceptable product, nor does it exclude any subsequent rejection by the end customer.

2.1. CORPORATE SOCIAL RESPONSIBILITY

In order to proactively respond to the social needs of EKIDE's stakeholders and anticipate new environmental, social and economic developments, we request our suppliers to commit to the same values as EKIDE and to pass such values on to their own suppliers.

The supplier is committed to the sustainable development of EKIDE and the fulfilment of its obligations, especially in terms of:

- Respect for and protection of fundamental human rights within its sphere of influence
- Guarantee of non-complicity in human rights violations.
- Support for freedom of association and effective recognition of the right to collective bargaining
- Supporting the elimination of all forms of forced and compulsory labour

- Supporting the elimination of child labour
- Support for the abolition of discriminatory practices in employment and occupation
- Maintaining a preventative approach that favours the environment
- Encouraging initiatives to promote greater environmental responsibility
- Encouraging the development and diffusion of environmentally friendly technologies.
- Working against corruption in all its forms including extortion and bribery.

3. SUPPLIER MANAGEMENT

EKIDE only purchases products, processes and services from suppliers included in our Certified Suppliers Panel.

3.1. SUPPLIER REQUIREMENTS

EKIDE has multifunctional teams that decide on supplier selection, where the following are taken into account:

- ✓ Impact on .
- ✓ Reliability.
- ✓ Technological risk and/or experience in the product / process / service.
- ✓ Special processes.
- ✓ Logistics of geographical proximity.
- ✓ Political-cultural risks / Sustainability.
- ✓ Financial stability.
- ✓ Competitiveness.
- ✓ Exclusivity.
- ✓ Responsiveness.
- ✓ Capacity – saturation of resources.

3.1.1. SUPPLIER CAPACITY

Suppliers are required to specify the following information regarding their capacity and resource saturation.

- Current work volume: percentage over current saturation.
- Total capacity (shifts / working hours).
- Capacity of the project offered.

- The percentage represented by EKIDE in the supplier's activity, both currently and in the project offered.
- The volume represented by other customers.

This information must be made available to Ekide in the approval process and when required by Ekide's Purchasing Department within a specific project.

To facilitate this work, EKIDE makes document DOC 43.01.01 – "Capacity Study of Critical Suppliers" available to the supplier.

3.1.2. MANAGEMENT / REGULATORY SYSTEMS

The definition, implementation and maintenance of a management system is a requirement. It is recommended that suppliers' management systems are certified in internationally recognised standards as required by the product, process or service involved: ISO 9001 / IATF 16949 / ISO 14001 / ISO TS 22163, ISO 45001, ISO IEC 17025 or an equivalent certification, making the corresponding copies available to EKIDE.
If there is no third party certification, the Self-Assessment/Approval questionnaire must be filled in and the purchased products must pass an EKIDE process validation audit. This situation must be authorised by the end customer.
This audit process includes 2 types of questionnaires:

- IRIS audit applicable to critical suppliers, and generic audit applicable to ISO 9001 suppliers. This audit addresses:

1. Process (or project) management, input / output data control;
2. Purchasing;
3. Production, job;
4. Inspection and testing of finished products;
5. Planning and logistics;
6. Nonconformity and problem resolution management;
7. Personnel, training, ad skills management;
8. Management and financial department.

- Special process audits

A questionnaire is applied for each type of special process: heat treatment, welding, surface treatments, bonding, painting, etc.
The following requirements must be met for the supplier to be considered as having a management system in accordance with this point:

- >80% score in each audit questionnaire.
- Zero (0) Major Nonconformities.
- In case of failure to comply with the previous points:
    - The supplier is required to close all (major) blocking elements within 6 months after the date of completion of

the audit.

- The supplier must also close all (minor) milestones within one year of the audit.

3.1.3. IDENTIFICATION AND TRACEABILITY REQUIREMENTS

The supplier's quality system must allow a detailed identification of the different phases of product development, including the raw materials used in the manufacturing process, the production operation, and the date of manufacture, as well as the level of review and conformity assessment records.

