Manual

EFACEC Supplier's Relationship Guidelines and Standards

01.000EFACEC-05010059-003-000-EN-00

Content

1. Goal

The purpose of this guide is to establish the requirements and procedures that suppliers must follow to ensure compliance with Efacec's quality standards.

Suppliers play a key role in the success of any business, as the backbone of the supply chain, ensuring that materials, products and services are delivered on time, meet quality standards, and are cost-effective.

By providing high-quality materials, products and services, good suppliers enable companies to produce superior products, meet customer demands, and foster innovation.

2. Scope

This manual is applicable to all Efacec's suppliers (materials, components and services).

3. Requirements

Efacec suppliers are expected to comply with the following requirements:

- Supplier Code of Conduct
- Efacec Sustainability Policy
- Anti-Corruption Policy
- General Conditions of Purchase
- Efacec's Logistics Requirements Manual
- Commitment to delivering defect-free products and in compliance with the agreed specifications
- Compliance with Standards and Regulations.

4. Main Steps

4.1 Becoming an Efacec Supplier: Registration and Qualification

The identification of potential suppliers who can meet a technical need or requirement of Efacec is followed by a preliminary consultation with the potential supplier to assess their ability to meet the requirements for the supply of the product/service.

When submitting the preliminary consultation, a set of information will be sent to characterize the potential scope of supply, as well as the following documents:

- Efacec's institutional presentation;
- Introduction to the Efasst Portal;
- NDA whenever applicable (which must be signed by the supplier).

Based on the results of the preliminary consultation and the preliminary risk assessment, if there is interest in going ahead with the request for qualification, the buyer asks the supplier to register on the qualification platform. The supplier receives a link, by email, that gives him access to a qualification form that he must fill in. The information requested depends on the type of qualification (normal or simplified), the scope of supply and other technical requirements defined in the specifications.

The new supplier must register in the following link., where some useful documents can also be found, such as the Registration Manual, a Quick Start Guide to the Supplier Platform and the Terms and Conditions for purchases.

Fill out all the mandatory fields in the questionnaire and submit the Efacec Registration Form.

Registration on the platform is considered complete only when the supplier has signed the following documents:

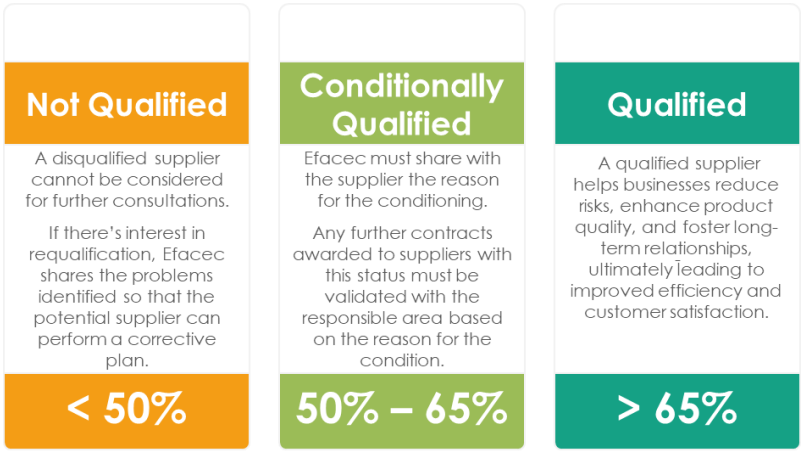
1. Validation Document (the template that will be available for download after the registration is completed)

2. NDA – Non-Disclosure Agreement (applicable whenever there is transmission of sensitive and confidential information to the supplier)

Efacec will review the questionnaire and will decide if any further actions are needed. In that case it will be proceed with additional clarification and risk mitigation actions, as well as assess audits, trial order or financial review.

The qualification of new suppliers is a process of prior assessment process of the risks associated with the supplier´s value chain and aims to ensure that the supplier will be able to provide the material/component or service in accordance with the requirements defined by Efacec. It covers the areas of Quality, Environment, Safety and Health Certifications, Legal Compliance, Ethics, Management System and Performance, Continuous Improvement, Product and Process development, Training and skills and Human Rights.

After collecting and analyzing all the information, Quality must issue a result on the qualification of the potential supplier. The result is defined by the score awarded to the answers given by the supplier on the qualification form and is subject to changes depending on other interactions with the supplier (e.g. audit, trial order and visits). The result has 3 possible outcomes:



The result is communicated to the supplier by the quality team and will be valid for 24 months after issuance.

