



**CIE** Automotive

# Global Supply Chain Manual

## CIE AUTOMOTIVE'S LETTER TO THE "SUPPLY CHAIN"

**CIE AUTOMOTIVE** is a global full service supplier of components and sub-assemblies for the **automotive market**. Using all our **different technologies** we are able to produce components for many of the vehicle areas: engine, gearbox, transmission, chassis, interior and exterior trim and also for roof systems. We have the appropriate know-how and experience to produce them in a solid, efficient and competitive way so that we can fulfil our customer needs.

In October 2015 CIE Automotive joined the United Nations Global Compact to develop, implement and so disseminate policies and practices of business sustainability, in the following topics:

### 10 Principles of the United Nations Global Compact:

- |                                       |                                   |
|---------------------------------------|-----------------------------------|
| 1. Child labour.                      | 6. Fair treatment.                |
| 2. Forced and compulsory labour.      | 7. Discrimination.                |
| 3. Freedom of association.            | 8. Health and safety Environment. |
| 4. Remuneration and welfare benefits. | 9. Commercial ethics.             |
| 5. Working hours.                     | 10. Environment.                  |

As a supplier for CIE Automotive your commitment to meet all these requirements and expectations, is vital to the continued growth, success, partnership for our mutually beneficial and long terms relationship, complemented when the supplier and purchaser jointly, decide to reduce the Total Cost encourage, when possible, the Local Purchase to reduce logistics cost, minimizing emissions and carbon footprint, maintaining a profitable situation for both parts and guarantying a complete respect of sustainability diversity, equality and, in general, ESG criteria.

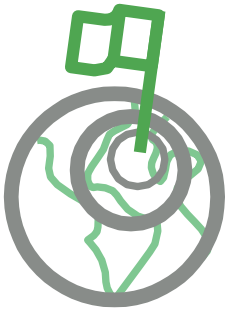
CIE Automotive is committed to tackling environmental pollution, including noise, light, air, soil and water pollution. Likewise, care for the environment and biodiversity involves preventing deforestation, and a commitment to animal welfare and the rejection of animal abuse. And this commitment is transferred and required throughout the supply chain, with failure to comply leading to the termination of the business relationship. Especially considering that scope 3 is the one with the highest level of emissions.

This "Global Supply Chain Manual", applies, as a minimum requirement, to all suppliers of CIE Automotive in worldwide operations.

*Jesús M<sup>a</sup> Herrera | CHIEF EXECUTIVE OFFICER  
Irache Pardo | CORPORATE GLOBAL SUPPLY CHAIN MANAGER*

## CIE AUTOMOTIVE'S MISSION

**We are a team committed to an automotive project that has been growing steadily for more than 25 years.**



- We are a global and multi-technology supplier:
  - 4 continents
  - 7 technologies
- We add value to all of our stakeholders
- We guarantee quality and service
- We are a participative and innovative team:
  - Each person is an entrepreneur
  - We are proud to be part of it
- We take care of our planet:
  - We contribute to improving our environment
  - We minimise our environmental impact

## CIE AUTOMOTIVE'S VISION

**To provide the best solutions for the mobility of the future while being:**



- Climate neutral:
  - Maximum resource circularity
  - Zero net emissions
- Value chain drivers:
  - Integral conception
  - Favouring local economies
- A benchmark for society:
  - Guaranteeing the integrity, security and health of people
  - Listening, transmitting and acting
- Excellent in management:
  - Transparency and integrity
  - Value creation

## CIE AUTOMOTIVE'S VALUES



- **Committed** to a job well done
- **Innovation** as the answer to any challenge
- **Focused** on people, their families and their environment
- **Diversity**, equality and inclusion
- **Sustainable** and profitable growth
- **Ethical** and honest conduct
- **Self-criticism** and recognition of others
- **Climate** action
- **Respect** for legality

**MOVING TOWARDS EXCELLENCE**

## CIE AUTOMOTIVE'S QUALITY POLICY

### QUALITY

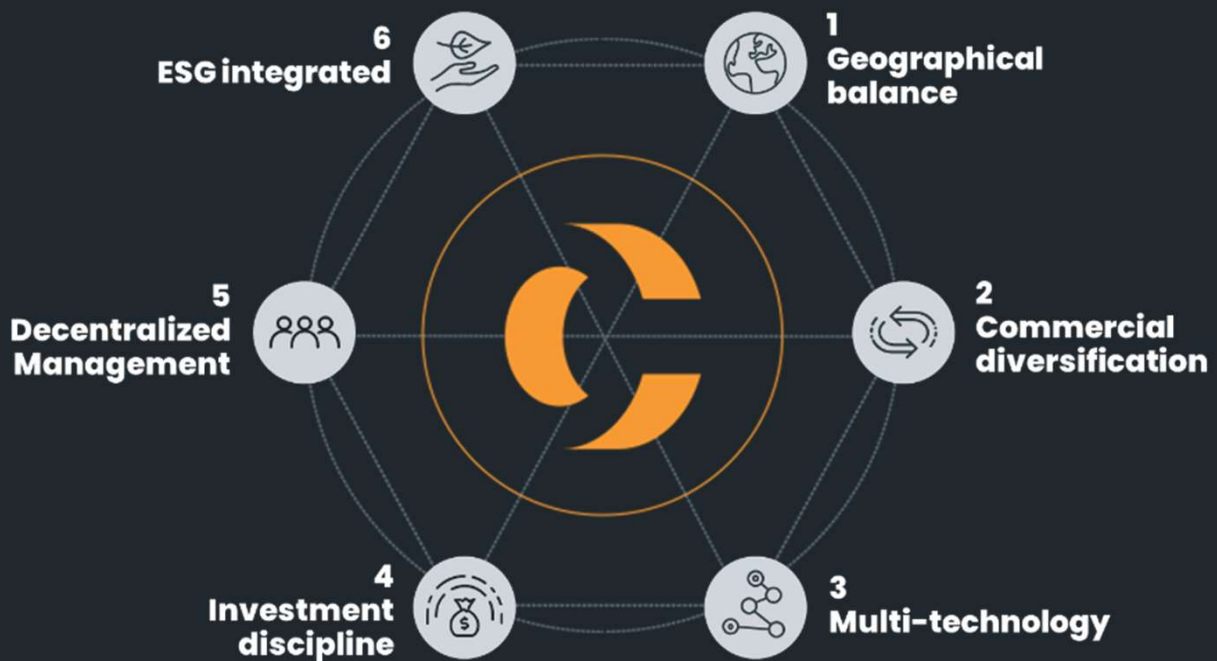
CIE Automotive adheres to the principles of total quality as a fundamental part of its business strategy.

All the people who make up CIE Automotive are committed to total quality.

Our quality policy is based on: risk prevention, training, systematic review (PDCA) and constant improvement in a search for operational excellence.

**Our objective: to satisfy all participants in the cycle.**

Our quality policy has the single goal of satisfying those who, with us, play a part in this cycle and who we call stake holders:



These commitments are reflected in our management model, of which they form an inseparable part.

CIE AUTOMOTIVE's model is verified and certified in accordance with international standards IATF 16949, ISO 9000, ISO 14000 and ISO 45000.

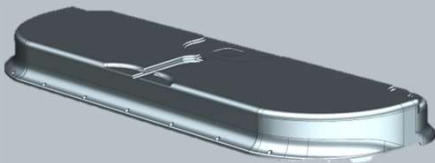
The principal OEMs and TIER 1s on the market have approved our model.

# CIE AUTOMOTIVE & SUSTAINABILITY

## SUSTAINABLES R&D

### DECARBONIZATION

Components for **light weighting** vehicles, and for **electric, hybrid** and/or **hydrogen** vehicles.



### SMART INDUSTRIES

Products and process **digitalization**.



### NEW MOBILITY CONCEPT

Comfort products aligned with **new mobility trends** (autonomous driving, car sharing, etc.)



### SAFETY & SECURITY

Prioritizing **safety features**.



## 17 SUSTAINABLES DEVELOPMENT GOALS (SDG's)

CIE Automotive Group is permanently committed to caring for the sustainable development. This commitment is clearly aligned with the 17 sustainable development Goals of United nations and fully integrated into our management model.

Moreover, our knowledge of production processes allows us to focus our efforts in minimize our environmental impacts.



## CIE AUTOMOTIVE & SUSTAINABILITY

### EUROPEAN GREEN DEAL

Alligned with the 2030 Agenda and the European Green Deal, CIE Automotive Group has established a series of goals as part of the business model involving our supply chain, that include: to become climate neutral by 2050; to protect human life, animals and biosphere; to create leaders in clean products and technologies, and to ensure fair and inclusive transition.

Therefore, CIE Automotive worldwide supply chain are encouraged to set these commitments in their own business model.



In order to achieve it, CIE Automotive Supply chain must established goals related to:

- Energy efficiency
- Renewable energy
- Greenhouse gas emissions
- Water & Air quality and consumption
- Materials circularity and use of recycled and recyclable products

Similar commitments and targets to Supply Chain, has been established in China by 2060 and in USA by 2050 to achieve carbon neutrality.

CIE Automotive is checking its "Carbon Footprint" since 2020 and implementing improvement plans, with the aim to reduce negative environmental impact. The SUPPLIER's utilization of advanced practices in order to reduce the "Carbon Footprint" in its "Chain Value", are also well valued.

## CIE AUTOMOTIVE & HEALTH & SAFETY

---

CIE Automotive's "Global Supply Chain Manual" establishes the minimum required standards that our supplier and its subcontracted partners must respect and fulfill.

These requirements are based in our commitment with the international standards as the :

- **OECD Guidelines for Multinational Enterprise**
- **United Nations Outcomes on Sustainable Development**
- **International Labour Organization ILO**
- **Ten Principles of the UN Global Compact**

All the products and services delivered by our suppliers and by its subcontracted partners, must fulfill the "Occupational Health and Safety" standards, required by the applicable law, including training, information and emergency measures about in the workstation, such as availability of Protective and Safety Equipment (PPE), and medical examinations to guaranty the adequate physical and physiological aptitudes.

