

1 INTRODUCTION

Nitator is a full-service supplier of sheet metal components to customers with very high demands of sustainability, quality, environmental awareness, delivery precision and flexibility.

Nitator's guidelines and requirements are based on :

- Customers specific requirements
- the latest version of ISO 9001, IATF 16949 and ISO 14001
- Nitator management system

These requirements and guidelines are integrated with and apply to Nitator's orders and enquiries. However, this document does not reduce or replace the specific requirements agreed upon for the product. It is an addition for our suppliers, to present and make our expectations understood.

1.1 Requirements

The purpose of this document is to outline Nitator's requirements to the supplier as our business partner, regarding deliveries of products, material and services.

The supplier is responsible for keeping up to date with the correct release of this document. The latest version is available for download under "Quality & Environment" at www.nitator.se. The recent changes made in this document are shaded in gray.

Nitator hereby requires the supplier to:

- Deliver the ordered quantity of product with no quality issues by the requested date.
- Nitator requires SUPPLIER to adhere to the requirements listed in Nitator's [Code of Conduct](#).
- Manufacturing suppliers of production materials are certified according to ISO 9001, IATF 16949 and ISO 14001. Cases in which the supplier does not meet this requirement will only be accepted with the customer's authorization.
- If the supplier's certificate (ISO 9001, ISO14001, IATF 16949) becomes invalid, Nitator must be notified immediately. It is the supplier's responsibility to keep themselves updated to the latest valid standards at all times and send up-to-date copies of its ISO 9001, IATF 16949, ISO 14001 to Nitator purchasing dep.
- Appointment of the product safety and compliance representative - PSCR. It is mandatory to conduct training to meet this requirement with sending a certificate to Nitator for the responsible PSCR. Any organizational changes impacting PSCR must be communicated to Nitator.
- For new suppliers, the Potential Audit is performed, based on Process Audit VDA 6.3.
- Comply with Customer-specific requirements sent by mail. Scania customer specific requirements are available for supplier and supply-chain at www.vwgrouppsupply.com (registration required).
- Comply with all applicable laws and regulations.
- Immediately notify Nitator when delivery and/or quality issues arise.
- Delivery/forecast communication is done via EDI.
Exceptions may be permitted by separate agreement.
Deviations are communicated via email or telephone.

Conflict minerals

Illegal mining and trade of certain raw material in the Democratic Republic of Kongo and its adjacent countries is recognised as contributing to significant violations of human rights, pollution and to the financing of violent conflicts in the region. The Dodd-Frank Act, Section 1502 addresses the international trade and use of the Conflict Minerals tin, tantalum, tungsten and gold (3TG) and their derivatives as well as cobalt and mica.

Nitator AB has a responsibility to ensure that the mineral country of origin is known and sourcing through the supply chain has been in accordance with consideration of the impact to the environment and the safety, health and human rights of the workforce employed during the extracting and refinement processes. In turn, we expect our suppliers to do the same.

Information and declaration will be requested from suppliers, when needed, through our supplier evaluation form where CFS:s (Conflict Free Smelter Program) template CMRT is used.

ISO 3834

To secure quality of welding, Nitator requests the supplier to fulfil the requirements according to ISO 3834–4 for special process metal arc welding.

The supplier must be able to demonstrate it's ability to fulfil the requirements by verifying it's expertise in accordance with SS-EN ISO 3834-4 at Nitator's request

1.2 Contact

For questions regarding Nitator's guidelines and requirements contact us at: www.nitator.se

2 SUPPLIER EVALUATION

The supplier will be evaluated using the VDA 6.3 standard. The reason for this evaluation is to gain a broad overview of the supplier's organization and processes.

Key parameters

- Ownership
- Management
- Dependency
- Finance evaluation
- Quality system
- Ethical standard
- Environmental system

2.1 Follow-up / Monitoring Suppliers

Follow-up is based on deviations and delivery performance.

Nitator adopts "ZERO error philosophy" and the supplier is expected to deliver with ZERO deviations and 100% delivery performance.

In case of a deviations that impacts Nitator's ability to deliver to its customer, escalation process will be initiated immediately.

The decision to escalate is based on the supplier's ability regarding:

- Deviation reports
- Delivery precision
- PPM

The supplier can also be escalated based on disturbances that can't be directly linked to deviation reports, delivery precision and PPM.

Nitator has the right to initiate the escalation process which begins with Nitator contacting the supplier. There after an action plan is drawn up.

Existing suppliers are monthly monitored according to the following KPI's.

Delivery precision

100% - 97% = Good

96% - 85% = OK

Below 85% = NOK, demands for action plan

Quality no of disturbances

0-2 = OK

More than 2 = NOK, object for escalation, demands for action plan

Supplier confirming quality KPI by delivering to Nitator.

3 SUPPLIER AUDITS

In line with Nitator's purchasing routines, supplier audits are performed on both existing and new suppliers.

Nitator reserves the right to carry out process audit on site if needed. An audit could be performed due to new supplier, PPAP related work, repeated quality issues at supplier or due to low performance regarding sustainability.

4 ENQUIRY / QUOTATION

4.1 Quotation

Nitator does not accept any additional costs at ramp up and ramp down. Quotations should always be according to the specifications detailed in the enquiry. If there is to be any deviation from these specifications, these must be documented in writing in the response.

4.2 Product review

For each supplier quotation received, a product review should be enclosed. If the quotation is without a product review, the supplier agrees that the item can be delivered completely according to the specifications.

5 INITIAL SAMPLES

All requirements regarding the ordering and delivery of initial samples to Nitator are listed below.

5.1 Manufacturing of initial sample

Before products are transferred (delivered) to Nitator as initial samples, the supplier should perform their own tests to verify that Nitator's specified requirements are reached. This applies to both in-house manufactured as well as purchased products.