Critical processes (like welding, painting, stamping, labelling, crimping, silver plating, electrical insulation with sleeve or using epoxy resin as raw material, impregnation, among others) or critical materials may be subject to a more in-depth evaluation through dedicated specific audits.

Determining the need for supplier audits should consider the following principles:

- Qualification of new suppliers, in particular suppliers considered as critical.
- Suppliers considered as critical and with a regular supply frequency.
- Suppliers with low performance or with responsibilities assigned to Non-Conformities, high severity complaints that jeopardizes the safety of the product or service or cause production stoppages or service interruptions for Efacec's customers.

4.2 Materials, Components and Services Specifications

The Purchase Order (PO) refers to the defined specifications if there are framework agreements or Efacec's technical specifications (e.g. drawings).

Whenever requested, the supplier must provide the following documentation: Technical Data Sheets, Certificates, Process Flow Diagram, PFMEA or DFMEA, RAMS, MTBF studies, Control Plan Dimensional Results, Approved material and/or material Performance Tests, Compliance with Reach, RoHs, REE, ESD standard requirements, as well as specific requirements.

Quality, Environmental and safety regulations must be complied with by service providers on our premises, according to the applicable national law. Before starting a service at any Efacec facility, suppliers must have a work authorisation issued by the Safety Department.

4.2.1 Serial Numbers and Certifications

It is very important for Efacec to be able to assure the full traceability of each critical item that it receives and to keep it registered in its system, so that it can then be associated with its products throughout Efacec's supply chain – from assembly tests to dispatch and commissioning processes. Efacec's suppliers are therefore asked to follow the Practical Guide to record the individual serial or batch numbers of their items, associating them with the corresponding purchase orders.
For items for which Conformity or Test Reports are requested, these must be shared at the latest when the product arrives at Efacec's premises.

4.2.2 Circular Economy

Efacec's commitment to the Circular Economy is always present in the way it uses energy and raw materials in the development and production of its products and solutions.

To contribute to the dissemination and implementation of the Circular Economy, Efacec can request suppliers to provide specific information about the products and raw materials they supply:

- Material composition of products or raw materials
- Weight of recycled/recyclable material content of the products or raw materials
- Other relevant information, such as the carbon footprint or equivalent, necessary for Efacec to carry out Life Cycle Analyses of its products and services.

4.3 Quality Control

Efacec defines the Quality Control Plan applicable to the material, product or service to be supplied.

Whenever Efacec considers it necessary, it may require the supplier to submit audit or product inspection reports issued by independent organizations.

Also, whenever considered necessary, Efacec may request raw material certificates and routine test certificates for materials and equipment used in the manufacture of the supplied products, at any stage of production. In addition, Efacec may inspect the manufacture of the products at any stage of their production at the Supplier's premises, and for this purpose must notify the Supplier of its intention 48 (forty-eight) hours in advance.

Upon request, the Supplier is obliged to make available to Efacec the Quality Control Plans it has implemented to comply with the specifications and requirements, which must be approved by Efacec. This Control and Quality Plan must extend to the tasks or products that the supplier subcontracts to third parties and which are incorporated into the product supplied to Efacec. A control plan consists of the type of inspections carried out, both on parts produced and on process parameters, and the extent of these controls, including sample size, periodicity, etc.

Efacec may ask the supplier for access to the quality control records for a particular batch or order, for example whenever defects are found in the deliveries made, and these must be made available by the supplier.

Efacec reserves the right to audit the supplier's quality system and processes and must give the supplier at least fifteen days' notice. Following these audits, the supplier must present to Efacec a corrective/preventive action plan within 20 days. Efacec may monitor the implementation of these actions by asking evidence from the supplier or visiting the supplier's premises.

Follow-up audits may be carried out; however, these do not currently affect the supplier's evaluation / score but can be a criterion for classifying or disqualifying a supplier.

Some of the conditions that justify a supplier audit are:

- Products/services repeatedly delivered with flaws or that generate frequent complaints.
- Non-compliance with legal requirements and/or code of conduct which ends up affecting people's safety.
- High costs due to rework, returns or penalties caused by the supplier.
- The need to requalify previously disqualified suppliers.
- Significant reduction in the evaluation of critical suppliers, even when maintaining qualification.
- Dependence on single suppliers for quality-critical items.
- Financial or delivery capacity risks that jeopardize the partnership.
- Changes in the supplier that could impact quality or delivery capacity.
- Checking the supplier's capacity to support production increases.
- Ensuring adequate supply for new products.
- Preparing the supplier to meet specific requirements in new markets.

