



# Suppliers Purchasing Agreement



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## Introducción

The Supplier's Purchasing Agreement of HJ GARAY CORPORACION INDUSTRIAL is the document by which the suppliers of the companies of the GARAY GROUP (Hijos de Juan Garay S.A.U., GaraySlovakia s.r.o. and Garay Componentes Tubulares S.A de C.V.) are notified of the general requirements of the products and services that the companies of the GARAY GROUP demand, in addition to the associated management system requirements that we look for in our suppliers and their orientation towards the improvement of sustainability.

It is a guide and a basis for professional relations between the GARAY GROUP and its suppliers.

Compliance with the requirements set out in this manual is essential and mandatory. Requirements vary according to the range of products/services requested (see page 4).

The validity of this agreement remains valid until the GARAY GROUP modifies and communicates new requirements to its suppliers.



The companies that make up the GARAY GROUP are:

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**Garay Slovakia, s.r.o.**

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# 1. General requirements

## 1.1. General Terms and Conditions

In order to ensure SAFETY, respect for the ENVIRONMENT, QUALITY, SERVICE and INFORMATION SECURITY throughout the supply chain, the Supplier shall ensure that its organisation guarantees compliance with the terms and conditions set out in this document.

The Supplier is obliged to maintain a management system that ensures compliance with the above requirements, and must also provide proof of the existence of its management systems by presenting its relevant certifications, otherwise the GARAY GROUP reserves the right to audit the system.

Suppliers must ensure that their sub-suppliers, if any, comply with the requirements indicated by the GARAY GROUP. If the sub-suppliers do not have a Quality Management System, the Supplier shall ensure the quality of its suppliers' products with its own measures by increasing the effort during incoming inspection and testing.

## 1.2. Supplier selection and homologation

New suppliers will be examined by means of a selection process for which all possible information on the supplier will be gathered (management systems in place, technology, resources, production capacity, etc.) in order to subsequently carry out a risk assessment in terms of product conformity and ability to ensure its uninterrupted supply. In some cases, a self-assessment will even be carried out to measure the maturity of their management systems.

Once these supplier accreditation phases have been completed, the product accreditation processes are carried out. If the result of these is adequate, the supplier is considered approved for the product and serial orders will begin.

## 1.3. Official language of communications

All communications will be in English or Spanish, unless otherwise requested by the receiving GARAY GROUP plant.

Unless otherwise specified by the GARAY GROUP, documents including PPAP and APQP documents shall be drafted in English and/or Spanish. In addition, they may include the native language of the Supplier or of the GARAY GROUP's receiving plant, if common to both.

## 1.4. Continuous improvement

The Supplier shall reflect its commitment to continuous improvement by implementing this philosophy and ensuring an ongoing review of all its management systems. It should include both strategic elements and operational tools, such as the review of objectives and results.

## 1.5. Supplier audits

The GARAY GROUP reserves the right to conduct audits relating to the supplier, if necessary even in the presence of the GARAY CUSTOMER, in order to verify the supplier's management system. The audits will be announced and will focus on those areas relevant to the GARAY GROUP.

# 2. Sustainability requirements

In order to meet its commitment to sustainable management throughout the value chain, Garay expects its suppliers and partners to comply with the following basic principles of action.

## 2.1. Principle of respect for legislation, ethics and compliance

Safety, health and environmental aspects are an absolute priority for the GARAY GROUP, both in the internal processes of the GARAY GROUP and those carried out in its own facilities.

The GARAY GROUP requires all suppliers to comply at all times with applicable legislation, whether international, national or local. Where Garay's requirements exceed those of applicable laws, those requested by Garay should be applied.

The GARAY GROUP expects its suppliers to ensure compliance with all conventions of the United Nations and of the Organisation for Economic Co-operation and Development.

The GARAY GROUP does not accept any preferential treatment in its business transactions or inappropriate advantages for its employees or related parties.

