Bufab Supplier Manual

Version 3.0

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Contents

1. SCOPE

Requirements of this document applies to all suppliers that provide product, material, processes or product related services to any Bufab facility as a contractual requirement, regardless of supplier's industry, approval or certification status.
Each external provider shall be responsible for ensuring that all members of its supply chain comply with the requirements set forth herein.
For the purpose of this document, the terms "supplier" and "external provider" are to be used interchangeably.

2. REFERENCE MATERIAL

Following documents, in whole or in part, are normatively referenced in this document and are indispensable for its application.
For dated references, only the edition cited applies, for undated references, the latest edition of the references document (including any amendments) applies.

- ISO 9001 - Quality Management Systems – Requirements
- ISO 9000 - Quality Management Systems – Fundamentals and Vocabulary
- IATF 16949 latest edition – Quality management systems requirements for automotive production and relevant service parts organizations
- EN 9120 - Quality Management Systems – Requirements for Aviation, Space and Defence Organisations
- AIAG Core Tools (APQP, FMEA, CP, PPAP, SPC, MSA)

It is the responsibility of the supplier to obtain the latest revisions of all documents, as applicable.

3. LEADERSHIP/ MANAGEMENT COMMITMENT

Top Management shall demonstrate leadership and commitment with respect to their management system and customer focus.

3.1 Quality Management System

External providers shall establish, implement, maintain and continually improve quality management system, including processes and their interactions, as a minimum in accordance with requirements of respective Quality Management System they are certified to.
Top Management is responsible to assure human resources required for effective maintenance of Quality Management System and control of its processes.
Top Management is responsible to plan processes to ensure conformity with customer and regulatory requirements.

3.2 Supplier Code of Conduct

It is expected that supplier has established Code of Conduct in line with Bufabs' Supplier Code of Conduct or otherwise is able to provide proof for compliance with.
It is mandatory that suppliers sign Bufab Supplier Code of Conduct or that own company Code of Conduct is approved by Bufabs' authorized representative.
Document can be found at Bufab webpage - Supplier Code of Conduct.

3.3 Environmental compliance and sustainability maturity

External provider is expected to demonstrate environmental compliance and sustainability maturity by supporting Bufab sustainability programs and activities.

3.4 Product conformity and liability

3.4.1 Product & process conformity

All articles that are sold to Bufab will be in new condition unless otherwise agreed.

Products with a shelf life, shall have minimum 80% of the shelf life remaining upon receipt at Bufab, unless otherwise stated on the Purchase Order.

External providers shall practice obsolescence management.

It is not accepted to assign full contract to external contractor or another external provider without Bufab permission being granted in writing. It is acceptable that secondary operations are outsourced.

3.4.2 Product liability

Where supplier has provided nonconforming product that has resulted in warranty claim, the external provider may be required to reimburse Bufab for any associated costs incurred.
This will be analysed on a case-by-case basis; however, reimbursement could include costs of the product plus handling allowance, external sorting and rework, expedited shipping, labour and administrative costs incurred by Bufab.

4. BUSINESS CONTINUITY PLAN

All external providers shall develop, deploy and maintain contingency plan that provides for the recovery of services in the most expedient manner.
The contingency plan shall address as a minimum the following types of issues and risks:

- Event based risks (fires, chemical spills, natural disasters like: flood, earthquake, tornado, tsunami, terrorist threats, medical emergencies like pandemic, human resource issues resulting in staff shortages like strikes etc.)
- Loss of utilities
- Key production equipment failure

- Cybersecurity breaches, Loss of data
- Sub-tier supplier's potential disruptions and disasters
- Transportation issues
- Disruptions due to financial and regulatory non-compliance

5. GENERAL REQUIREMENTS

5.1 Documentation control

All Bufab or Bufab customers related intellectual property, drawings and specifications etc. are subject to copyright.

When creating and updating documentation supplier shall assure appropriate identification and description (e.g. a title, date, author and / or reference number).

Documented information should be stored in a way to prevent loss, damage, deterioration and, facilitate retrieval. Retention and control of documents shall satisfy statutory & regulatory requirements.