There may also be reasons other than those mentioned above for carrying out a supplier audit.

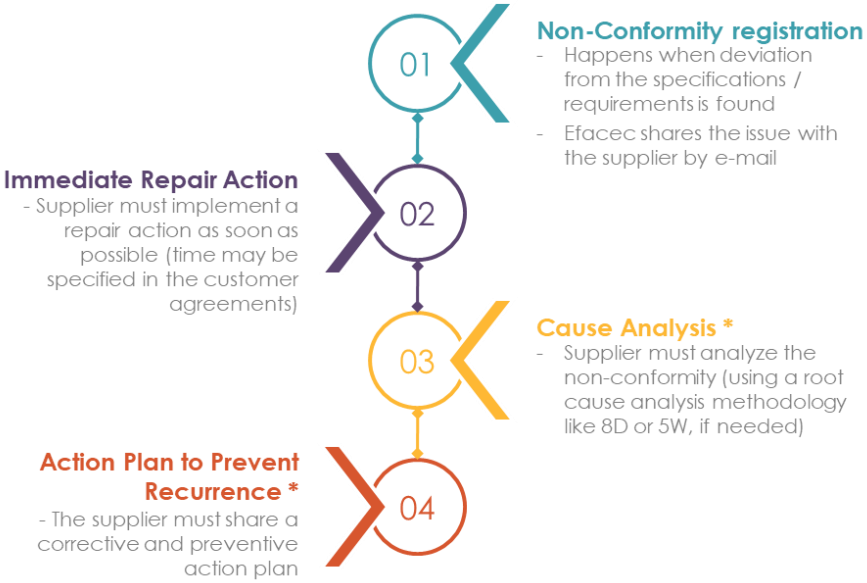
4.4 Management of Non-conformities

Whenever a deviation from the specifications / requirements is found, a non-conformity (NC) is issued to the supplier, which is shared by email.

It may be a deviation from the PO requirements or drawings, performance issue, dimensional, image, packaging material, labelling, quantities, handling, shipping, cleanliness, etc.

The supplier must implement a repair action as soon as possible (time may be specified in the customer agreements). In recurring situations and/or whenever required by Efacec, the supplier must perform a cause analysis (using a methodology like 8D or 5W, for example) as well as share a corrective and preventive action plan to avoid the situations from recurring.

When a non-conformity is detected in the supplier's process or product, the supplier shall inform Efacec immediately and must follow the same steps mentioned before.



* In recurring situations and/or whenever required by Efacec

4.4.1 Restoring the conformity of items

Whenever the Supplier is responsible for non-conformities in the products, it shall, within the period set by Efacec, fully repair or replace them, as determined by Efacec. The costs arising therefrom shall be the sole and exclusive responsibility of the Supplier, including any separation, disassembly, rework and/or transport costs.

In cases where the Supplier fails to make the necessary corrections to the products within the time limit set by Efacec, Efacec may use third parties to make such corrections, and the Supplier shall be liable for all costs and losses arising therefrom to Efacec.

In the event of rejection of parts that constitute part of a structure, do not affect the ability of the whole structure to be used in the progress of Efacec's assembly process, the supplier is obliged to assemble new parts into the structure when the faulty parts are replaced. This operation must take place at Efacec's premises within 3 working days. In cases to be agreed, this assembly may be carried out by Efacec, with the costs of assembly being assumed by the supplier.

In the case of items damaged by Efacec that are sent to the supplier for repair, the supplier undertakes to quote for their repair within 48 hours, and the repair period must be shorter (15 days, maximum) than the delivery period for a new part.

In some cases, due to the nature of the parts, the supplier may indicate to Efacec which items cannot be repaired because it is not economically viable to repair them. In these cases, Efacec will not request repair quotes from the supplier.

4.4.2 Cost Recovery

Suppliers must ensure proper and timely delivery of products, in accordance with the delivery schedules. Delay in the delivery of products may result in the application of penalties for delay. Products with defects or non-conformities will be considered as non-delivered, and non-delivery constitutes a breach of obligations (including deadlines). Therefore, these breaches for defects or non-conformities are subject to penalties for delay, without prejudice of Efacec's right to claim excess damage. Penalties may be applied for each day or week of delay, and for each type of product not delivered as scheduled.

Efacec reserves the right to offset any amounts regarding the application of penalties against future payments to be made to the supplier for other deliveries.