The GARAY GROUP's Code of Ethics and of Legal Compliance is the reference framework that establishes the Rules of Conduct for all the company's professionals and collaborators. Suppliers providing services to the GARAY GROUP are required to apply and comply with the Rules of Conduct described in the said Code. To this end, the supplier must implement and properly manage adequate and effective internal control and compliance systems.

All documents, codes, specifications, know-how or ideas marked as "confidential" must be kept private between GARAY GROUP and the Supplier.

The supplier must have and comply with the legislation and legal requirements regarding the prevention of occupational hazards, environmental protection and those provisions that affect their activities and products, applicable in the country of manufacture, country of delivery and countries of marketing by the Customer of the product delivered in accordance with the specifications contained in the order.

When required by GARAY GROUP, the Supplier must submit proof of legal compliance. In the event that sufficient evidence of legal compliance is not available, GRUPO GARAY reserves the right to carry out monitoring, inspections, capacity studies or tests and audits after prior notification to the Supplier.

In products affected by special characteristics in terms of health and safety legislation, the Supplier must identify, communicate and highlight these characteristics in the documentation, records and phases of the process that may affect GRUPO GARAY or, where appropriate, its end Customer.

When the final Customer of GRUPO GARAY has special controls for certain products with respect to applicable legislation or legal requirements, this information shall be transmitted to the Supplier to ensure compliance.

## 2.2. Principles of respect for people

### 2.2.1. Human rights

GARAY GROUP expects its suppliers to work to support and respect the protection of Human Rights in accordance with the United Nations Universal Declaration of Human Rights, the Core Conventions of the International Labour Organisation (ILO) and the UN Guiding Principles on Business and Human Rights.

This implies that suppliers:

- Prohibit forced labour and mistreatment of their employees. This includes the prohibition of any trafficking of human beings
- Ensure the absence of child labour
- Allocate a living wage sufficient to meet the basic needs of their employees and ensure compliance with the regulations in force in the countries where they operate
- Ensure that working hours are not excessive and that maximum working hours comply with national legislation
- Respect the freedom of association of their employees

GARAY GROUP expects the supplier to have a defined policy and process in place to ensure that, in no part of its supply chain, or its own business, does slave labour or human trafficking exist.

At the request of GARAY GROUP, suppliers shall report on the measures they have taken to ensure that their operations and supply chain are free of slave labour and human trafficking, and the progress of such measures.

### 2.2.2. Health and Safety

GARAY GROUP considers health and safety a pillar in its management and encourages its suppliers to show a voluntary commitment to health and safety management.

The supplier shall provide a working environment that ensures respect for the safety, health and well-being of its employees, taking into consideration local, national and international standards and in accordance with the specific hazards/risks of each activity.

Suppliers must actively comply with the SAFETY regulations applicable to their activities and countries, and are expected to actively engage with health and safety concerns. GARAY GROUP recommends the certification of their management system according to the ISO 45001 standard or equivalent, both for its own activities and those of its suppliers.

In the event of not having a health and safety management system according to the ISO 45001 standard or equivalent, GARAY GROUP may request from the Supplier the result of the last statutory prevention audit (where applicable). If this requirement does not apply, the latest report on the degree of integration of safety and health into the company's management system shall be requested.

Subcontractors providing services to GARAY GROUP companies must work in accordance with the safety requirements of each of the plants and the safety regulations applicable in each country.

### **2.2.3. Diversity, inclusion and non-discrimination**

The supplier must undertake to treat all employees fairly and to not discriminate them on the basis of race, gender, age, language, religion, disability, sexual orientation, opinion, origin, economic status, birth, trade union membership or any other personal or social status or circumstance.

The supplier shall promote diversity and equal opportunities through measures that foster work-life balance and the integration of groups at risk of exclusion, guaranteeing equal opportunities among its employees.

### **2.2.4. Conflict minerals**

The supplier undertakes to identify with appropriate measures and due diligence when the supplied products, components, parts or materials contain minerals (tin, tantalum, gold and tungsten) are sourced from conflict areas.