Initial samples shall be manufactured in production tools by the machines, as well as by the processing equipment and production technology that will be used in serial production. Potential deviation from this rule should be reported to Nitator before or at the time of delivery of the initial sample.

5.2 PPAP

Nitator expects PPAP with the presentation of related documents at Level 4, unless otherwise agreed. If necessary, Nitator can assist in the preparation of PPAP documentation.

At Nitator's request, the supplier must report information via the International Material Data System, IMDS, www.mdssystem.com.

5.3 Deliveries

No serial deliveries of new/changed parts to Nitator can take place before PPAP approval. If Nitator wants physical initial samples these should be sent on a separate delivery note, separate from other deliveries.

All address labels and delivery notes should be marked "Initial sample". The relevant documents should always follow the goods.

Initial samples that are sent to Nitator without completed documentation will be considered as incomplete.

All orders regarding prototypes, as well as initial samples and serial deliveries should be confirmed and potential deviations reported immediately to the contact person at Nitator.

6 SERIAL DELIVERIES

6.1 Forecast

Nitator will endeavor to provide the supplier with forecasts for 12 months, with a frequency according to agreement. If Nitator is unable to provide this 12 month forecast the supplier will be advised accordingly and an revised forecast will be provided. Communication should be sent electronically, primarily via EDI or another agreed method. As the forecast has been received, the supplier has accepted the deliveries. Nitator does not need any order confirmation.

In case the supplier is unable to deliver according to the latest forecast, it is always the responsibility of the supplier to contact Nitator immediately for agreement on remedial action.

6.2 Capacity and Flexibility

The supplier undertakes that, in addition to being able to follow and supply Nitator with materials / parts according to the provided forecast, they are also able to handle volume fluctuations generally corresponding to $\pm 10\%$.

This should not be achieved by having security stocks (unless agreed separately) but instead be secured by having a flexible production.

In case of greater flexibility and capacity requirements, this is agreed separately between Nitator and Supplier.



6.3 Packaging and marking

All packages, delivery notes and invoices sent to Nitator should be marked as follows:

- Nitator's Part number
- Nitator's order number
- Quantity
- Miscellaneous agreed upon in the purchasing documents.

Labeling should be according to "Odette-standard". If this is not achievable, exceptions can, after agreement with Nitator, be accepted. Packaging should always be done according to agreement stated in the purchasing documents. If such agreement is not stated in purchasing documents, the goods should be packed and delivered in such way that the goods are not damaged nor exposed to risk of corrosion or other defects.

6.4 Material

In general, for pipes and sheet metal, the material must be pickled and lightly oiled. All material delivered to Nitator must be free of oxide layers, oxide scale and corrosion, unless otherwise stated.

6.5 Material certificate

For raw material, material and final inspection certificate must be attached to each delivery. These certificates shall be sent to materialcertificates@nitator.se, headline shall contain purchase order number.

7 ECONOMY

7.1 Invoice

Nitator prefers electronic invoices (pdf) and receives invoices via e-mail:

Invoices to Nitator i Oskarström AB (556201-9835): invoice.oskarstrom@nitator.se

Invoices to Nitator Hylte AB (556591-6557): invoice.hylte@nitator.se

Purchase order numbers and reference must be detailed on each invoice.

Postal address for all invoices:

**Box 188
313 22 OSKARSTRÖM**

Payment terms are 60 days net unless otherwise agreed.

7.2 Credit note

In case of a price difference, incorrectly delivered quantity or defective material (see 7.1), the supplier must issue a credit note upon request.

8 DEVIATIONS

8.1 Deviation handling

In case of incorrectly delivered quantity or defective material the following approach applies:

- In case of a deviation listed above, a deviation report will be issued to the supplier. Defective material delivered to Nitator will be returned or scrapped. Nitator shall be entitled to compensation from supplier. In case of additional costs associated with a deviation, the supplier will be charged for the cost of remedial action.
- If Nitator identifies a deviation in a delivered batch and Nitator has not have the resources to correct or sort the material, the supplier will be responsible for remedial action.
- If the deviation is noticed during production or if the supplier is unable to correct the deviation, the material will be corrected by Nitator. The added expenses for corrections will be charged to the supplier according to agreement.

When the supplier gets an official claim from Nitator, the supplier shall reply with a short-term solution within 24 hours.

Long-term solution shall be submitted within 14 working days with a complete 8D report. 8D reporting template are available for download at www.nitator.se

All deviation reports that are issued to the supplier by Nitator, an administrative fee of 1500 SEK will be charged to the supplier.

The added expense for corrections is currently 450 SEK/hr. Scrapped material are credited by the supplier at purchasing price. In case there has been added value on the parts in Nitator production prior the deviation being detected, full price for the material should be credited to Nitator.

A supplier is to confirm receipt of a deviation report no later than the end of the next business day that follows the business day on which it was sent by Nitator.

8.2 EFR approval

In order to receive an exception from requirement (EFR) approval, the supplier must contact the quality department at Nitator who will determine whether the EFR is acceptable or not. Nitator will notify the supplier that the EFR has been approved. In the case of the EFR not being approved, the quality manager will contact the supplier and inform them as such.

Copies of the EFR approval must be attached to every affected batch being delivered to Nitator.

9 SUSTAINABILITY

Our suppliers are expected to live up to our code of conduct and actively work with sustainability in their business. Nitator encourage its suppliers to evaluate (advise of their) carbon footprint according to GHG protocol since it will be mandatory to present LCA report (cradle to gate) for all new parts from year 2025.

Carbon Border Adjustment Mechanism (CBAM) covers six different categories, including aluminum, iron and steel. We assume that you, as a supplier to Nitator, report data in accordance with the EU Directive.