4.5 Supplier Performance

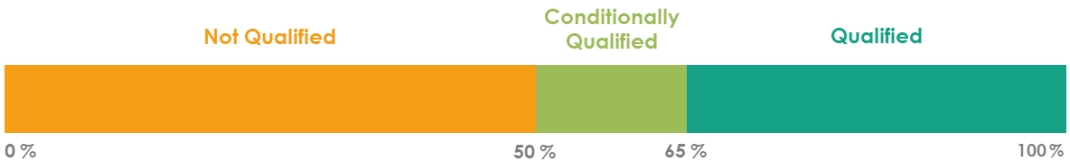
Once a Supplier is as a qualified supplier, monitoring of its performance shall be carried out regulary, as well as a periodic reassessment of its qualification status. Monitoring of compliance with the requirements may result in the termination of the contractual relationship between Efacec and the Supplier in the event of material non-compliance.

The criteria for evaluating suppliers are established by Efacec and currently take into account:

- OTR – On Time Receipt - Compliance with delivery deadlines
- Quality of supplies, including environmental and social requirements such as environment, ethics and anti-corruption, human rights including health, safety and working conditions at work.
- Competitiveness - price, negotiation gains, response to supply requests.

Efacec periodically produces measurement and monitoring reports regarding supplier evaluation and may request follow-up meetings.

All actions agreed in the supplier monitoring meetings between Efacec and the supplier must be duly ensured.
Supplier evaluation is continuous, and the annual results are communicated to suppliers. A supplier may be disqualified due to low performance or non-compliance to the Supplier Code of Conduct.



4.6 Continuous Improvement and Development

Whenever Efacec deems it appropriate, the following may be developed: Continuous Improvement Programs or Collaborative Projects for Improvement, namely Training programs.

Suppliers are encouraged to submit Suggestions for Improvement whenever they deem it appropriate.

4.7 Logistics and Delivery

The requirements for Packaging and Labelling and the Transport Procedures are described in Efacec's Logistics Requirements Manual.

4.8 Communication

Topics	**Contact**
Commercial and Contractual	efasst.support@efacec.com
Quality	QualidadeeSustentabilidade@efacec.com
Logistics	transporter_partner@efacec.com
Compliance	https://www.efacec.pt/en/efacec-ethics-line/

5. Attachments

5.1 Glossary and Acronyms

ACRONYM	DESCRIPTION
8D	8D is a structured problem-solving tool. It focuses on the eight disciplines that are needed to solve a problem. The steps in the 8D problem solving process are define the problem, build a team, initiate containment action, determine the root cause, verify the root cause, corrective action, preventive actions, and verification of the effectiveness of actions, congratulate the team.
5W	The 5W is a questioning approach and a problem-solving method that answers all the basic elements within a problem which are what, who, when, where and why. It aims to view ideas from various perspectives and gain an in-depth understanding of a specific situation.
DFMEA	Design Failure Mode and Effects Analysis is the application of the Failure Mode and Effects Analysis method (see FMEA below) specifically to product design
ESD	Electrostatic Discharge (ESD) is the sudden flow of electricity between two electrically charged objects due to contact, an electrical short, or dielectric breakdown. ESD standards help assure consistency of ESD sensitive items and control products and services
FMEA	Failure Mode and Effects Analysis (FMEA) is a methodology designed to identify potential failure modes for a product or process, to assess the risk associated with those failure modes, to rank the issues in terms of importance, and to identify and carry out corrective actions to address the most serious concerns. See also: Design Failure Mode and Effects Analysis, as well as: Process Failure Mode and Effects Analysis
MTBF	Mean time between failure (MTBF) is a measure of the reliability of a system or component. It's a crucial element of maintenance management, representing the average time that a system or component will operate before it fails.
NC	A non-conformity is the non-fulfillment of a requirement
NDA	Non-disclosure Agreement
OTR	On Time Receipt
PFMEA	Process Failure Mode and Effect Analysis is the application of the Failure Mode and Effects Analysis method (see FMEA above) specifically to manufacturing and assembly process
PO	Purchase Order
RAMS	RAMS (Reliability, Availability, Maintainability and Safety) are a set of tools that make it possible to ensure that a product, process or system fulfils the mission for which it was designed, all under the conditions of reliability, maintainability, availability and well-defined safety.
RoHS	Restriction of Hazardous Substances
WEEE	The Waste Electrical and Electronic Equipment Directive (WEEE) is a European Community Directive, numbered 2012/19/EU, concerned with waste electrical and electronic equipment.

6. Revision History

VERSION	DATE	REVIEW DESCRIPTION	ISSUED BY	APPROVED BY
00	2025-03-24	Emission	Cristina Godinho	Paulo Vaz