## **2.3. Principles of respect for the environment**

### **2.3.1. Environmental legislation**

GARAY GROUP maintains a strong commitment to environmental protection and the transition towards a low carbon economy and works actively to minimise the environmental impact of its value chain. To this end, the supplier shall at all times act in compliance with international, national or local environmental legislation, particularly with regard to emissions, energy, waste, resource consumption or hazardous substances.

### **2.3.2. Environmental policy and management**

GARAY GROUP is committed to protecting the environment and encourages its suppliers to show a voluntary commitment to an environmental management system and to measures that minimise the impact generated in the performance of their activity.

We therefore expect our suppliers to become actively involved in optimising the environmental management of their plants and processes by establishing management systems based on ISO 14001 or an equivalent standard. This does not release the Supplier from complying with all applicable laws in the country in which the latter offers its services.

Order and cleanliness are important aspects that GARAY GROUP requires from suppliers who provide a service within its facilities. The Supplier shall follow the basic principles of cleanliness at the work site during its activity.

In the case of suppliers classified as environmental, if they do not have a certified environmental management system, GARAY GROUP will send a questionnaire related to the most significant environmental aspects regarding the Supplier, including activities aimed at guaranteeing the activity in terms of sustainability and the possibility of reducing the environmental impact generated by the production of the product supplied to the GARAY GROUP.



In addition, a planning for the implementation of a certified environmental management system will be requested within a period of time to be defined with GARAY GROUP according to the circumstances and characteristics of each Supplier.

### 2.3.3. Climate change

The supplier, if required by GARAY GROUP, will implement measures to minimise the impact on climate change derived from its activity, considering in this analysis the entire value chain (scopes 1, 2 and 3 of its greenhouse gas emissions). In so far as possible, it will work to reduce its greenhouse gas emissions, defining reduction targets that will desirably be based on science. It will also respond to requests from GARAY GROUP for information on greenhouse gas emissions and energy consumption corresponding to the products and services it provides to the Group.

### 2.3.4. Eco-design

The supplier shall endeavour to apply the precautionary principle so as to minimise the potential environmental impact of its activity. In doing so, it will take into consideration the entire life cycle while avoiding environmental pollution.

The supplier, as far as possible and in the context of the commercial relationship with the GARAY GROUP, will offer products and services based on eco-design practices, which take into account, among others, energy consumption or the incorporation of less polluting materials.

### 2.3.5. Waste

The supplier undertakes to reduce, whenever possible, the generation of waste, to separate waste at source in order to guarantee its traceability and facilitate its subsequent management and to manage it through an authorised waste manager in compliance with the requirements set out in current legislation.

Environmental subcontractors providing services to GARAY GROUP companies must work in accordance with the environmental requirements of each of the plants and the safety regulations applicable in each country.

They will be provided with a specific appendix on environmental matters which reflects the most relevant aspects they will have to comply with (the waste they will generate, the expected impacts, and the basic rules for waste management: avoidance of spillage, segregation, information, etc.) while operating at the plant.

### 2.3.6. Guidelines for Wrapping and Packaging

The supplier shall undertake to ship its products using a packaging and/or wrapping system with the following characteristics:

- Reduce the impact of packaging and wrapping: material shall be provided that complies with the regulations in terms of toxicity and condition of the material.

- Reduce the amount of packaging and wrapping: alternatives with the lowest possible weight and volume shall be studied.
- Reuse the packaging and wrapping: material shall be provided enabling its subsequent use in a circular economy programme. If subsequent re-use is impossible, the recyclability of the material must be proven.

In order to fulfil these aspects, the supplier may be asked to provide information on the type of packaging and/or wrapping used for the GARAY GROUP, including the reasoning behind the guidelines indicated, the composition, weight and options for reuse/recycling.