Each product must be fully identified at all times in order to allow tracing based on batch numbers, data codes, or other applicable means.

In the Product Documentation (Drawings and Specifications), the **Safety and Regulatory Characteristics** must be defined and identified.

The Supplier must know and keep the product documentation up to date and ensure its compliance.

For supplies requiring product quality certification
(plates, zip ties, etc.) said certificate must accompany the product delivery.

3.2.REQUIREMENTS IN ACCORDANCE WITH THE ENVIRONMENT & SAFETY LAWS AND REGULATIONS

EKIDE places the highest priority on the health and safety of its workers and that of its suppliers' workers. At no time should the production, transport or use of any EKIDE product endanger or compromise the safety of any individual in the supply chain.

Products supplied that contain toxic or dangerous substances must comply with the laws and regulations relating to hygiene, safety, and environmental protection.

The supplier undertakes to ensure that all the materials used in its manufacturing processes of products supplied to EKIDE comply with current legislation and regulations in relation to environmental and safety requirements on restricted, toxic, or hazardous materials.

The supplier must keep EKIDE exempt against any action resulting from violation regarding these provisions, undertaking to bear any economic losses the Company is required for this cause.

3.2.1. PROCESSING IN ACCORDANCE WITH REACH

Compliance with the European REACH Regulation for products manufactured and/or marketed in the EU.

3.2.2. OBSOLESCENCE MANAGEMENT

The Supplier must provide an Obsolescence Status Report for each product according to the agreed-upon period, as required, indicating the planned or expected End of Service Life, if known, in addition to the obsolescence risks associated with each product.
At the end of the obsolescence management period, the supplier must inform EKIDE, in writing and 12 months in advance, about the intention to stop supplying, repairing, testing and supporting the equipment.

3.3. PROJECT QUALITY PLAN

The selected suppliers must comply, in the development of their projects, with the conditions established below for Acceptance of the Initial Samples by EKIDE, including pre-series and series deliveries.

3.3.1. FIRST ARTICLE INSPECTION (FAI) PROCESS

The purpose of the FAI process is to determine whether all engineering design data and specification requirements have been adequately understood by the supplier's organisation, and whether the manufacturing processes have the potential to produce the product consistently, satisfying these requirements over an actual production cycle equivalent to the quoted production regime.
For projects in the railway sector, the supplier is required to carry out a positive FAI for each of the projects outsourced by EKIDE.
Ekide reserves the right to carry out an FAI inspection at origin, in the presence of its Customer, whenever requested to do so. The supplier shall provide the FAI evidence required by the Quality Department before the actual inspection.

3.3.2. REQUEST FOR INITIAL SAMPLES

For sectors other than rail, the Supplier must make an initial sample submission and obtain EKIDE Quality Engineering approval when the following circumstances apply:

- New products or processes.
- Product modifications due to engineering level changes in plans, materials, or specifications.
- Process modifications in previously approved products.

The supplier will deliver a complete inspection report with each IS (Initial Sample).

If nothing different is agreed with the EKIDE project manager, then a **minimum of 3 initial samples** must be sent and submitted for validation.

), In the case of tools and templates / moulds with multiple cavities / patterns, a sample of each cavity / pattern must be presented, perfectly identified with the cavity number. The Initial Sample Inspection Report must be fully documented, with the following required information:

- IMDS (if required)
- Rosh compliance
- Capacity studies of critical dimensions and/or safety. CPK > 1.33
- Test results (welding, CNS, X-ray, adhesion etc.)
- Finishing (burrs, sanding).
- Technical sheets.

Parts shall be marked (e.g. 1, 2, 3...n) with a clear correspondence to the records in the submission documents.
A quality certificate is required for standard products sold (packaging, etc.) according to DIN and ISO standards.

3.3.3. SPECIAL PROCESSES

For products involving special processes (welding, painting, gluing, crimping, tightening torque, etc.) the corresponding delivery documentation must be enclosed for the first item on which the processes are applied and for all work specified in the purchase order for each delivery.