See related information in the following links:

[https://www.oecdwatch.org/oecd-guidelines?set\\_language=en](https://www.oecdwatch.org/oecd-guidelines?set_language=en)

<http://www.un.org/en/development/devagenda/sustainable.shtml>

<http://www.ilo.org/global/site-map/lang--en/index.htm>

[www.unglobalcompact.org/what-is-gc/mission/principles](http://www.unglobalcompact.org/what-is-gc/mission/principles)



International  
Labour  
Organization

# INDEX

## 0. LETTER TO THE SUPPLY CHAIN & INTRODUCTION TO CIE AUTOMOTIVE

### 1. CIE AUTOMOTIVE GLOBAL SUPPLY CHAIN PROCESS

- Global Supply Chain Process
- Mission
- NEW Sustainability purchasing policy
- Value chain workers
- Families

### 2. SUPPLIERS SELECTION

- Supplier Portal
- Environment, Social and Governance
- Protecting Confidential Information
- TISAX & AI
- Regulations, documentation and safety
- Financial Solvency
- Civil Liability & Property Damages Insurances
- Certifications requirements

### 3. GENERAL PURCHASING TERMS & CONDITIONS. FRAME AGREEMENTS

### 4. QUALITY PLANNING. APQP

- Pre-Production and Prototype Parts
- Production Part Approval Process
- Special Characteristics
- Control Tools and Measurement System Analysis
- Traceability
- Run & Rate
- Special Processes

### 5. PRE-LAUNCH AND START OF PRODUCTION CONTAINMENT PLAN. QUALITY WALL

### 6. PRODUCT/PROCESS CHANGE REQUEST & CONCESSIONS

- Change Request
- Concessions
- Traceability and Identification

### 7. CONTROL FOR CUSTOMER OWNED TOOLING AND GOODS

- General requirements
- Deposit Goods Contracts

### 8. PACKAGING, PRESERVATION, LABELLING AND SHIPPING

- Packaging and Preservation
- Labeling
- Shipping

### 9. SCHEDULE PERFORMANCE

- Purchasing Orders
- Contingency Plan. Supplier Risk Management
- Concerted Quality Incoming

### 10. QUALITY NOTIFICATIONS

- Quality Notifications
- Severity Classifications
- Material Disposal
- Re-Call Responsible
- 8D Report. Reactivity
- Cost Recovery Policy & Associated Costs

### 11. SUPPLIER QUALITY PERFORMANCES

- Valuation & Action Plan

### 12. SUPPLIER DEVELOPMENT AND CONTINUOUS IMPROVEMENT

### 13. BUSINESS HOLD

### 14. MANAGEMENT IN CRISIS TIME

- Activity and Environment
- Employees and Society
- Results and Financial Resources

### 15. ETHICS FRAMEWORK

- Code of Professional Conduct
- Due Diligence Guidance
- Anti-Corruption and Bribery Stance
- Whistle-Blowing Channel

### 16. CRITICAL RAW MATERIALS & CONFLICT MINERALS

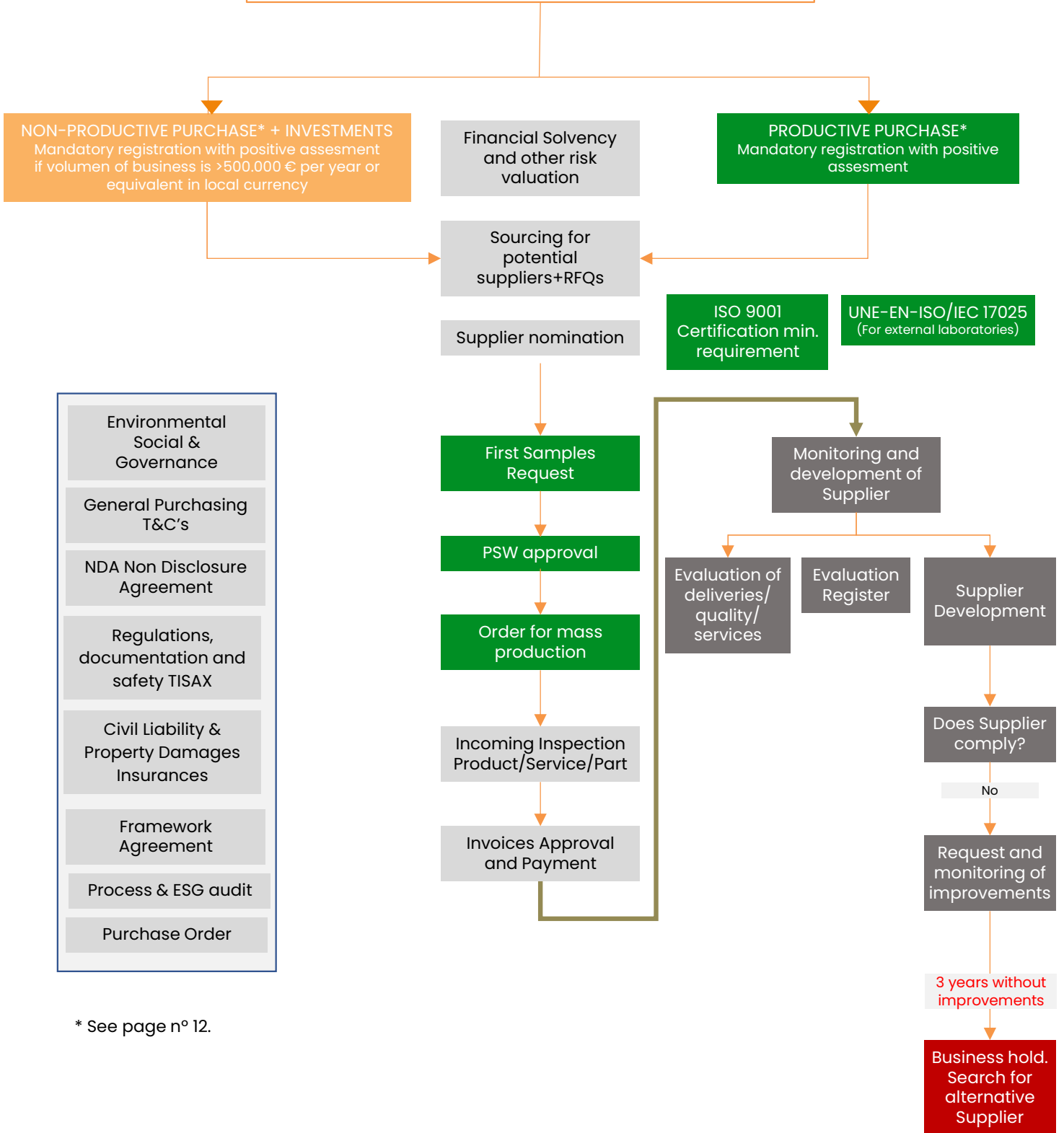
- Critical Raw Materials
- CIE Automotive's Commitment
- Conflicts Minerals and Covered Countries
- Conflicts Minerals Policy
- Diligence Report



# 1. GLOBAL SUPPLY CHAIN PROCESS

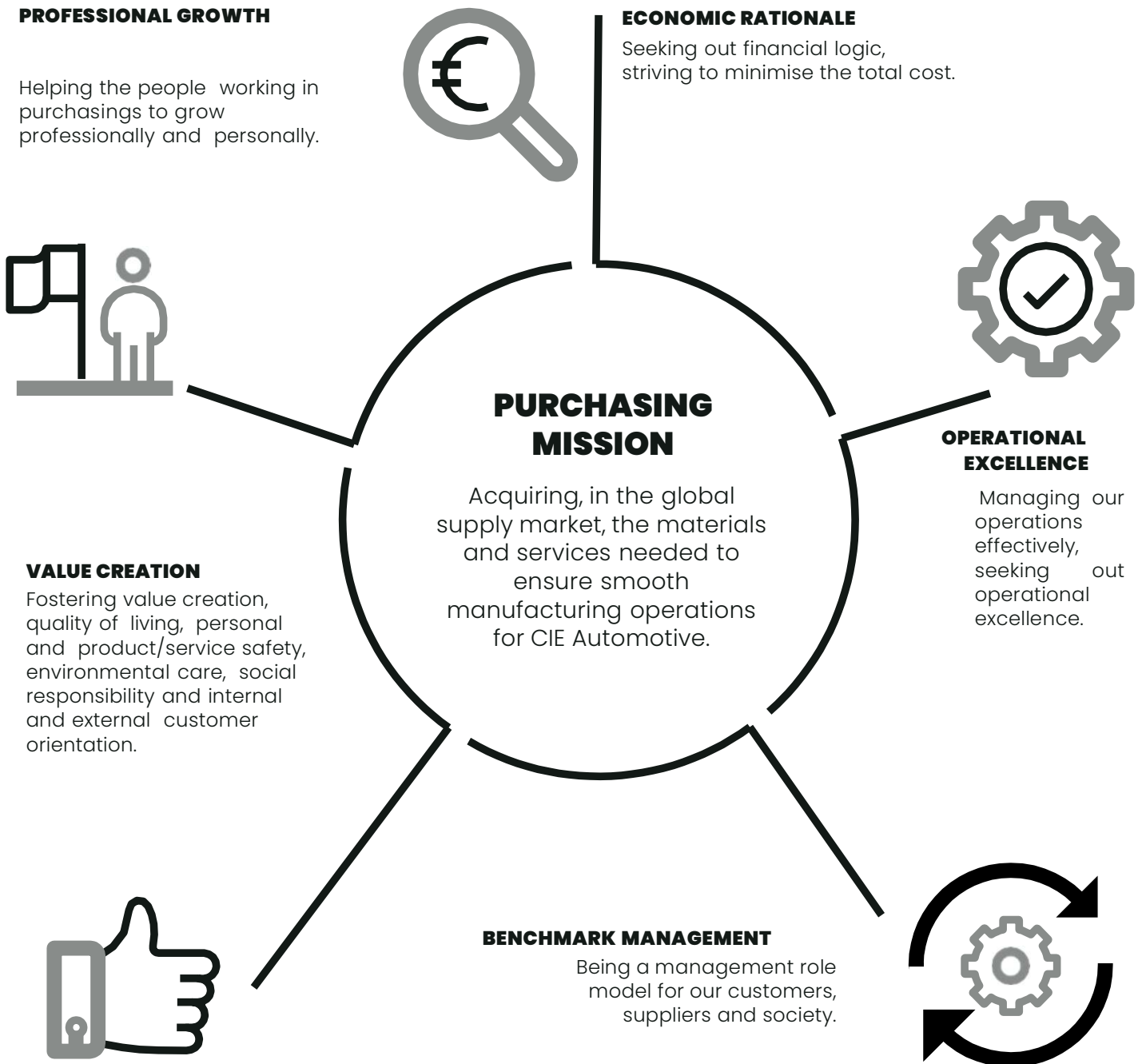
## CIE AUTOMOTIVE SUPPLIER PORTAL REGISTRATION

<https://supplychain.cieautomotive.com/Home/Login>



\* See page nº 12.