### 2.3.7. Hazardous substances and products

The supplier shall comply with all laws, regulations and requirements regarding the prohibition or restriction of specific substances. Hazardous chemicals and other materials contained in products, especially those listed as Substances of Very High Concern under REACH, must be identified and managed to ensure their safe use, recycling or reuse and disposal. Their use should be avoided, and where this is not possible, minimised, always in compliance with the provisions of said Regulation. The supplier also undertakes to manufacture and supply the products in accordance with the latest version of Directive 2011/65/EU (RoHS) (Restriction of the use of certain Hazardous Substances).

The Supplier shall ensure that all chemicals brought onto GARAY's premises as defined in the applicable legislation are adequately labelled, shipped in the appropriate containers and accompanied by SDS (Safety Data Sheets).

If requested, the supplier undertakes to provide GARAY with certificates guaranteeing compliance with the various regulations listed above.

## 3. Requirements for Purchases and Supplies

### 3.1. General conditions of purchase

The General Conditions of Purchase of the GARAY GROUP consist of:

- Suppliers Purchasing Agreement.
- Product/service specific purchase specifications, if any.
- Contracts, if any.

The fact that the Supplier submits its offer, confirms an ORDER, or begins to execute it, implies knowledge and acceptance, without reservation, of these general conditions.

## 3.2. Purchasing specifications

GARAY GROUP has developed specific purchasing specifications for the following product families:

- Raw materials
- Process outsourcing.
- Packaging
- Safety elements
- Machinery

Prior to supplier development, suppliers must accept, sign and stamp these prior to requesting approval, and are obliged to follow and comply with them.

## 3.3. Purchase orders

Both GARAY GROUP and the Supplier agree to acknowledge as valid orders only those placed by the GARAY GROUP Purchasing Department.

Any price quoted in the order is considered to be a firm, fixed price and not subject to revision.

The Supplier shall not modify, under any circumstances, the conditions of supply, in particular by changing the components, materials, the process(es) used for this purpose, the place of manufacture, the price, the delivery conditions, or any other conditions that the parties have previously agreed to in the order without the prior written consent of GARAY GROUP.

Dates and deadlines are of an essential nature for all intent and purposes. The parties agree that these deadlines have been established taking into consideration the risks inherent in their activities and consequences.

Invoicing conditions shall be as follows:

- Invoices must meet the requirements of applicable legislation.
- They must include the following: the order number, the item/service number.
- Invoices will be sent by e-mail to the addresses indicated in the orders.
- The amount shown on the invoices must match the amount agreed in the order.
- The date of payment shall be the date previously agreed between GARAY GROUP and the Supplier.

The Supplier undertakes to inform GARAY GROUP immediately of any situation that may arise which may jeopardise compliance with the delivery terms and conditions established in the order. It shall also be obliged to adopt the relevant corrective measures to minimise the risk, maintaining GARAY GROUP informed at all times.

### 3.4. Packaging and identification

The materials shall be packaged, loaded and transported by the Supplier to the place of destination as indicated and in all cases in compliance with the applicable regulations in force.

The materials shall be packaged by the Supplier in a manner that allows for safe handling, transport and storage. Containers shall be of a strength commensurate with the size, type and weight of the items contained therein and shall adequately protect them against atmospheric agents, corrosion, extreme temperatures, theft and abuse, so that in no case may carriers or insurers use insufficient or poor quality packaging excuses to avoid fulfilling their obligations.

Hazardous materials shall be packaged separately and in accordance with international hazardous goods transport regulations.

### 3.5. Transfer of ownership and risks

The Supplier shall bear all risks of loss and/or deterioration of the materials until they are delivered in accordance with the order and accepted by GARAY GROUP.

The transfer of ownership of the products will take place when they are delivered in accordance with the order and accepted by GARAY GROUP.

### 3.6. Reporting obligations

The Supplier must contact the GARAY GROUP companies in the event of any deviation from the requirements of this document, or in the event of any change in the production process.

The Supplier is obliged to provide at least 9 months' notice in the event of changes to the requirements agreed to with GARAY GROUP.

