



# Supplier Handbook

## Hydro Extrusion Sweden AB



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## Preface

This handbook has been developed to communicate Hydro's operational principles, general expectations, requirements, and procedures. It outlines the minimum requirements and expectations that the supplier is responsible for and should be seen as a complement to the purchase agreement between Hydro and the supplier, where additional requirements may apply. Compliance with the guidelines described in this handbook is required of all Hydro suppliers.

Hydro is an international and diversified industrial group. Hydro's values and principles for sustainable development are well established in our operations. Our business is designed to create added value for our customers and promote sustainable development worldwide. Our goal is to strengthen our international reputation by acting in accordance with these values and principles, which form the basis for the high expectations and requirements we place on our suppliers and business partners. Hydro's Supplier Code of Conduct includes the supplier's commitment to promote Hydro's values and principles and plays an important role in our selection of suppliers.

Hydro expects partners and suppliers to strive for zero defects and demonstrate this by meeting delivery times, delivering products that meet all requirements, working according to defined processes, and actively contributing to increased added value. We require the effective application of quality management systems and robust processes for corrective/preventive actions. Hydro maintains a constant focus on continuous improvements with its suppliers.

By delivering products and services to Hydro, the supplier accepts these requirements, values, and principles and commits to following this declaration. Uncompromising compliance with these values and principles is of utmost importance for us to maintain a successful and long-term business relationship. Hydro will measure and monitor the results and reward those who exceed our expectations.

Hydro expects that the top management of our suppliers shares our commitment to meet or exceed our customers' quality expectations through continuous improvements. It is also expected that the entire supplier organization will fully support the relationship between our companies and show flexibility to help Hydro meet all our customers' requirements.

Magnus Wårnsved  
Supply Chain Manager

A handwritten signature in blue ink, appearing to read 'Magnus Wårnsved'.

Philip Nokrach  
Quality Manager

A handwritten signature in blue ink, appearing to read 'Philip Nokrach'.

# 1 Introduction

## 1.1 Purpose

This document describes the fundamental principles and requirements for all suppliers delivering products or services to Hydro Extrusion Sweden AB (hereinafter referred to as “Hydro”). The purpose of the document is to provide a general overview of Hydro and our expectations and requirements for suppliers and business partners. With the support of our suppliers and partners, Hydro aims to develop good and successful relationships to consistently meet or exceed customer expectations and requirements. The purpose is also to select and actively develop suppliers who consistently deliver innovative products and services of the highest quality and delivery precision, at the lowest total cost and with the least environmental impact throughout the supply chain.

Information about Hydro, our core values, and focus on sustainability can be found at [www.hydro.com](http://www.hydro.com). Hydro's vision for our suppliers is to:

- **Do it right from the start** - through planning, preparation, and training to deliver high-quality products and services.
- **Do it right every time** - thereby ensuring consistently high quality of products and services.
- **Continuously develop** - by actively improving the quality, environmental impact, and value of products and services.

## 1.2 Scope

This handbook covers all suppliers and deliveries to Hydro. The handbook should be used as a supplementary document to framework agreements or general purchasing conditions, contracts, and where applicable, ISO standards 9001, 14001, and IATF 16949. The supplier handbook neither replaces nor modifies the terms of these documents. Any deviations from a specific requirement stated in this document must therefore be defined separately in the framework agreement or general purchasing conditions.

# 2 General Requirements

For Hydro, our suppliers are important business partners and stakeholders. Our goal is to only collaborate with suppliers who support our business principles. The requirements stated in this document are the minimum level that a supplier to Hydro is expected to meet. Any additional requirements for specific goods and services are specified in product specifications and/or purchase orders.

The supplier may not engage subcontractors for any significant part of the delivery without written approval from Hydro. In some cases, it may be relevant for Hydro or Hydro's customer to designate which supplier may be used.

## 2.1 General Purchasing Conditions

Hydro requires that the supplier accepts the general purchasing conditions or that a framework agreement and/or underlying price and delivery agreement is established with all suppliers. The level of agreement depends on factors such as complexity, business areas, and evaluation of suppliers for specified products and services.

## 2.2 Financial Control

The supplier must pass a financial assessment based on a credit report.