# 1. SUPPLY CHAIN MISSION



# 1. SUPPLY CHAIN SUSTAINABLE POLICY

## FUNDAMENTAL PRINCIPLES

### Environmental Responsibility:

Prioritize the purchase of products with lower environmental impact. Decarbonization commitment a must

### Human and Labor rights:

Evaluate suppliers performance to avoid non-compliance or identify any violation. Promote a culture of respect internally and throughout the supply chain.

**Ethics and Transparency:** fair, sustainable and transparent purchasing practices, ensuring compliance with current laws and regulations.

### Commitment to Suppliers:

Collaborate with suppliers who share our values and adhere to our sustainability and social responsibility standards.

### Promote equality, diversity, inclusion and non-discrimination:

ensure work-life balance, fair remuneration, the safety and well-being of people, working conditions of suppliers and workers..

## VALUE CHAIN WORKERS

<https://www.cieautomotive.com/en/web/guest/suppliers>

## BASIC PRINCIPLES

**Objective, transparent, fair and unbiased,** dealings and relations with all suppliers and partners.

**Alignment** of the Purchasing Department's **strategy** and efforts around the delivery of established targets.

Pledge of **support**, throughout the entire supply chain, for the United Nations Global Compact, specifically including **the protection of human rights and fight against corruption.**

Identification and crystallisation of **group synergies.**

Development of **long-term collaboration** and innovation agreements with suppliers.

Search for **mutual understanding and benefits** in supplier relations.

Contribution to suppliers' **process development.**

Implementation of **procedures and controls** designed to guarantee objective and fair adjudications.

Performance of **supplier selection** on the basis of objective criteria which measure quality, service and ESG criteria.

Working, in-house and externally, to create awareness of the importance of **improving companies' environmental record** and complying with health and **safety regulations and labour rights.**

**Together towards DECARBONIZATION.**

### Motivation and active involvement

of CIE Automotive' employees in the purchasing function and maximisation of their skills in order to achieve excellent **performance standards.**

**To foster Sustainable Procurement** according to CIE Automotive's **Corporate Policies, Commitments and Standard ISO 20400.**

# 1. PURCHASING FAMILIES

| PRODUCTIVE-DIRECT PURCHASE |                                   |                       |
|----------------------------|-----------------------------------|-----------------------|
| RAW MATERIAL               | COMPONENTS                        | OUTSOURCING           |
| STEEL                      | BAR-TURNING                       | TTT                   |
| ALUMINIUM                  | STAMPING                          | SUPERFICIAL COVERING  |
| PLASTIC                    | FORGING                           | FOUNDRY               |
| ALLOY COMPONENTS           | FOUNDRY                           | FORGING               |
| TOOLING RAW MATERIAL       | MOTOR COMPONENTS                  | STAMPING              |
|                            | SINTERING                         | MACHINING             |
|                            | THERMOFORMING                     | INSPECTION & ASSEMBLY |
|                            | TISSUE                            | CUTTING               |
|                            | INJECTION & OVERINJECTION         | WELDING               |
|                            | ELECTRIC COMPONENTS               |                       |
|                            | MECHANICAL COMPONENTS             |                       |
|                            | GLASS                             |                       |
|                            | MECHANICAL & MOTION SYSTEMS       |                       |
|                            | PANELS (Honeycomb and comparable) |                       |

| NON-PRODUCTIVE-INDIRECT PURCHASE |                           |                       |
|----------------------------------|---------------------------|-----------------------|
| MRO                              | ENVIRONMENT               | PROFESSIONAL SERVICES |
| PNEUMATIC                        | WASTE PROCESING           | CONSULTING            |
| HYDRAULIC                        | SANITARY                  | AUDIT                 |
| MECHANICAL                       | ENVIRONMENTAL CONSUMABLES | INDUSTRIAL DESIGN     |
| ELECTRICAL                       |                           | INSURANCE             |
| ELECTRONICS                      | <b>OTHER CONSUPTIONS</b>  | DATA PROCESING        |
| TECHNICAL SERVICE                | CHEMICAL                  | COMMUNICATION         |
| FIRE EXTINCTION                  | PACKAGING                 | CLEANING              |
| GENERAL MAINTENANCE              | CUTTING TOOLS             | MEDICAL SERVICE       |
|                                  | INDUSTRIAL SUPPLY         | TRAVELLING            |
| <b>ENERGY</b>                    | WELDING                   | HUMAN RESOURCES       |
| WATER                            | OFFICE CONSUMABLES        | SECURITY SERVICES     |
| ELECTRICITY                      | PPES&CLOTHES              | MARKETING             |
| GAS                              | INDUSTRIAL GAS            |                       |
| FUELS                            | HARDWARE & SOFTWARE       |                       |

| OTHER PURCHASE *          |           |             |
|---------------------------|-----------|-------------|
| TOOLING                   | LOGISTICS | INVESTMENTS |
| CONTROL TOOLING           | TRANSPORT | MACHINERY   |
| MACHINING                 | STORAGE   | EQUIPMENTS  |
| TTT & WELDING             |           | BUILDINGS   |
| STAMPING TOOLING          |           | OTHERS      |
| MOLDS                     |           |             |
| TUBE FORMING              |           |             |
| SPARE PARTS               |           |             |
| REPAIRING & MODIFICATIONS |           |             |

\*These purchasing families could be considered as productive or non productive according to different situations.

<http://www.cieautomotive.com/suppliers>

## 2. SUPPLIER'S SELECTION

---

### ESG SUPPLIER PORTAL

An online platform ONLY focused on ESG management, that is free to use and accessible from <https://supplychain.cieautomotive.com/Home/Login>

TECHNICAL SUPPORT

Tel.+34 910 770 157

[atencionalcliente@fullstep.com](mailto:atencionalcliente@fullstep.com)

This interaction channel is designed to deliver two objectives:

1. Make it easier for firms interested in working with CIE Automotive to register by standardizing the assessment needed prior to their addition to the supplier panel.
2. Provide a query tool for procurement managers worldwide.

Once registered in the Portal, suppliers must answer five questionnaires covering the following areas:

- **Business management**
- **Environment management**
- **ESG management**
- **Conflict minerals management**
- **General Liability and Damage Insurance management**

CIE Automotive ensures that its procurement processes are standardized, framed by the criteria of objectivity, impartiality and equal opportunities.

The registration via the Supplier Portal, (checked and renewed every 4 years), becomes a necessary requirement to these Productive Suppliers working with CIE, and will bring multiple benefits to your company:

- Join the panel of suppliers of the CIE Automotive Group worldwide.
- Facilitate in an agile way the minimum documentation required to be a supplier of CIE Automotive.
- Easy tool to manage updates of your company data and users.

## 2. SUPPLIER'S SELECTION

---

### ENVIRONMENT, SOCIAL AND GOVERNANCE

"Suppliers Environmental Social and Governance Commitment"(\*), is mandatory for both frequent suppliers, since they form part of the panel of suppliers of CIE Automotive, as well as for new suppliers.

\*Portal registration or ESG commitment signature or General Purchasing T&C's approval, involves explicit acceptance.

<https://www.cieautomotive.com/en/web/guest/asg-proveedores>

### PROTECTING CONFIDENTIAL INFORMATION

Suppliers will take appropriate measures to protect all confidential\* information regardless of form or nature received from CIE AUTOMOTIVE or from their affiliates. The providers will not disclose or use any such information unless authorized to do so. Suppliers must adhere to applicable data protection laws, and, strictly and irrevocably, must be kept obligated to:

- Not to reveal or transmit in any other way information to third parties.
- To return to CIE AUTOMOTIVE, at the end of the provision of services, all documentation in written or graphic form or stored on computer media furnished to The Supplier.
- Not to use the information for any other purpose other than the performance or execution of the services required by CIE AUTOMOTIVE.
- To adopt in its business organization at all levels, the appropriate measures to ensure compliance with all that has been indicated, accepting mutual responsibility in the event of breach of the confidentiality agreement by its staff, shareholders and administrators.

\*CIE Automotive, attending to internal or customer's requirements, reserves the right to require a "Non-Disclosure Agreement", NDA, or a specific confidentially document in order to ensure that the information received is not used by the supplier in relations with other parties.

## 2. SUPPLIER'S SELECTION

---

### INFORMATION SECURITY (TISAX) & AI

CIE Automotive expects their suppliers to protect all confidential information and personal data with regards to confidentiality, integrity and availability. Preferably suppliers are assessed according to TISAX® (Trusted Information Security Assessment exchange) or alternatively certified according to ISO/IEC 27001.

Typical examples for confidential information are project information, design data and prototypes. Detailed information can be downloaded from the ENX portal.

Suppliers without a formal assessment of their Information Security Management System may be assessed by CIE Automotive depending on the specific Information Security requirements of the project.

Partners that develop and/or use artificial intelligence – especially machine learning and deep learning –, must ensure, in the same way as CIE Automotive does, that artificial intelligence is used and handled responsibly, that its use can be explained, that privacy is protected, and that its use is safe, secure and reliable. In this context, they must follow an approach that ensures that development remains human-centric and that risks and opportunities are taken into account in equal measure.