In addition, the Supplier must obtain the written approval of GARAY GROUP prior to implementing changes relating to certain aspects such as: product, packaging, production methods, equipment, processes and materials, subcontractors, testing and production sites.

### 3.7. Reception of materials

All raw materials supplied to GARAY GROUP undergo a reception process to guarantee their suitability. An administrative reception of the material (documentary check: delivery note and certificate) shall always be conducted.

The companies of the GARAY GROUP will decide in each case on the qualitative receptions to be carried out based on different criteria such as the criticality of the supply, special characteristics and the quality level of the Supplier:

- Inspection of 100% of the material
- Sampling
- Non-performance of inspection (concerted quality)

Failure to carry out an incoming inspection shall not mean that the lot supplied complies with the specifications. The Supplier is responsible for any defects that are detected in any inspection or during the processes carried out by GARAY GROUP or its customers.

### 3.8. Contingency plans

Suppliers must identify and assess the internal and external risks of all manufacturing processes and infrastructure equipment that are essential to maintain production performance and ensure that GARAY GROUP requirements are met. Suppliers are required to regularly review and update their contingency plans, at least annually.

Suppliers shall make their contingency plans available to GARAY GROUP companies.

In the event of any incident that may affect the services provided to GARAY GROUP companies, the Supplier must inform the latter immediately.

### 3.9. Product and civil liability insurance

Suppliers that supply products to GARAY GROUP must have insurance policies that cover such products against the costs derived from the non-conformity of the product (stoppages of production lines, damages caused by non-conforming material, etc.).

Transport providers and logistics operators shall take out insurance policies against material damage and civil liability, so as to cover possible damages that may arise during the provision of the contracted services.

Subcontractors who carry out on-site work at the premises of GARAY GROUP companies must have taken out insurance policies against material damage and civil liability, so that they are covered for any possible damage that may be caused by their personnel in the performance of their services.

### 3.10. Claims, charges and refunds

The Supplier must assume liability for delivering all products or materials as described in the order and in the specification document agreed to with GARAY GROUP.

In the event of any deviation, GARAY GROUP may submit a complaint to the Supplier, which will be resolved using the 8D problem resolution tool. The Supplier may use its own 8D formats, or use the format provided by GARAY GROUP.

A quick response from the Supplier to complaints is necessary, for which the Supplier is required to report in an 8D format on containment actions (3D) within a maximum of 48 hours and on root cause analysis and corrective actions (5D) within a maximum of 5 days.

All additional costs related to such deviation will be forwarded to the Supplier for compensation.

In the event of repetitive or serious incidents, GARAY GROUP may implement the escalation process.

The Supplier must assume responsibility for withdrawing, within a maximum period of 15 days, the materials that do not comply with the GARAY GROUP's Purchasing Specifications and regarding which the supplier has been informed through the ordinary complaints channel. If the material is not removed within this period, Garay reserves the right to scrap the material or to transfer charges for storage of the materials.

### 3.11. Supplier evaluation and monitoring. Escalation

The GARAY GROUP monitors the suppliers monthly and provides them with reports:

- Every semester for suppliers of raw materials and subcontracted steel.
- Annually for suppliers of raw materials and subcontracted brass, as well as for providers of safety, environmental, and information systems services.

The evaluation considers the following parameters:

- For steel raw material and subcontracted suppliers. Quality index, service index, and the presence or absence of Quality, Safety, and Environmental Management Systems are taken into account.
- For safety providers. Quality and service indices are measured, as well as the presence or absence of safety management systems.
- For environmental and safety providers. Quality and service indices are measured, as well as the presence or absence of environmental management systems.

The three possible scenarios of the evaluation are:

Score	Supplier clasification
90% - 100%	A
80% - 89,99%	B
< 80%	C

- Grade A. This is the objective set for all suppliers.
- Grade B. The supplier shall notify Garay of which action plans are in the process of being implemented or will be implemented in order to return to Grade A.
- Grade C. The supplier enters the escalation process.