Minimum retention period expected by Bufab is 10 years unless otherwise communicated during new item implementation phase.

Records covered by this retention policy shall at least contain, but not be limited to:

a) **Purchase documents** (purchase orders, contracts, amendments)
b) **Inspection and Measurement Records** (process set up data, process control data, raw material, raw material and final product inspection data) as well as appropriate reaction actions to readings outside the specification
c) **Product and Process Development** (APQP and PPAP / initial samples / FAIR documentation)
d) **Tooling records** (maintenance & ownership)
e) **Management System Documentation** (internal audit results and management review)

Documented information shall be maintained in a secure environment that conforms with current revisions of officially recognised Data Protection Regulations.

5.2 Resources

5.2.1 Infrastructure & environment for operation of processes

External providers shall maintain any infrastructure required for the operation of its processes to achieve conformity of products and services. The plant layout should be optimized in order to safely avoid excessive handling and transport, facilitating the material flow.
Premises shall be in a state of order, cleanliness and repair adequate with the product and manufacturing process needs.

5.2.2 Monitoring & measuring resources

External providers shall determine and provide the resources needed to ensure valid and reliable results when monitoring and measuring is used to verify conformity and compliance of products and services to requirements.

5.3 Knowledge and competency

The external provider shall define and assure the necessary skills and competences for the operation of their processes, to achieve conformity and compliance of products and services and to ensure effectiveness and continuous improvement of quality management system.
This is applicable for all staff in all levels of the company, as well as agency or temporary workers.
External providers shall ensure that all staff is aware their personal contribution to product and service conformity, product safety and ethical behaviour.
The external provider shall ensure that these persons are competent on the basis of appropriate education, training or experience.

The external provider shall:

a) Provide training aligned with competency requirements
b) Evaluate the effectiveness of the training
c) Implement a system that ensures staff retraining at a frequency determined.
d) Provide “on-the-job” training for new and/or modified process
e) Keep records of internal / external trainings, education and job retraining or recertification.
f) Have a process to encourage employees to achieve quality objectives and to make continuous improvements.

6. COMMUNICATION

6.1 General agreement

External providers shall only accept agreements and instructions in writing (e.g. purchase order, purchase order supplements/ amendments/ concessions/ production permits). Verbal agreements and instructions shall not be considered as approval or authorization.

External providers shall have the capability to communicate in English, including following documents unless otherwise approved by Bufab: policies (quality, environmental, health & safety and other), product and process documentation requiring Bufab approval (PPAP, FAIR, certificates of conformity) and all other formal communication.
In cases where the external provider maintains copies in their native language as well as in English, and there is a conflict, the English language document shall take precedence.

6.2 Notification of changes

External provider shall notify Bufab in writing about following changes:

- Within 48 hours from occurrence to inform about certification status changes (withdrawal/cancellation)
- Within 10 working days from occurrence for significant organizational changes (company name, ownership, senior management)
- 12 months before implementation (or as soon as known for shorter implementations) for major industrial changes (business or workshop re-location or extension, new ERP or significant changes to existing one, new, modified or replacement tooling, changes to production processes, changes in the supply chain)
- Based on the information Bufab reserves the right to re-audit suppliers' facility
- Suppliers certified to IATF 16949 may be required to re-submit PPAP (as per AIAG PPAP manual requirements)

7. CONDITIONS OF PURCHASE

External provider shall comply **General Purchasing Conditions for Bufab.**
Document can be found at Bufab - Bufab General Purchasing Conditions (GPC).pdf.