### REGULATIONS, DOCUMENTATION AND SAFETY

All products and services supplied must meet the applicable requirements regarding regulations, documentation and safety. The Supplier shall put in place processes to guarantee compliance with government restrictions and safety regarding substances with restricted or prohibited use, including purchased products or those relative to the production process. The involved documentation to the product shall be kept for a minimum of 10 years. For parts subject to safety and regulations, this period shall be of 15 years.

In order to comply with legislation, the supplier shall fulfil any legal obligations and requirements applicable at any given moment, specifically including EC Regulation 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorization and restriction of chemicals, (REACH), and any modifications that may be made to said regulation in the future, as well as any other regulation applicable to this field in the origin or destination country.

[www.echa.europa.eu/regulations/reach/legislation](http://www.echa.europa.eu/regulations/reach/legislation)

### FINANCIAL SOLVENCY

The aim of a solvency regime is to ensure the financial soundness of suppliers, and in particular to ensure that they can supply according to the established requirements and needs, to guaranty, at the same time, CIE Automotive's "Groups of Interest" expectations and to anticipate any adverse events and better handle such situations.

CIE Automotive reserves the right to ask the supplier, the markets or through legal sources established, about providers Financial Solvency, including presentation/proof of latest account statements for new productive suppliers.

## 2. SUPPLIER'S SELECTION

---

### CIVIL LIABILITY & PROPERTY DAMAGES INSURANCE

The Suppliers shall take out a civil liability insurance to cover possible damages caused by faulty products supplied by the Supplier both to CIE AUTOMOTIVE and to others, including client charges, loss of value, added value to the purchased product, loss of earnings, etc. The Supplier shall deliver a copy of the insurance coverage to the Purchasing Department of CIE AUTOMOTIVE as requirement, before the supply of the product or service, according to the following minimum Insurance Coverages:

- Civil Liability Activity & Operations.
- Subsidiary Civil Responsibility.
- Civil Liability for accidental environmental pollution.
- Professional Civil Liability.
- Trade Civil Liability.
- Cross Civil Liability.
- Product Civil Liability.
- Recall.
- Assembly & Disassembly.
- Bonding & Mixing Insurance.
- Legal defense & Bail Bonds.

### CERTIFICATIONS REQUIREMENTS

All productive suppliers, as preliminary guarantee, **must be at least certified according to ISO 9001**, Certification verified by 3rd party auditors, shall include the verification of the fact that the supplier is aware of the Customer Specific Requirements for CIE Automotive' customers and knows how to access to these requirements, as well as to all the applicable rules and tools.

[www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/](http://www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/)

CIE Automotive reserves the right to audit the supplier's Management Model, according to its own procedures and audit systems or that of its clients.

Nevertheless, **CIE Automotive expects** that all suppliers for productive materials or process, raw material, components, subcontracts, and, if applicable, transport and tool, are certified according to the standards **IATF 16949, ISO 14000 and ISO 45000**. The minimum certification for external laboratories is ISO-IEC 17025 or equivalent.

Any supplier, who is designated by CIE Automotive as a "small supplier", will be evaluated by an audit team based on the process approach IATF 16949 named MAQMSR (Minimum Automotive Quality Management System Requirements). The supplier shall provide the Action Plans arising from such audit.

Additionally, an internal follow up auditory to the ESG commitment, product or to the process of the supplier, could be required in case of risks detection in the capacity of the supplier to:

- Enforce the performances according to the standards in general and product security in particular.
- Support the management system of the supplier.
- Verify the effective compliance for MAQMSR.

For the auditory could be used internal procedures of CIE Automotive or standards in the automotive industry, (VDA or similar).



## 3. GENERAL PURCHASING TERMS & CONDITIONS. FRAME AGREEMENTS

---

All the purchase operations managed by CIE Automotive are governed according to the applicable “General Purchasing Terms & Conditions” (GPT&C), in each area.

[www.cieautomotive.com/suppliers](http://www.cieautomotive.com/suppliers)

These GPT&C will have prevalence and superior range to any sale conditions.

If CIE Automotive deemed it necessary, a “Framework Agreement” could be signed between both parts for one single product or service. This agreement could include the terms as:

- Price and service objectives
- Equipment
- Approvals terms
- Delivery costs
- Labelling and packaging
- Payment terms
- Security stocks
- Civil liability
- Purchasing orders
- Materials
- Conformity with regulations
- Confidentiality
- Ownership of tools and goods
- Subrogation
- Exclusivity
- Competition
- Duration and termination
- Special provisions
- Guaranty terms
- Processing of personal data



## 4. QUALITY PLANNING – APQP

---

### PRE-PRODUCTION AND PROTOTYPE PARTS

To support design verification, planning and reporting, the supplier may be asked to provide prototype or pre-production parts. CIE Automotive defines pre-production or prototype parts as those that are manufactured on a process other than the final PPAP approved process. The supplier shall develop a pre-production or prototype control plan to ensure parts are manufactured to meet design records.

All pre-production or prototype parts containers shall be identified with a warning label concerning their existing special conditions.



### PRODUCTION PART APPROVAL PROCESS

The first samples, pre-production and prototypes parts shall be submitted with the documentation and under the conditions indicated in the document “First Samples Presentation Requirements”. After the samples are submitted, any of the following may occur:

- Final approval: The Supplier can begin to deliver the serial parts.
- Provisional approval: The provider may deliver parts for a limited period of time until final approval is granted. The Purchasing Department of CIE Automotive shall inform The Supplier of the need to submit new samples for obtaining final approval.
- Sample rejection: Delivery of parts is NOT permitted until new samples are submitted and these obtain at least provisional approval.

After PPAP approval, an annual re-validation for the product could be required to the supplier, regarding topics as 100% dimensional report and required tests.

## 4. QUALITY PLANNING – APQP

### SPECIAL CHARACTERISTICS




Special Characteristics is a specification of the product or manufacturing process parameter which may affect the security, fulfilment of the norms, adjustment, function and working order of subsequent processes the product is submitted to. Within the special characteristics there are several levels:

- **Security:** those characteristics that affect the security of the vehicle.
- **Regulation:** are those which must fulfil norms established for this kind of product.
- **Security and Regulation:** those to which both concepts are applied at the same time, security and norms.
- **Special characteristics “designated by the client”:** are those that the client identifies as “special” in the drawing.
- **Customer interface or “Pass through Characteristics”\* (PTC):** Identified by the customer, or which through our customer (Tier 1) arrive to the final customer (OEM).
- **CIE Automotive special characteristics:** Refers to those that due to the knowledge of the product or process CIE Automotive designates as “special”.

\*“Pass Through Characteristics”: functional components characteristics that are not used by the supplier “tier1” during their process but they are used by the OEM, so if there are quality issues from the supplier “Tier 2”, they will only be detected on the OEM.

Special characteristics must be identified, in no confusing manner, in all the process and product documents referred to the part, or its sub-processes, quotation, contract review, engineering documents, production documents, delivery note, labels, etc.

The table below reflects the standard definition for CIE Automotive. Specific definitions may apply depending on the individual projects requirements.

| Type                               | Symbol CIE  | Abbreviation |             |
|------------------------------------|---|--------------|-------------|
|                                    |   | Product      | Process     |
| <b>Safety</b>                      |  | <b>S</b>     | <b>PS</b>   |
| <b>Regulation</b>                  |  | <b>R</b>     | <b>PR</b>   |
| <b>Safety and regulation</b>       |  | <b>S/R</b>   | <b>PS/R</b> |
| <b>Special customer</b>            | <b>CC</b>   | <b>CC</b>    | <b>PCC</b>  |
| Customer interface characteristics | <b>PTC</b>  | <b>PTC</b>   | <b>PTC</b>  |
| <b>Special CIE</b>                 | <b>Product</b>  | <b>CCIE</b>  | <b>CCIE</b> |
|                                    | <b>Process</b>  | <b>PCIE</b>  | <b>PCIE</b> |

## 4. QUALITY PLANNING – APQP

---

### **CONTROL TOOLS AND MEASUREMENT SYSTEM ANALYSIS**

The supplier must conduct studies of Repeatability and Reproducibility, Linearity, Bias and Stability to all gauges and measuring instruments used in the measurement of critical and or significant features, identified in the Control Plan. The supplier must conduct such studies periodically or when any change is introduced in the measurement system, operator, inspection gauge, or inspection method. [www.aiag.org](http://www.aiag.org)

### **TRACEABILITY**

Traceability refers to the capability of tracing goods along the distribution chain on a batch number or series number basis. Traceability is an important aspect in the automotive industry, where it makes recalls possible, in order to identify and reduce the quantity of potential vehicles affected.

The supplier should establish the adequate system in the “supply chain”, to be able to identify and isolate in any moment, the parts, batch or assemblies eventually affected by a problem during whole the product life. CIE Automotive reserves the right to check and evaluate the performances for the established system, and ask for changes or improvements.

### **RUN & RATE**

The supplier must realize the process of Run & Rate as a method to verify the Capacity of production and Quality system. CIE Automotive reserves the right to attend these trials and to establish the duration, quantity and conditions of them. Note: With the Run @ Rate, the supplier must ensure that it meets the capacity committed by the quote, supported by the Purchase Order for production.

### **SPECIAL PROCESSES**

If the Tier one or sub-tier suppliers will utilize a process that is covered by an AIAG CQI, the supplier shall perform a self-assessment to appropriate CQI, and provide the results to their CIE Automotive purchaser. The CQI standards are available at [www.aiag.org](http://www.aiag.org).



## 5. PRE-LAUNCH CONTROL PLAN SOP CONTAINMENT PLAN QUALITY WALL

---

Pre-Launch Control Plan, SOP Containment Plan and Quality Wall, are additional and temporary activities to raise the confidence level in order to ensure that all products shipped will meet CIE Automotive's requirements.

The purposes of these additional procedures are:

- Protect CIE Automotive's site from quality non-conformances during critical periods such as launching, start-up, ramp-up, quality issues during mass production or after revision of the manufacturing process or when manufacturing batches are separated by 1 year or more.
- The pre-launch control plan will serve to validate the Production Control Plan, and should take into consideration all known critical conditions of the part as well as potential areas of concern identified during development phases for new projects or modifications.
- Ensure that any quality issues that may arise are quickly identified, contained and corrected at the supplier's location.
- Increase involvement and visibility of supplier's top management.
- PPM Performance.