Depending on the criticality of the product/service supplied, GARAY GROUP will determine the level of escalation to be applied in each situation.

GARAY GROUP reserves the right to carry out audits of the VDA 6.3 process on the Supplier, which will be communicated sufficiently in advance. The Supplier shall implement corrective actions for non-conformities detected in these audits and shall verify the effectiveness of these actions.

## 4. Quality requirements

### 4.1. The Supplier's quality management system

The Supplier shall maintain a quality management system at least certified in accordance with ISO 9001 by means of a third party audit and accredited body.

Raw material and subcontracting suppliers to the Tubes and Automotive Components Divisions must implement a quality management system following the IATF 16949 standard and be certified by an accredited certification authority. The Supplier that does not have the certificate must develop its quality system until it obtains the IATF 16949 certification according to the steps stipulated in point 8.4.2.3 of the standard itself, informing the Purchasing Department of GRUPO GARAY of the progress in a timely manner. The Supplier shall submit to GARAY GROUP proof of certification updates (renewed certificate or terminated certificate). The Supplier shall inform GARAY GROUP immediately in the event that the certificate:

- Has been revoked.
- Has expired without successful recertification.
- Has been temporarily suspended.

If recertification is not planned, the Supplier shall inform GARAY GROUP at least 3 months prior to the expiry date.

The Supplier shall ensure that GARAY GROUP requirements are defined, established, maintained and reviewed for relevant functions, processes and levels throughout its organisation.

### 4.2. Total quality and 100% service fulfilment

In the context of quality planning, the Supplier is expected to develop:

- A zero-defect strategy by carrying out all necessary actions to achieve this goal, through advanced quality planning, implementation in production, re-qualifications and continuous improvement process. The Supplier shall show GARAY GROUP all planned and developed actions upon request.
- A delivery strategy with 100% compliance.
- Deliver its products free of defects:
  - They are of the agreed quality.

- They are suitable for the use specified in the contract.
- They are suitable for regular use and are of the quality that Garay expects of this product type.

The Supplier should always take a preventive approach, rather than focusing on detecting errors.

In the event of a complaint, Garay requires a response using the 8D and 5W methodology, and the supplier is obliged to answer the D3 within 48 hours, and the 8D within 15 days.

If necessary, Garay reserves the right to have the samples claimed analysed by an external laboratory, the results of which shall be accepted by both parties, at the supplier's expense.

### 4.3.Product safety

Safety and product liability are very important concepts in the automotive industry. The Supplier has a product liability for its products and processes, including products and processes of its sub-suppliers, which GARAY GROUP uses to manufacture its end products. Consequently, in order to avoid product liability risks, the Supplier must make every effort to ensure product safety, in terms of organisational and technical issues.

The Supplier must have a procedure in place to manage products and production processes considered as safety-related, as defined in point 4.4.1.2 of IATF 16949. Furthermore, the Supplier must define a Product Safety and Compliance Representative (PSCR) at each production site, and their contact details must be provided to GARAY GROUP.

These requirements must also be passed on to all sub-suppliers in the supply chain.

### 4.4.Inspection and testing

The Supplier must guarantee the quality requirements of all products delivered to GARAY GROUP. The Supplier is responsible for the inspection of the characteristics specified by GARAY GROUP.

The results of inspections and tests of all products and/or specifications of delivered material must be available for review by GARAY GROUP in accordance with point 7.5.3.2.1 of the IATF standard in relation to record keeping.

### 4.5.Contract - documentation review. Special characteristics

The Supplier is obliged to review all technical documents delivered by GARAY GROUP, regarding which the Supplier must immediately report any discrepancies or errors found and any missing information must be requested immediately.

If the Supplier is unable to comply with the specifications or other obligations, the Supplier is obliged to immediately inform GARAY GROUP and to provide all information necessary for the assessment of the situation.



The Supplier shall disseminate all applicable requirements throughout the supply chain.