3.3.4. PRODUCT LIFE CYCLE QUALITY ENGINEERING REQUIREMENTS

3.3.4.1. PROTOTYPES AND SPECIAL SAMPLES

- Dimensional, Material and/or Test Report (No. of parts as required by the Project)
- Quality Certificate of the material / treatment used (with Mechanical and Chemical characteristics)
- Packaging, identification and delivery according to agreement.
- Additional documentation agreed (special processes).

3.3.4.2. ALL BATCHES FROM FIRST SAMPLES OF FINAL TOOLING TO INITIAL SAMPLES

- Dimensional Report of Special Characteristics and dimensions (at least 1 part).
- Quality Certificate of the material / treatment used (with Mechanical and Chemical characteristics)
- Drawing, specifications, legal and regulatory provisions at last level (number dimensions, specifications and applicable regulations and relate to those in the specification)
- Request for Derogation of off-specification characteristics (if applicable)
- Reinforced Pre-Series Control Plan to ensure project objectives.
- The parts must be traced individually (taking into account the set-up evolutions, the use of colours for quick identification of these evolutions is recommended).
- Packaging, identification and delivery according to agreement.

3.3.4.3. SERIES LIFE

- Documents to be kept at the Supplier's plant and to be provided to EKIDE when required:
- Follow the Incident levels of the parts sent to Ekide.
- Have the Quality Certificate of the material/treatment used (with Mechanical and Chemical characteristics)
- Have the records of the controlled characteristics according to the Control Plan
- When the Supplier does not meet the agreed quality objectives, it shall draw up and deliver the corresponding Action Plan to Ekide, keeping it informed of the progress of its implementation until its closure.

3.3.5. APPROVAL OF INITIAL SAMPLES

EKIDE will notify the supplier of the result of the sample presentation. This approval is made in the same form sent by the supplier, signed in the corresponding box by the Head of the project.

The acceptance of initial samples by our Organisation does not relieve the supplier of its responsibility to carry out serial production according to the contractual specifications.

During initial sample approval, the following cases may occur:

- **Approved**

The part meets all specifications and requirements. The supplier is authorised to ship its production in accordance with the quantities established in the supply programmes or in the purchase order.

- **Temporary Approval (delivery with qualifications)**

It allows the shipment of material for limited production needs on a temporary basis or involving a set quantity of pieces. The temporary approval must be signed by EKIDE, being granted only if the product is accepted and provided that the Supplier complies with the following requirements:

- ✓ Identification of the cause of the nonconformity that prevents approval.
- ✓ Delivery of an action plan to obtain final approval by EKIDE.

Products under provisional approval that fail to meet the agreed action plan, either because the deadline has expired or because the number of pieces or authorised quantity has been exceeded, are not acceptable. No additional shipments are authorised unless an extension of provisional approval is granted.

- **Rejected**

Initial samples and/or accompanying documentation do not meet the EKIDE requirements.
The corrected product, alongside the corresponding documentation, must be sent and approved before serialisation.
The records of the Part Submission Warrant (PSW), as well as the production records, will be maintained in the same way as the rest of the documented information required by this manual, applicable legal regulations, or existing contractual agreements.

3.3.6. LABORATORY AND TEST REQUIREMENTS

When specified in the plan, the supplier must perform the tests and trials defined therein to ensure compliance.
Internal laboratory: It must be capable (through procedures, trained personnel, calibrated equipment, and traces) to perform the required inspection, test and calibration services.
If it is not possible to do so internally, it must be carried out in an **external laboratory** accredited according to ISO / IEC 17025 or its national equivalent. The results of the tests and/or functional tests must be documented in the sample report alongside the required number of samples.
The non-presentation or incomplete presentation of the required documentation will constitute a reason for noncompliance.

The initial samples must be delivered to EKIDE Quality Engineering, duly packed and identified with the Initial Samples label and with all required documentation, according to the Annexes.
The supplier is responsible for keeping updated the standards and levels of drawings provided by our Organisation.
The supplier must keep records in its facilities that demonstrate compliance with the specifications of the product or service supplied. These records will be available to EKIDE, when required.