## 5. PRE-LAUNCH CONTROL PLAN SOP

### CONTAINMENT PLAN QUALITY WALL

---

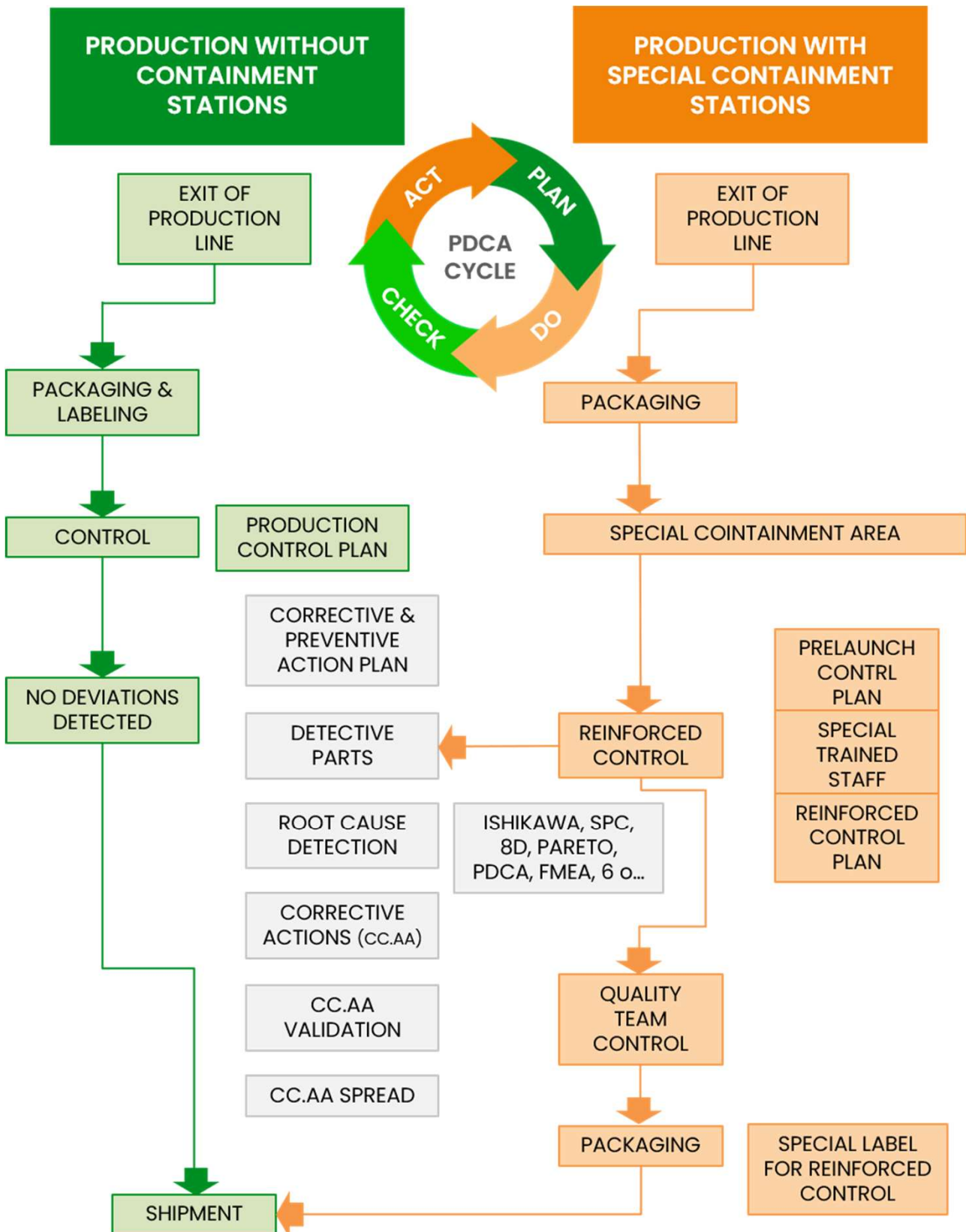
The validation process should contain the following elements, duration and considerations:

- Identification and training of the quality team to ensure the development, documents, registers, implementation of the verification process, analysis of the root causes and establishment and validation of Corrective Actions.
- Identification and training of the staff responsible for ensuring the development and implementation of the verification process.
- Establish the containment stations, which must be off-line, separate, and independent checks from the normal manufacturing process and located at the end of the process after packaging.
- Identify additional inspections, testing, and dimensional checks required at the containment station based on critical measurement points, high Risk Priority Number, FMEA, special characteristic and issues identified during product and process development, including sub-suppliers processes.
- The containment stations must be implemented:
  - For a period of time or quantity of parts as specified by CIE Automotive, or until the Production Control Plan has been validated, whichever is longer.
  - If time or quantity is not specified, containment stations will remain in effect through ramp-up or a minimum of 2 weeks after SOP, whichever is longer.
  - If a problem is identified during mass production, the “Quality Wall” must remain in effect for a minimum of 2 weeks after implementation of corrective action.
- These containment stations do not replace any final control within the Supplier’s facility and has to be implemented after packaging in order to detect possible defaults due to packaging operations.
- The additional containment is under full responsibility of the supplier including definition of the process, implementation, staffing, training and cost.

## 5. PRE-LAUNCH CONTROL PLAN SOP

### CONTAINMENT PLAN QUALITY WALL

In general, a standard "Special Containment Station" or "Quality Wall" should match basically with the following diagram:



## 6. PRODUCT/PROCESS CHANGE REQUEST & CONCESSIONS

---

### **CHANGE REQUEST**

Once the product has achieved homologation, any modification which may affect either the product itself or its manufacturing process, including those of sub-suppliers, must be previously communicated in writing to CIE Automotive, with details regarding the repercussions involved. The supplier will not carry out any changes until prior authorization is received in writing.

Final approval will depend on the subsequent PPAP approval CIE Automotive and/or by the final customer. If the modification is irreversible, the supplier must in all circumstances guarantee the supply of unmodified parts until the final approval of the modified ones. Except for cases in which there has been a previous agreement, all expenses caused by the modification will be covered by the supplier. In no case will be accepted re-worked parts without CIE Automotive's specific written acceptance.

### **CONCESSIONS**

Concession is understood as an agreement for the manufacture and delivery of a product in different conditions to the approved in the PPAP. All the products under this circumstances, must be subject of a prior agreement for manufacturing or delivery, taking into account the following conditions and characteristics of concession:

#### **Product Concession**

- Product manufactured in accordance with the series process which deviates somewhat from the blueprint requirements or other technical specifications.

#### **Process Concession**

- Product manufactured by means of an alternative, not previously approved process, which nevertheless complies with all the blueprint requirements and other technical specifications.
- The derogations relating to packaging and labeling should be considered in this chapter

#### **Product + Process Concession**

- When both the previous conditions are present at the same time.



## 6. PRODUCT/PROCESS CHANGE REQUEST & CONCESSIONS

---

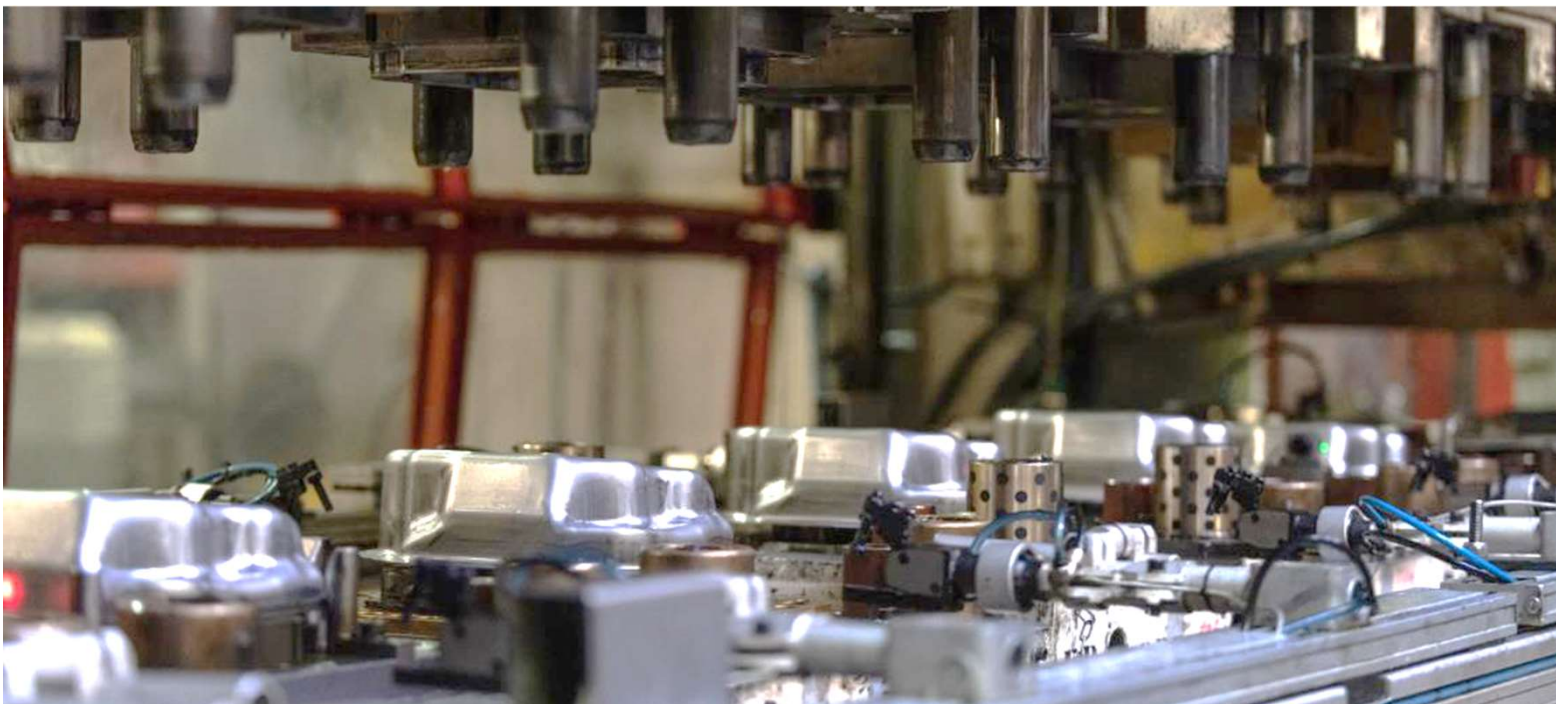
### Characteristics of Concession:

- Established for a specific quantity or period of time.
- Established for a series of specific characteristics.
- The concession will be requested to CIE Automotive before initiating production.
- If the parts have already been manufactured, the concession request will be sent to CIE Automotive before the product is delivered.
- Under no circumstances will the parts be dispatched without the prior approval.
- All requests and subsequent approvals should be expressed in writing.