Special attention must be paid to special characteristics, as any deviation may affect product safety, function, assembly or their subsequent operation by the customer. The Supplier shall implement processes that are capable of monitoring and detecting deviations from the special characteristics.

These characteristics are defined with the symbols (critical characteristic) or ♦ (significant characteristic) by GARAY GROUP. The Supplier must comply with GARAY GROUP's specific requirements for designation, approval documentation and control of special characteristics.

#### 4.6. Advanced Product Quality Planning (APQP)

The Supplier shall carry out Advanced Product Quality Planning (APQP) activities for new product development to ensure quality, cost, performance and time objectives. GARAY GROUP may require periodic information on the status of the Supplier during this phase.

Prior to the APQP, a feasibility study must be carried out, which takes into consideration the specific customer requirements (CSRs) that may exist in each case. These requirements shall be communicated to the Supplier through the relevant Purchasing or Engineering department.

A process FMEA should also be included, analysing the risks of each production process. The Supplier shall prioritise risks and implement actions, always considering Lessons Learned from similar projects.

#### 4.7. Process documentation. Initial samples. Re-qualification

The Supplier shall maintain records evidencing compliance with the quality management system, including: drawings/specifications; PPAP documentation and re-qualification tests; process development and production records, with an obligation to keep these records for at least 20 years following completion of the project.

The Supplier shall define its manufacturing process and will document it, developing a complete PPAP submission for product/process approval. The samples shall be manufactured with the process defined for mass production, and shall be sent to GARAY GROUP identified as "Initial Samples". GARAY GROUP will define the PPAP level in each case (for new products, if no other level is specified, level 3 will be required). The need to produce initial samples and submit PPAP documentation will be at the initiative of GARAY GROUP. Once the process is approved, the manufacturing process will be maintained at all times.

At the launch of any project, the Supplier shall perform special monitoring to ensure that the process is robust and does not produce defective product, as well as to ensure the quality of the first deliveries (Safe Launch). The duration of this Safe Launch period shall be agreed with the Supplier, and the records to be sent by the Supplier to GARAY GROUP for each shipment of material shall be defined.

The Supplier shall include in the PPAP evidence that the manufacturing process has the required production capacity to meet the demand contracted by GARAY GROUP. This point will be evidenced by a Run@Rate carried out under standard conditions, in a real test with a duration to be defined with GARAY GROUP. GARAY GROUP reserves the right to hold a Run@Rate at the Supplier's premises if deemed necessary.

The Supplier must perform re-qualification tests for its products once a year and send the results to GARAY GROUP. The re-qualification must contain a full assessment of all characteristics of the products to be delivered according to the specifications. The type, scope and documentation of the re-qualification test should be defined in the control plan.

#### 4.8.Process changes. Deviations

If the Supplier needs to modify the manufacturing process (raw material, specifications, manufacturing location, process), the Supplier is obliged to inform GARAY GROUP with sufficient advance notice, formally requesting a change of process.

The Supplier and GARAY GROUP will jointly assess the opportunities and risks of these changes, and if modifications are accepted, the Supplier will prepare a new PPAP submission for release by GARAY GROUP.

In the event of occasional deviations from the conditions or specifications set, suppliers shall request, in writing, a deviation (or concession) before sending the non-conforming material to GARAY GROUP. Material shipped with an approved deviation must be clearly identified on the product and labelled with the deviation number.

#### 4.9.Statistical process control

The Supplier is obliged to monitor and document the manufacturing process using suitable methods so that the process capabilities of special characteristics can be verified at any time during the entire production period.

Critical characteristics ( )  $\rightarrow Cpk \geq 1.67$

Significant characteristics (♦)  $\rightarrow Cpk \geq 1.33$

If process capability is not provided, the process must be 100% controlled. If this is not possible (e.g. in cases where only destructive testing is possible), the parameters controlling the processes should be clearly identified by statistical test planning and shown as control parameters. After defining and documenting the parameters of the process

intervention, the process must be controlled using these parameters (SPC).