3.3.7. ADDITIONAL REQUIREMENTS

Where relevant to the part, project and/or technology, in addition to these required data, the Head of the project may also request the following additional data:

- Destructive Testing Report.
- Durability Test Report.
- Impact Test Report.
- Salt Spray Test Report.
- Watertightness Test Report.
- Pressure Test Report.
- X-rays.
- Capacity studies (CP and CPK).
- List of approved suppliers (APV) in case of a multi-part assembly.
- EMC certification and test report.
- Chemical Compatibility Reports.
- Ageing report (for elastomeric and thermoplastic components).

For non-metallic materials such as plastic, resins or rubber parts, a certificate of conformity can be requested with respect to the Fire and Smoke standards NF F 16-101 / NF F 16-102 or EN 45545 (default requirements). The certificate will be issued by an accredited laboratory.
For Special and Critical Processes such as castings, paints and other surface treatments, heat treatment, welding, wiring, crimping, forging, polishing, etc., the particular specifications will also be sent to the suppliers.

3.4. SUPPLIER PROCESS CONTROL

3.4.1. PROCESS AUDIT

EKIDE reserves the right to audit the supplier's manufacturing process, based on the documentation that the supplier must have before or during the serial production start-up.

3.4.2. IDENTIFICATION OF SUPPLIES AND PACKAGING

In this respect, the provisions of the general conditions of purchase must be complied with.

3.5. SPECIAL PROCESSES

Suppliers of materials with special processes must comply with the reference standards in force at the time of the offer, as well as filling in the questionnaires requested for said processes.
The supplier must guarantee that the products purchased are managed in compliance with all established Safety and Regulation requirements and adopt the necessary measures to verify their effectiveness.
In addition to the above considerations, the Supplier must ensure the following aspects:

- Having the applicable Regulations in the country of manufacture of the product and country of delivery.
- Having a list of the applicable Rules or Regulations.
- Having a list of products affected by Safety and Regulation Characteristics.
- Applying the appropriate system to maintain the traceability of the product and corresponding records.
- Having Civil Liability insurance complying with the specifications of the General Purchasing Conditions.

3.5.1. PRODUCT / PROCESS MODIFICATION MANAGEMENT

The supplier may not under any circumstances modify any characteristic of the product or the accepted and validated process, without the prior consent and acceptance by the EKIDE Engineering area.
Notification and acceptance of changes must always be made in writing. EKIDE shall notify the supplier of changes in writing, and the supplier shall analyse and confirm the feasibility of the modification.
Identify dates from xxxxx on orders (delivery note)

3.6.REQUIREMENTS FOR MATERIAL RECOVERIES BY THE SUPPLIER

The supplier must inform EKIDE of the need to recover any defective product generated during its process in order to:

- Together with EKIDE, evaluate and validate the process and method of material recovery.
- Notify and request authorisation from the end customer (where applicable).

The supplier must identify and notify EKIDE of the shipment of recovered and traced parts so that they do not mix with the usual flow of material.

3.7.PRODUCTION TOOLS OWNED BY THE CUSTOMER (EKIDE OR END CUSTOMER)

The supplier must provide the necessary means to preserve and protect any material supplied by EKIDE (tools and equipment for manufacturing, testing and inspection, packaging, etc.).
Similarly, tools and equipment for manufacturing, testing and inspection must be permanently identified so that the ownership of each object is visible and can be determined
In case of loss or deterioration, the supplier must inform EKIDE so that it can proceed with the replacement or repair as soon as possible.

3.8. PLANNING OF DELIVERIES

According to the requirements of our customers, 100% compliance with delivery times is a requirement of all our suppliers. To do this, the supplier evaluation system must collect logistics incidents.
Additionally, the supplier must keep track of freight supplements derived from supply incidents and establish corrective actions where appropriate.