7.1 Conditions for RFQ (Request for Quotation)

The External provider quote for the RFQ should contain following elements:

7.1.1 Obligatory elements:

a) RFQ number and validity period
b) Unit price
c) Any deviations and exemptions from original technical documentation
d) Material and surface treatment offered
e) Part weight (known or calculated)
f) Delivery terms and dates
g) Traceability concept (traceability explanation)
h) Minimum Order Quantity
i) Annual volumes that can be delivered
j) Packaging Quantity (box or container quantity)

7.1.2 Possible elements (when applicable and requested):

a) Documentation offered and costs
b) Shelf life, if applicable
c) Commitment to achieve PPM target requested by Bufab
d) Samples offered and costs
e) Sample approval documentation (PPAP, FAIR, aso)
f) Tooling costs, tooling refund costs and terms

g) Packaging offered (if different from Bufab standard or specified packaging requirements)
h) Inco terms (if deviating from the PUA)
i) Payment terms (if deviating from the PUA)
j) Compliance and conformity declarations

7.2 Component Development & Approval Process

This section is only applicable to suppliers providing new items developed to Bufab requirements, where on the Purchase Order there is a requirement for any of below component approval process types.

Supplier is required to introduce new products and processes referring to the supplied product or service using project planning methodology such as the AIAG Advanced Product Planning Process (APQP) or any other effective project planning process.

7.2.1 PPAP (Production Part Approval Process)

Standard PPAP submission level is PPAP level 3 (as defined by AIAG PPAP manual) including supporting product samples.
Any changes to the level of requirements will be communicated by Bufab authorized representative.

PPAP submission parts shall be charged at production prices for a quantity as requested on the Purchase Order.
Unless otherwise agreed at the RFQ stage there shall be no charge for PPAP documentation, including annual revalidation.

7.2.2 FAIR (First Article Inspection)

Standard submission level is full FAIR as defined in SAE AS9102, together with supporting samples. The external provider shall perform FAI on new product representative from the first production run.

FAIR submission parts shall be charged at production prices for a quantity as requested on the Purchase Order.
Unless otherwise agreed at the RFQ stage there shall be no charge for FAIR documentation, including annual revalidation.

7.2.3 Other types of Initial Samples and supportive documentation

Bufab reserves the right to request any type of documentation supporting initial samples.
Scope of this documentation will be communicated and agreed during RFQ stage.

7.3 Order handling and invoice

7.3.1 Order confirmation

Order confirmation shall contain following information as a minimum:

- Bufab PO number
- Confirmation on PO row level
- Part number and description
- Quantity, quantity/box and price
- Delivery time
- Payment term
- Your reference

7.3.2 Invoice

The invoice shall be sent when goods are dispatched. If the goods are shipped by sea the invoice shall be sent the same day as the bill of lading is issued. Preferable the invoice shall be handled digitally or sent by email to the designated Bufab Company invoicing email.

The invoice shall contain following:

- Bufabs' Purchase order number
- Part number and description
- Supplier invoice number
- Supplier name and address
- Supplier VAT and Registration number
- Supplier Bank Details – account number and IBAN, BIC/SWIFT
- Customer name, address and VAT number
- Invoiced quantity
- Invoiced price
- Country of origin, ISO-3166-1 Alpha-2 code or full name
- Currency
- Payment terms
- Total amount
- Delivery/dispatch date
- Delivery terms
- Cost for samples, tools or certificates shall be invoiced on separate lines (not included in the part price)
- If oversea shipment - a copy of Bill of Lading shall be sent together with the invoice.

7.3 Packaging & Shipping

All articles for shipment to Bufab or its customers should be adequately packed to preserve and prevent loss, damage or contamination during transit and storage.

For packaging, including labelling and shipping requirements except otherwise agreed external providers should refer to General Packing and shipping requirements

Packaging and transportation of dangerous goods must comply with the latest edition of the applicable regulations in the country where the goods are shipped (for example IATA/ ICAO, IMDG & ADR).

7.3.1 Additional requirements issued with PO

Bufab may stipulate additional requirements on purchase orders such as more detailed traceability requirements, packaging and labelling, product certification etc. External providers are expected to comply with specified requirements unless otherwise agreed by the purchaser.