However, the use of preventive methods (Poka-Yoke) is recommended, and is considered mandatory for failure modes that may affect critical characteristics.

#### 4.10. Traceability

The Supplier shall ensure traceability of the products and a complete quality check of all materials, manufacturing processes and products (it is advised that the parts be marked individually, where applicable). Traceability must be configured in such a way that, upon the occurrence of a defect, the manufacturer, the manufacturing batch, the manufacturing line and the original batch can be identified.

The Supplier shall implement the FIFO inventory management system to ensure inventory rotations of raw materials, in-process product and finished goods.

#### 4.11. IMDS

The Supplier is obliged to enter the data of the production material to be supplied into the International Material Data System ([www.mdssystem.com](http://www.mdssystem.com)) at the PPAP stage, at latest at the time of delivery of initial samples, and thereafter to keep the data up to date. GARAY GROUP reviews and approves the material data entry as a further condition for approval of the PPAP.

## 5. Information Security Requirements

In the case of suppliers providing specific information security services, they shall be certified according to ISO 27001, TISAX or equivalent.

For all other suppliers, they must maintain an Information Security Management System and if their system is not certified by a competent body, it must at least guarantee the security measures indicated in the following points.

### 5.1. Confidentiality

All information that may be disclosed in writing, by word of mouth or by any other means or medium exchanged between the two companies shall be considered confidential information and, therefore, the commitments to be fulfilled with this information are as follows:

1. Use such information in a confidential manner and restrict access to the information to any unauthorised person.
2. Not disclose or communicate information, technical or otherwise, provided or found as a result of the relationship between the two parties.
3. Prevent the copying or disclosure of such information to third parties, unless there is express approval to do so.
4. Not use the information or parts thereof for purposes other than the performance of the relationship between the parties.

## 5.2.Information access control

The Supplier ensures that it uses access control mechanisms that:

- Prevent unauthorised access to the data.
- Limit access to the employees they require such access for the performance of their work activity.
- Apply the principle of least privilege, allowing access only to such information and resources as is necessary for this Contract.
- It has the ability to detect, log and report access to the System or network or attempts to breach the security of the System or network.

## 5.3.Access to computer systems managed by GRUPO GARAY

The Supplier who, in the performance of its tasks and competences, accesses the information systems of GARAY GROUP, shall have an access that identifies the former and a password that allows the Supplier to be authenticated as a user with authorised access to the information systems. In this case, the supplier must undertake to:

- Not share this username and password, as it is personal and non-transferable.
- Not store it on paper, e-mail or any other system that stores information in plain text.
- Each user shall be responsible for the confidentiality of their password and, in the event that it becomes known accidentally or fraudulently by unauthorised persons, they must notify this as an incident and proceed immediately to change it.
- In the event of the absence of the person who holds the access and password, temporary access shall be granted to the person who replaces the former in their duties.

## 5.4.Contingency plan

The Supplier shall have a contingency plan for the information systems, which guarantees the continuity of the business after a serious information security incident and the information can be recovered in a period of time that does not seriously affect the activity of GARAY GROUP.

## 5.5.Notifications regarding information security incidents

The Supplier shall notify, as soon as possible, all incidences and incidents that may endanger the GARAY GROUP's information.

## 5.6.Data protection

In compliance with current legislation on data protection, the parties to this contract are informed that their personal data will be processed by both parties, as data controllers, for the purpose of managing this contractual relationship, based on the execution of the contract. The personal data of the intervening parties will not be passed on to third parties, unless legally obliged to do so, and will be kept, duly blocked, for the duration of the contract and thereafter until the expiry of the statute of limitations for legal liabilities. The intervening parties may exercise their data protection rights by sending a written request to the address indicated in the heading of the contract. In the event that they feel that their rights have not been adequately addressed, they may lodge a complaint with the Supervisory Authority.

## **6. Supplier's signature / comments**

Supplier's Name:	
Date, Signature and Stamp	
Comments:	