### TRACEABILITY & IDENTIFICATION:

- All parts supplied under concession must be perfectly traceable.
- All parts supplied under concession must be clearly identifiable, in accordance with agreed requirements.

*Exceptions: If, in the interests of urgency, production commences without the corresponding concession, this shall be requested to CIE Automotive, on the next working day, and in all cases before the parts are dispatched.*



## 7. CONTROL FOR CUSTOMER OWNED TOOLING & GOODS

---

### GENERAL REQUIREMENTS

The tools, dies, molds, punches, hearts, manufacturing mounts, assembly, inspection or tests that are owned by CIE Automotive or its customers are under the guard of any supplier, must meet the following requirements:

- Identify a visible and permanent mark on tools and equipment marked as "property of CIE Automotive" and name of the plant to which it belongs.
- Complete and sign the Loan Agreements for each tool.
- Protect from damage and deterioration during transportation and storage.
- In the case of Tools, maintain the original conditions under its initial validation to ensure product quality through periodic maintenance programs.
- In the case of inspection, measuring and test equipment, it is required to be controlled as established.

### DEPOSIT GOODS CONTRACTS

The property of the goods remains in the hands of the depositor, CIE Automotive. No agreement for the reservation of ownership of the goods will be admitted. In the event that the goods were conceived, handled or constructed in a direct or indirect manner by the depositary, the property will also be transferred to CIE Automotive.

Any changes or additional conditions and extensions will only stand if they are in writing, and expressly approved by both parties. The initial period for the deposit is one year, and it will be automatically extended by one further year if there is no express indication to the contrary by either one of the parties. At least one month's notice must be given before its deadline or any of its extension periods concludes. The price for the deposit is zero.



## 8. PACKAGING, PRESERVATION, LABELLING & SHIPPING

---

### PACKAGING AND PRESERVATION

The parts shall be packaged as agreed by CIE AUTOMOTIVE and The Supplier. In the event that no specific packaging has been defined, The Supplier shall protect the goods during transport to prevent deterioration, mixing, contamination by external agents.

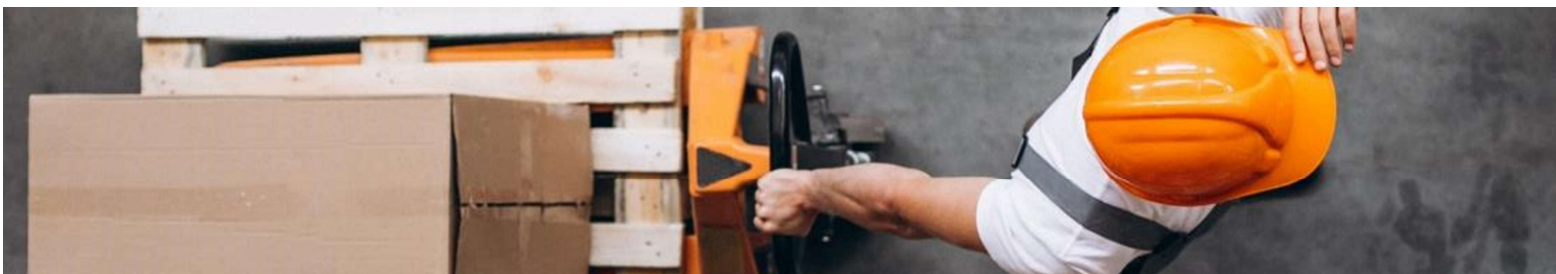
### LABELLING

All products and must be labelled as per the requirements of CIE Automotive, preferably using ODETTE or compatible labelling. In the event that this requirement is not established, labelling shall be carried out in such a way that the products can be unmistakably related to the accompanying documents, that the established traceability system is guaranteed - indicating the reference, quantity and manufacturing order or batch, document date and number-, and that shall be suitable for transit, arriving intact at the CIE Automotive plant.

### SHIPPING

In each shipment of material, the supplier must notify and send complete documentation for proper handling during shipment to the CIE Automotive Plant. The required potential documentation is as follows, and should be agreed between the supplier and Plant Purchasing Manager:

- Delivery note.
- Accounting invoice. It is suggested to send the original invoice directly to the Accounts Payable area of CIE Automotive to avoid possible loss of it.
- Certificate of Origin (current year) - only for foreign suppliers.
- Packing List.
- Bill of Lading or Airway Bill, only to foreign suppliers.
- Shipping Instructions Letter, only for ocean shipments.
- Shipment Guide No., when using a packaging company.
- Material Certificates.
- In addition, customs require the supplier to stamp out a document specifically stating 'These goods are not coming from Russia'.



## 9. SCHEDULE PERFORMANCE

---

### **PURCHASING ORDERS**

CIE AUTOMOTIVE shall send to the Supplier an order indicating the product reference, name, engineering level, approximate yearly consumption, unit price, supply conditions, quality requirements, and delivery documentation.

Once the product or service is approved, a supply schedule or alternative document shall be issued, which must adhere to the dates and units indicated therein.

If, due to supply failure, CIE AUTOMOTIVE is forced to halt its production lines, The Supplier shall be held liable for the costs incurred both by CIE AUTOMOTIVE and by others.

The Supplier must confirm acceptance of the supply schedule within 48 hours. Otherwise, the schedule sent by CIE AUTOMOTIVE shall be deemed accepted.

In all events, the real quantities received and those indicated on the delivery note must be the same; the use of rounding up or error margins shall not be accepted for quantities.

In the event that deviations are detected after three quantity audits, CIE AUTOMOTIVE shall impose a charge equal to the average percentage of deviation from the turnover between the two companies, during the 12 months prior to detection of the difference in quantities.

In the event of the interruption of activity due to force majeure, this schedule shall be cancelled until activity is restarted.

Goods shall be accepted at our warehouses with the delivery note issued by The Supplier, which must state the order number, reference, quantity, batch or manufacturing order, and be accompanied by the certificate agreed between both parts.



## 9. SCHEDULE PERFORMANCE

---

### **CONTINGENCY PLAN. SUPPLIER RISK MANAGEMENT**

The supplier must prepare contingency plans to meet the requirements of CIE Automotive in any event of interruption in production and delivery of parts. The supplier must notify to his contact in CIE Automotive within a period not exceeding 12 hours. The nature of the problem must be communicated and immediate action must be taken to ensure the supply of product.

Production interruptions could include, but not limited to, natural disasters, political instability, war, capacity issues, quality problems, labor strikes, unplanned production stoppages and other events that prevent the provider from meeting the required volumes or comply with any APQP event within launcher (example: R@R or PPAP).

### **CONCERTED QUALITY INCOMING**

Reliability should be another key consideration for CIE Automotive suppliers. Reliable suppliers deliver the right goods or services on time and according to the specifications agreed in the order or in the contract. The use of a reliable development, engineering and management during the project as well as the use of control and statistic tooling during the manufacturing should have as result reliable process and product. CIE Automotive expects to have the most of the purchased goods in "Concerted Quality Incoming". If after a meaningful period without any incidents during the incoming control, production and use of the product, the mentioned status will be applied, being the goods delivered directly to the production line, removing the incoming control.

As reinforce for this goal, the supplier should implement the Statistical Process Control (SPC) in the critical and significant features defined by CIE Automotive and the defined by the nature of the process. For further information, refer to SPC Manual (AIAG) latest edition [www.aiag.org](http://www.aiag.org).



## 10. QUALITY NOTIFICATIONS

---

### QUALITY NOTIFICATIONS

A “Non Conformity Report” must be issued by CIE Automotive plant in the following assumptions:

- Quality: Appearance, dimensional, finishing, contamination, metallurgical, lack of transactions, etc.
- Packaging: Mislabeled, improper container, mixed parts in the packaging, poorly packed or stowed, etc.
- Carriers: Merchandise damaged by improper handling.
- Submission: Over or under shipments (fulfillments under or above 100%), late deliveries, etc.
- Transportation: Failure to complete shipping instructions set by CIE Automotive.

### SEVERITY CLASSIFICATION

According to the phase of the process where was detected the problem, there were the following levels of criticism:

- Suspicious parts or defective parts has been detected in the product flow (Before delivery to the Productive line)
- Suspicious parts or a defective part has been detected in the productive line.
- A Productive line has shut-down per defective material found and/or lack of material delivery (See Cost Recovery Policy).
- A CIE Automotive Customer line has shut-down because of defective material found and/or lack of material delivery.
- A defective material claim has been created for material with a critical characteristic.



## 10. QUALITY NOTIFICATIONS

---

### **MATERIAL DISPOSAL**

The suspect or defective material could be the following disposal:

- a) Collection of material by the supplier within the next (3) business days of notification of the problem, after that time the CIE Automotive plant will dispose of the material in its sole discretion and thus the costs incurred will be charged to the supplier's account.
- b) Return the material to the supplier and charge the shipping costs generated to the supplier's account.
- c) Discard the material in the CIE Automotive Plant and charge the costs incurred to the supplier's account. The supplier should send a Returned Material Authorization number (RMA) or a signature of acceptance from the DMR.
- d) Rework in CIE Automotive Plant and or the third-party supplier plant, with the supplier's staff or CIE Automotive own resources (if available).

The quantity rejected after the first disposal will be accounted for PPM's.