Examples of documentation that may be required, but not limited to:

- Certificate of Conformity
- Declaration of Country of Origin
- Mill Certificate

If requested documentation shall meet the following requirements:

- Clear and legible
- Contain the item/part number and Bufab PO number
- Approved authorized release
- The traceability (batch and lot) information need to be consistent across all documentation and identification
- Must be provided in English

8. OPERATIONS

8.1 Sub-suppliers

External providers shall implement supplier approval methodology and maintain a list of approved suppliers. Additionally, external provider shall apply appropriate controls throughout the supply chain to ensure product and service compliance and conformity.

Where Bufab designates a specific manufacturer, supplier or brand on a purchase order, the external provider must supply articles sourced from the designated provider.
Alternatives will not be accepted without prior permission being given by Bufab authorized representative.

8.2 Critical characteristics

Product and process characteristics that may impact product safety and/or are critical to fit or function can be designated as critical characteristics.
Critical characteristics are identified by dedicated symbols in product drawings and specifications
It is required that for critical characteristics capability studies and statistical process control are be performed in accordance with the rules defined in the latest edition of the AIAG PPAP and SPC manuals.

8.3 Tooling and consumables

All free issue tooling remains the property of Bufab or its customer unless otherwise agreed in writing.

The external provider shall identify, verify, protect and safeguard Bufab or its customers property provided for use or incorporation into the products and services (this can include materials, components, tools, equipment, intellectual property).

Any tools in the possession of an external provider shall be identified (marked/ stamped) and recorded along with records of any transfers (date, transfer details, supplier, location and condition as a minimum).

If Bufab or its customer property is lost, damaged or otherwise found to be unsuitable for use, the external provider shall report this to Bufab within 10 working days and retain documented information on what has occurred.

If maintenance or modification is required for tooling, Bufab should be informed of the extent prior to any modification being undertaken. Records should be kept showing dates, timing, changes and the identity of personnel involved in any maintenance or modification.

Consumable materials used in manufacturing processes which have a defined ‘Life restriction’ shall be subject to a control process that assures no risk of out-of-life material being used (through effective labelling, monitoring and disposal).

Bufab will be compensated for free issue material where scrappage limits are exceeded. Where requested in writing wither on the PO or subsequent written instruction, all remaining free issue material will be returned to Bufab.

8.4 Control of changes

Organization shall have a process to control and to react to changes that impact product realization.
Effects of any change, including those changes caused by organization, by the customer or any supplier down in supply-chain, shall be assessed.
Changes shall be validated before implementation. Records of risk analysis, verification and validation of change shall be retained.
Organization is responsible to obtain documented approval from Bufab authorized representative before implementation of the change to product or production process affecting product compliance (fir, form, function, performance and/or durability).

9. CONTROL OF NON-CONFORMANCE

In case where a non-conformity or non-compliance is detected a supplier corrective action request (SCAR/ NCR/Supplier claim) may be issued to the external provider describing the problem and the actions required.

The external provider is expected to:

a) WITHIN 24 HOURS:

- Initiate immediate containment actions to isolate and contain the non-conforming stock and protect Bufab and its customers from further damage, impact or potential line stop.
- Identify previous shipments that are likely to be affected by the same non-compliance (in transit or already received by Bufab).
- Pass above information in writing to Bufab

b) WITHIN 5 WORKING DAYS:

- Present root cause analysis and planned corrective measures covering occurrence and reason for non-detection together with schedule for implementation
  - Application of 5WHY or Ishikawa methodology may be requested by Bufab
  - If supplier is not able to meet the requirement due to objective reasons (claimed samples not received), supplier must advise on extended timing required

c) WITHIN 30 DAYS:

- Provide evidence of the effective implementation of the corrective and preventive measures (covering flow down throughout the supply chain, if applicable) as indication for closure.

In case Bufab expects reply in 8D format it will be communicated to the supplier.
Bufab 8D format is expected to be used, unless otherwise agreed.

The external provider shall obtain written instructions from Bufab regarding the disposition of the non-conforming stock.
All product rework shall have documented work instructions. Approval for rework of product shall be requested and obtained.

Upon implementation of corrective actions, to ensure effectiveness, the external provider shall have a documented process in place to ensure that a tightened and robust sampling plan for inspection of the affected characteristics (for example additional independent measurement of the affected characteristics) is performed for a minimum of three consecutive manufactured batches, unless otherwise specified.