3.9. VERIFICATION OF PURCHASED PRODUCTS

In cases in which a verification of the product purchased at the supplier's facilities is necessary, the scope, inspection method and acceptance criteria will be specified in the purchase documents.
Similarly, where specified in EKIDE's contract with its customers, they will have the right to verify on the supplier's premises that the subcontracted product complies with the specified requirements.

Nevertheless, verification by our Organisation or customers of the subcontracted product does not exempt the supplier from the responsibility of supplying conforming products.

3.10. ASSESSMENT OF THE SUPPLY QUALITY AND SERVICE LEVEL

The EKIDE Heads of purchasing will evaluate the performance of suppliers according to SOP 43.02.01 – Supply Classification, Approval and Monitoring. This procedure is available to suppliers who request it through the usual contact channels.

3.11. PROCESSING NON-CONFORMITIES

Upon detection of a Nonconformity, the following measures will be taken:

- Sending to the supplier by EKIDE the nonconformity report, detailing the problem / defect detected.
- Establishing a containment plan by the supplier within a period of less than 24 hours, which must be communicated to EKIDE, notifying other possible affected plants and segregating the affected quantities (transit, stocks, in process, etc.).
- Inspection of 100% of the affected or doubtful material unless otherwise indicated by EKIDE, being carried out by the supplier's personnel or by external personnel in charge of the supplier.
- Establishing the necessary corrective actions to avoid its recurrence, sending it to EKIDE within a maximum period of 10 days, indicating the cause that originated the defect.
- Identifying the first (1st) corrected shipment with a coloured dot or identification label, communicating it to the Supplier Quality Manager. All shipments until the establishment and closure of the corrective / preventive actions must be selected and identified by the supplier.

In all actions, the names of the officers in charge and deadlines for their application must be indicated. In the event that the supplier does not have its own 8D form, you can use the one sent by EKIDE.

3.11.1. NON-QUALITY COSTS

When the supplier is responsible for any claim, both internal and external, generated by supplying defective products or services, all non-quality costs derived will be fully transferred thereto.

Any litigation derived from quality problems will be governed by what is established for this purpose in the General Purchase Conditions.

3.12. REQUEST FOR DEROGATION

When the supplier is not able to supply products according to the specifications and established processes, and provided that it does not affect the quality or functionality of the supplied product, it must inform the EKIDE Quality area of the problem, its causes and consequences, requesting a derogation of the affected product batch in writing, according to form P46.01D.

This derogation will be valid for a certain amount during pre-established dates. The Quality Technician will notify the supplier in writing, after the necessary analysis has been carried out, if the affected material is consumable.

3.13. DEVELOPMENT AND RECOGNITION OF SUPPLIERS

EKIDE continuously strives to offer high-quality products and services to its customers. These same principles oriented towards excellence in customer satisfaction and continuous improvement must be a goal that is shared with its suppliers. Suppliers are responsible for the conformity of their products and compliance with standards in their systems and processes, as well as for exhibiting an optimal level of performance that ensures competitiveness in a globalised environment. As such, EKIDE's policy aims to support the development of its suppliers as appropriate and acknowledge them for their sustained performance and continuous improvement. Supplier development involves a proactive approach to encouraging suppliers to successfully deploy continuous improvement efforts, which may range from simple feedback on supplier qualification reports (opportunities for improvement) to the joint launch and execution of complex projects.

Opportunities for development improvement can be identified to include, without limitation, technical problem solving, product development, quality, material and logistics methodology training, contingency planning, and optimised manufacturing.

3.14. CONTINGENCY PLANS

The supplier must have contingency plans in place to meet customer requirements in the event of an emergency such as production interruptions, labour shortages, key equipment failures, or returns.

3.15. PROPOSALS FOR TECHNICAL IMPROVEMENTS AND COST REDUCTION

As a fundamental part of the relationship with EKIDE, suppliers must direct their efforts in research, design, industrialisation, supply, etc. towards technical improvement and reducing the costs of the products supplied by continuously improving,

promoting modifications or improvements in its products or processes that allow it to maintain or improve its competitiveness within the sector.
These proposals must be addressed to EKIDE through the Purchasing Department and the corresponding technical departments.