### **RE-CALL RESPONSIBLE**

The supplier must have a Re-Call responsible per damages at the final vehicle user in the case a defective part originate an accident, at the moment the problem arises the responsible will be communicated to immediately start the investigation, the responsible will be present during the investigation, present evidences and remain until the conclusion of the investigation. (This is applicable when supplier is design owner or there's a critical characteristic marked into the drawing).



## 10. QUALITY NOTIFICATIONS

---

### 8D REPORT - REACTIVITY

The supplier must implement containment actions in a period no longer than 24 hours after notification.

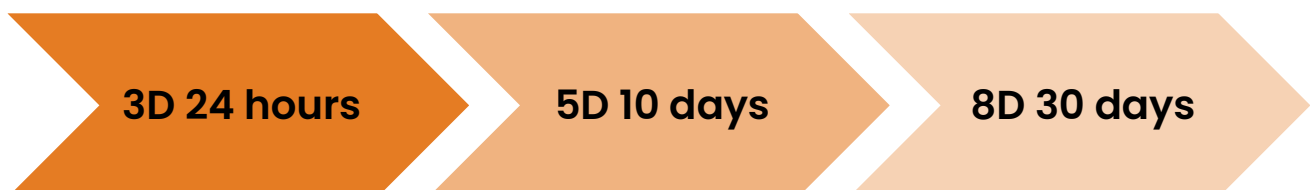
If necessary, CIE Automotive will take the required actions such as selecting, inspecting and reworking of the material or parts required allowing no interruptions to the production line and until the parts received are compliant with the disposition by the suppliers. These costs will be irrevocably charged to the supplier.

The supplier must respond in the 8 Disciplines format section in, a period no longer than 10 business days about Root Causes analysis and Corrective Actions Plan, and no longer than 30 business days for the closing of all phases of the 8D report. Should the supplier require more time it must send a request in writing to the involved CIE Automotive plant.

CIE Automotive expects the application of analysis tooling for "Root Cause" detection, (Isikawa, SPC, Pareto, PDCA, FMEA,  $6\sigma$ ...), in order to establish strong "Corrective Actions", to avoid the recurrence of the problem.

The acceptance or rejection for the proposed CC.AA., should be based in the following objective parameters:

- Corrective actions based on non-solid acts like, exposing, informing, human mistake.... Root cause not defined, accidental cause. **UNACCEPTABLE RESPONSE.**
- Corrective actions based only on documental supports modifications, instructions, control plan.... The root cause is detected. **CONDITIONAL ACCEPTATION.** Review in case of problem repetition
- Technical changes in the process. **ACCEPTABLE RESPONSE.**
- Technical and documental changes in the process. **PREFERRED RESPONSE.**





## 10. QUALITY NOTIFICATIONS

---

### **COST RECOVERY POLICY & ASSOCIATED COSTS**

Prevention costs are incurred to prevent or avoid future quality problems. These costs are associated with the design, implementation, and maintenance of the quality management system. They are planned and incurred before mass production operation, and they could include:

- Product or service requirements: Establishment of specifications for incoming materials, processes, finished products, and services
- Quality planning: Plans for quality, reliability, operations, production, and inspection.
- Quality Assurance: Creation and maintenance of the quality system.
- Training: Development, preparation, and maintenance of programs.

CIE Automotive will not carry any cost due to non-conformities caused by external partners and suppliers. The following failure mode may be considered to be charged to the supplier account:

- Re-call.
- Line stoppage.
- Administrative initial issue launch.
- Checking, selection, rework.
- Cost associated for quality problems recurrences.
- In general, involved costs with the final customer, Tier/OEM.
- In the case the rejected material has been detected until final CIE customer, the cost will be charged until the manufacturing level the part is found with the final customer charges.
- In the cases the material has been detected in the process flow, the parts will be charged at the manufacturing level those parts are found with the real cost to the supplier
- Audit to re-apply the CIE Automotive Quality Audit per low performance in the initial audit.

## 11. SUPPLIER QUALITY PERFORMANCES

---

### VALUATION & ACTION PLAN

In general CIE Automotive is expecting "Zero Defects" and requires all suppliers to comply. However, the Plant Purchasing Manager will establish yearly targets to check the supplier' compliance and taking into account the established targets and, potentially topics as:

- Product quality.
- Supply interruption.
- Client notifications.
- Service rate.
- Previous year results.
- Development plan ongoing.
- Special requirements.
- Third part Certification.
- Claims number,
- Repetitive issues
- etc.,

The Plant Purchasing Manager, will evaluate regularly, supplier's performances. As result of this periodical valuation, could result the following levels of compliance and Action Plans:

**Level A GREEN** - ACCEPTABLE. Congratulations on achieving a GREEN supplier scorecard result for the previous valuation. Suppliers who constantly achieve a GREEN supplier scorecard result, will continue to be given consideration for new business opportunities.

**Level B YELLOW** - FAIR. Internal corrective actions must be in place in order to achieve a GREEN supplier scorecard result. A constant YELLOW supplier scorecard result indicates that your company is not performing in a GREEN level. Supplier must demonstrate continuous improvement in order to remain a long term supplier to CIE Automotive opportunities.

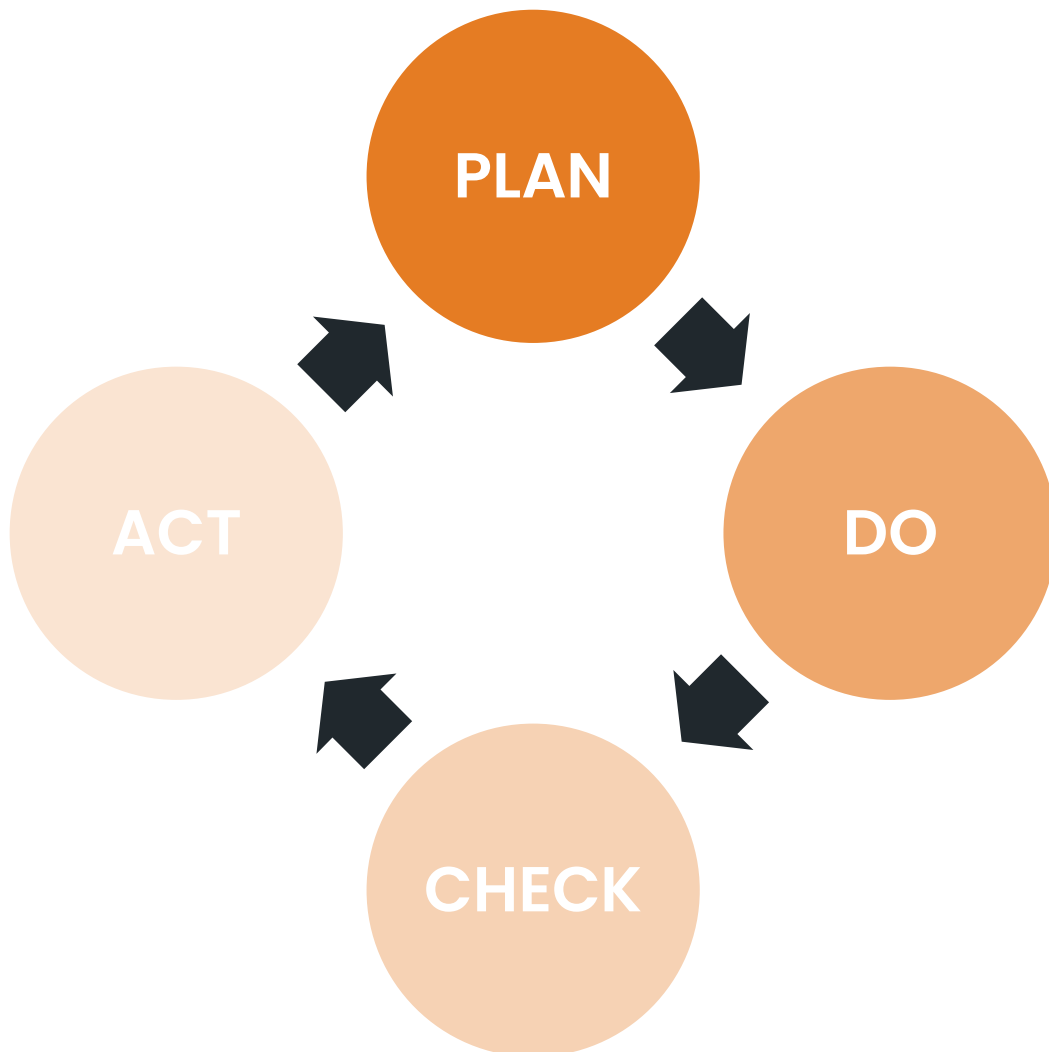
**Level C RED** - UNACCEPTABLE. The senior management team of your company is required to present per 3 months detailed corrective actions plan, addressing the areas of concern to the respective facility opportunities.

## 12. SUPPLIER DEVELOPMENT AND CONTINUOUS IMPROVEMENT

---

CIE Automotive expectation is that the supplier set goals for Continuous Improvement and use appropriate data and information to continuously improve its indicators and achieve customer satisfaction. Therefore, the supplier should implement a philosophy of Lean Manufacturing (Lean Manufacturing) in their processes, as part of its Quality Management system.

CIE Automotive philosophy is to promote Continuous Improvement towards the Supply Chain and establish long-term relationships with our suppliers. Therefore, we have the opening to share lessons learned that can help the supplier to improve the performance of their processes and share knowledge that will benefit both companies.



## 13. BUSINESS HOLD

---

A supplier that has the status “Business Hold”, will be excluded from CIE Automotive’s Suppliers Panel. The following issues can lead to this situation:

- Continuous non-satisfactory level “C” performance.
- Non fulfilment of Environmental, Social or Governance requirements
- Non fulfilment of new projects development plan.
- Non fulfilment of economics commitments.
- Non-compliance with selection criteria.
- Non-compliance with regulations about the use of conflict minerals.

The “Business Hold” situation involves the prohibition to be included in new RFQ’s launching, or even for supplying parts or services to all the companies of CIE Automotive Group. The “Corporate Purchasing Department” of CIE Automotive will communicate internally about this situation, to all the sites involved in business with the referred suppliers.