Bufab may assign key characteristics requirements for significant escapes, repeated escapes or recurrent concession requests.

Bufab reserves the right to carry out an audit with agreed prior notice on the external provider premises to sign off any corrective actions and verify product.

10. PERFORMANCE EVALUATION

Top Management shall review the organisation's quality management system at planned intervals to ensure continuing suitability, adequacy, effectiveness and alignment with the strategic direction of the organisation.
On time delivery to customers should be measured and actions taken when customers' expectations are not achieved.
Bufab expects 100% on-time delivery.

Bufab records performance of suppliers based on Key Performance Indicators relevant to the business. Where poor performance is identified, the external provider will be informed, and corrective actions agreed.

Bufab monitors following Key Performance Indicators:

- Quality – Number of incidents
- Quality – Claim rate
- Quality – PPM
- Delivery – OTD

Result of those KPIs (but not limited to) is considered on the regular basis and when awarding new business to suppliers.

Bufab reserves the right for Bufab, a Bufab customer or a specified third party (customer/regulatory agency), to perform an audit or inspection at the Supplier's facility. Such verification shall not be used as evidence of effective control of quality. This verification does not absolve the Supplier of the responsibility to provide acceptable product and does not preclude any subsequent rejection by Bufab or its Customer.
Supplier shall provide access to quality system documentation, quality records as well as the ability to conduct audits, verify product and processes.

Poor performance will result in improvement notice requiring improvement plans and/or audits to validate effectiveness of implemented actions.
Continued poor performance will lead to escalation which may result in re-classification or disqualification and blocking of supplier. Escalation depending on it level will restrict or prevent new business opportunities.

Escalation model is described below.

11. PRODUCT SAFETY AND COMPLIANCE

11.1 Product Safety

The external provider shall implement process to ensure product safety of its parts and their sub-supplier's parts to minimise safety risks.
All external providers shall appoint and communicate a representative contact person, including emergency phone number and e-mail. This is required in case of Bufab needs to contact the supplier in an emergency such as product recalls, product safety related issues and line stops.

11.2 Hydrogen Embrittlement Considerations

It is essential to take appropriate controls to mitigate/prevent the risk of hydrogen embrittlement.

External provider shall establish process to assure full control of production process, from raw material to finished products.
For standard fasteners where hydrogen embrittlement is known potential risk due to electroplating of high tensile parts these parts shall be baked in accordance with ISO 4042 and/or tested in accordance with ISO 15330.
Where Bufab or Bufabs' customer requirements apply, parts shall be baked or tested in accordance with these requirements.

For non-standard items sensitive to hydrogen embrittlement these shall be controlled as per baking and/or testing requirements specified by Bufab or Bufabs' customer and/or testing requirements determined by your specialist knowledge and expertise.

It may be acceptable that a reference part is used to verify the effectiveness of the control process. To accept such test as a valid for a group of products its need to be performed on regular basis.

NOTE: Reference part means same or similar product type/ diameter/ material/heat treatment/ pickling time/ inhibitor in pickling acid/ coating type/ coating thickness/ time between coating and baking/ baking duration/ baking temperature/ intermediate baking as well as conversion coating.

Baking process records and / or testing results shall be retained and be provided to Bufab upon request.

For Initial Samples and PPAP test result according to ISO 15330 Chapter 9 shall be included in the documentation.

All requirements stated above are applicable to all direct suppliers to Bufab and throughout the supply chain.

If it is not feasible or possible to comply with the above requirements its suppliers obligation to contact the Bufab sourcing or purchasing representative to seek further clarification.

11.3 Chemical Compliance

Bufab requires all external providers to assure compliance with regulatory requirements covering production, distribution, and use of chemicals and substances.

11.4 Responsible Sourcing

External providers shall comply with applicable laws and regulations regarding direct and indirect sourcing of conflict minerals (i.e. when integrated in purchased products) or ones coming from high-risk areas.