## 14. MANAGEMENT IN CRISIS TIME

---

CIE Automotive expects from the companies and organizations that make up its Supply Chain that, facing local/global crisis situations of greater or lesser duration and casuistry that may affect the normal activity of the companies, they know how to review their Strategy and adapt it to the new conditions, evaluating and addressing the specific situation that arises and establishing the necessary actions to reduce the impact in the medium and long term. Whether due to natural disasters, political crises, health crises or others, these measures must include:

### ACTIVITY AND ENVIRONMENT

- Articulate response plans to potential risks in the supply chain, inventory management, deliveries, etc. in order not to stop production or resume it as soon as circumstances allow.
- Procure protocols to ensure the operation of networks, systems and applications.
- Engage with key suppliers or seek alternative suppliers to maintain or negotiate continuity of supply.
- Create decision-making teams, and establish response, adjustment, emergency and contingency mechanisms as well as an exhaustive evaluation of risks, analyzing the human capital of the company, subcontracting, the supply chain, customers, and other stakeholders/rightholders.

### EMPLOYEES AND SOCIETY

- Define a communication and information mechanism for employees, customers, suppliers, and administrations, to collect, analyze and transmit updated and truthful data.
- Have a plan of preventive and prophylactic measures to avoid, as far as possible, negative impacts on employees.
- Develop procedures and promote flexible work, using available technical and technological resources.

### RESULTS AND FINANCIAL RESOURCES

- Determine the possible impact on the company's finances considering various scenarios of duration and severity and the effects they could have on the different lines of production, business or geographic area.
- Opting for grants and funding sources as well as establishing alternative tax strategies not contemplated in normal situations.
- Evaluate the coverage insured in the event of an involuntary and unexpected situation.

## 15. ETHICS FRAMEWORK

---

CIE Automotive's actions must ensure that its people internally and externally behave ethically.

### **CODE OF PROFESSIONAL CONDUCT**

This Code of Conduct will apply, without any exception, to all the people belonging to the Group. The knowledge and compliance of the rules of conduct stated in this Code are compulsory for everyone, and under no circumstances will ignorance of the law excuse compliance. In addition, CIE Automotive, S.A. will encourage its commercial partners (joint ventures, suppliers, customers, contractors and business partners), to act in a way that is consistent with this code and to apply ethics programs that are consistent with its standards. The Group will take appropriate action if there is evidence that those partners have not complied with its policies or with their contractual obligations..

### **DUE DILIGENCE GUIDANCE**

CIE Automotive is aligning itself with the new "DUE DILIGENCE" directive and the OECD's recommendations in order to identify, prevent and manage the impact that the Company's operations may have on human rights and the environment. Thus, the company will extend its knowledge and experience to its own suppliers, seeking to strengthen the supply chain's commitment to respect human, labour and environmental rights, and identifying risks of violation of any of these rights in the suppliers' countries of origin.

### **ANTI-CORRUPTION AND BRIBERY STANCE**

Compliance with this policy is mandatory for all directors, executives, employees and workers of all the companies that compose the Group ("the people"), without exception. Additionally, all third parties that collaborate, participate, act as intermediaries or act for and on behalf of CIE Automotive, S.A. in transactions and negotiations must observe the guidelines and principles contained in this policy.

### **WHISTLE-BLOWING CHANNEL**

CIE Automotive has set up a procedure for managing notifications and enquiries with respect to Code of Professional Conduct breaches or anomalies. All members of the organisation and any of its stakeholder groups may use to it make enquiries or notify unusual activity or breaches of the rules set down in the Code of Professional Conduct using the following channels:

Corporate website in the "Ethical Channel" section:

<https://cieautomotive.com/en/ethical-channel>

INFORMATION AND COMMUNICATION CHANNEL ON THE INTRANET AND CORPORATE WEBSITE.

The group also encourages its business partners (joint venturers, suppliers, customers, contractors and other partners) to align their conduct with the Code and apply equivalent standards of ethics.

It is recommended that suppliers have their own whistleblowing channel (linked to Due Diligence).

## 16. CRITICAL RAW MATERIALS & CONFLICT MINERALS

---

### CRITICAL RAW MATERIALS

Raw materials are crucial to Europe's economy. They form a strong industrial base, producing a broad range of goods and applications used in everyday life and modern technologies. Reliable and unhindered access to certain raw materials is a growing concern within the EU and across the globe. To address this challenge, the European Commission has created a list of critical raw materials (CRMs)\* for the EU, which is subject to a regular review and update. CRMs combine raw materials of high importance to the EU economy and of high risk associated with their supply. CIE Automotive expects that all "Supply Chain Suppliers" know, share and meet the regulations in this regard.

\*[https://ec.europa.eu/growth/sectors/raw-materials/specific-interest/critical\\_en](https://ec.europa.eu/growth/sectors/raw-materials/specific-interest/critical_en)

### CIE AUTOMOTIVE'S COMMITMENT

As goal to ensure that it does not use materials or components from dubious sources, CIE Automotive undertakes to:

- Adopt and enforce this Conflict Minerals Policy in all Group companies.
- Extend this Policy to its supply chain.
- Implement through the **Suppliers' Portal** an inquiry process aimed at requesting information on Conflict Minerals from suppliers who may be affected by this Policy using the Conflict-Free Sourcing Initiative. By procedure, CIE Automotive will not validate questionnaires in which the supplier claims to use any of the Conflict Minerals, and does not guarantee that they come from the "Covered Countries". These reports will be available periodically or when required by an interest group.

### CONFLICT MINERALS AND "COVERED COUNTRIES"

Companies, Governments\* and Civil Society organizations are paying increased attention to certain "Conflicts Minerals" and their derivatives, sourced from the called "Covered Countries" or Conflict Affected and High-Risk Areas (CAHRAs). The extraction and trade in these "Conflict Materials" contribute financially to violence. CIE Automotive and its suppliers must fulfil the regulations about the use of these conflict minerals sourced in the "Covered Countries" and neighbouring countries (Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, Sudan, Tanzania, Uganda and Zambia).

The Regulation requires that companies should make appropriate inquiries, and, depending on the circumstances, conduct the due diligence necessary to determine the origin and chain of custody of any conflict minerals that may be used in their products.

The breach of this regulation involves, in first term status as "Global Business Hold" and the removal as supplier for CIE Automotive, if after an agreed period the situation is not solved satisfactorily.

\*See "Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1502" for American companies. And for European companies: "EU Regulation 2017/821", approved in 2017, valid from January 1, 2021. New European Regulation, has the same Minerals in scope and very much aligned to the US Dodd-Frank Act aforementioned.

## 16. CRITICAL RAW MATERIALS & CONFLICT MINERALS

---

### CONFLICT MINERALS POLICY

- CIE Automotive recognizes the importance of responsible sourcing and commits its efforts in adhering to international regulations in this topic.
- CIE Automotive is permanently committed to caring for the sustainable development. This commitment is clearly aligned with the 17 sustainable development Goals of United nations as well as with the United Nations Global Compact, (in October 2015 CIE Automotive joined this compact), to, according our management model, develop, implement and so disseminate policies and practices of business sustainability.
- CIE Automotive's providers and Supply Chain must fulfil the requirements included in CIE's "Global Supply Chain Manual" (see the "Conflict Minerals" section of the aforementioned Manual), and they must also respect human rights, labour laws, and environmental and ethical requirements in accordance with the principles of the global compacts, goals and CIE Automotive's Code of Conduct and General Purchasing Conditions in each geographical area.
- The breach of this regulation involves, in first term status as "Global Business Hold" and the removal as supplier for CIE Automotive, if after an agreed period the situation is not solved satisfactorily.
- No new suppliers will be accepted in our Suppliers Panel, if they cannot guaranty the fulfillment of the related requirements.
- CIE Automotive expects from its suppliers, to implement similar measures, to extend them to their supply chains.
- The Policy affects all CIE Automotive Group companies (CIE Automotive S.A. and its subsidiaries).

### DILIGENCE REPORT

CIE Automotive establishes this due diligence report following the guidelines of the OECD Due Diligence report based on risks in the supply chain of minerals in conflict areas.

For this purpose, CIE Automotive implements the following 5 guidelines for its proper accomplishment:

- Establish robust business management systems: CIE Automotive's own Conflict Minerals Policy published in 2021, as well as the incorporation of monitoring tools such as the Supplier Portal with a specific "Conflict Minerals" Questionnaire.
- Detect and evaluate risks in the supply chain: identification of suppliers that supply CIE Automotive with any of the so-called conflict minerals, and assess their negative effects.
- Design and implement a strategy to respond to the risks detected: Report the results of the evaluation to those responsible for the company, design and adopt a risk management plan, as well as an action plan and breaking the relationship with the supplier in case of not correcting the identified risk.
- If necessary, carry out an external audit to determine the risk and/or its correction.
- Reporting on supply chain due diligence: reporting in group annual reports.



## 16. CRITICAL RAW MATERIALS & CONFLICT MINERALS

---

It's expected the absolute and rigorous adherence and strictly comply to the fixed deadlines, policy and goals in this field, but in the not desired, and in any case accidental use for these forbidden minerals, in order to establish the disciplined way to investigate and solve potential disagreements in this topic, both parties will share "Standard Methods for Problem Investigation & Solving", as for example:

- PDCA
- 8 Disciplines.
- Ishikawa Diagram.

### REFERENCES

[www.cieautomotive.com/suppliers](http://www.cieautomotive.com/suppliers)  
<https://supplychain.cieautomotive.com/Home/Login>  
[www.oecdwatch.org/oecd-guidelines?set\\_language=en](http://www.oecdwatch.org/oecd-guidelines?set_language=en)  
[www.un.org/en/development/devagenda/sustainable.shtml](http://www.un.org/en/development/devagenda/sustainable.shtml)  
[www.ilo.org/global/site-map/lang--en/index.htm](http://www.ilo.org/global/site-map/lang--en/index.htm)  
[www.unglobalcompact.org/what-is-gc/mission/principles](http://www.unglobalcompact.org/what-is-gc/mission/principles)  
[www.cieautomotive.com/en/web/guest/related-documents](http://www.cieautomotive.com/en/web/guest/related-documents)



**Thank you**