(Reference: IATF 16949 8.4.1.2)

## 2.3 Sustainability

Hydro strives to act according to high ethical standards, and we expect the same from our business partners and their value chain. This includes being an economically, socially, and environmentally sustainable company. In Hydro's framework for suppliers, the *Supplier Code of Conduct* (see document at [www.hydro.com](http://www.hydro.com)), it is summarized what Hydro considers to be responsible behavior. Each supplier is required to approve the code of conduct and submit it within the timeframe established by Hydro.

## 2.4 Quality Requirements

Hydro expects suppliers to strive for zero defects and demonstrate this by meeting delivery times, delivering products that meet all requirements, working according to defined processes, and actively contributing to increased added value. We require the effective application of quality management systems and robust processes for corrective/preventive actions. Hydro requires its suppliers to work on continuous improvements.

As a minimum requirement regarding suppliers' quality management systems, Hydro requires them to be certified according to ISO 9001:2015, or equivalent if there is a reason to deviate from this. Suppliers whose product or service does not impact the manufactured Hydro product may be exempt from this requirement.

The supplier must inform Hydro if there are changes affecting the supplier's certification, status, or major organizational changes.

Hydro strongly recommends the use of all standard AIAG core tools (APQP, PPAP, FMEA, MSA, and SPS/SPC) and CQI special process requirements as the basis for all process and product quality assurance.

## 2.5 Suppliers Subject to IATF Requirements (Automotive Customers)

Hydro's minimum requirement for suppliers of parts to automotive customers is that they must be third-party certified to ISO 9001:2015 and are expected to be third-party certified to IATF 16949:2016 [E].

For suppliers who are currently not certified according to IATF 16949:2016, they are expected to meet the minimum requirements specified in MAQMSR (Minimum Automotive Quality Management System Requirements). Additionally, Hydro offers assistance and support to help them achieve certification.

The supplier shall follow the IATF process for APQP/PPAP and other AIAG Core Tools, unless otherwise agreed. APQP should be used to achieve product realization. The supplier must be able to present relevant PPAP documentation.

To ensure compliance regarding the content of chemical substances, a material data sheet (MDS) [D] consisting of a declaration of all materials and substances and their weight must be reported to Hydro via the IMDS portal unless otherwise agreed. The MDS is a living document and must always reflect the actual content of the delivered parts.

(Reference: IATF 16949 8.4.2.3; IATF 16949 8.3.5.2; ISO 9001:2015 8.2.2; ISO 9001:2015 8.2.4; IATF 16949 4.3.2)

### 2.5.1 Layout Inspection

Unless otherwise agreed with Hydro, a Layout Inspection (complete measurement) must be performed and documented annually and described in the Control Plan, provided that the item has been delivered. These must be made available to Hydro upon request. Any deviations from the specification must be reported to Hydro and must be agreed upon in writing between the parties involved.

(Reference: IATF 16949 8.6.2; IATF 16949 7.5.3.2.1)

### 2.5.2 Special Characteristics

Special characteristics refer to product features or manufacturing parameters that can affect safety or compliance with specified requirements, fit, function, and performance requirements, or subsequent processing of the product. These are identified with the symbols [SC] or [CC] as follows:

Products with characteristics that are directly critical to a product's function and where failure can lead to loss of life, serious injury, or products subject to legal requirements are defined as products with critical characteristics, marked with the symbol [CC]. This characteristic requires a  $Cpk \geq 1.67$  in pre-series and series production unless otherwise agreed with Hydro.

Products with characteristics or manufacturing parameters that can affect compliance with specified requirements for form, function, performance requirements, or subsequent processing of the product are defined as products with significant characteristics, marked with the symbol [SC]. This characteristic requires a  $Cpk \geq 1.67$  in pre-series and  $Cpk \geq 1.33$  in series production unless otherwise agreed with Hydro.

(Reference: IATF 16949 9.1.1.1)

## 2.6 Environmental Requirements

Hydro's environmental ambition is to protect biodiversity and reduce our environmental impact. Our climate ambition is to become a net-zero company (see more at [www.hydro.com/](http://www.hydro.com/)). Hydro expects suppliers to work according to these principles and preferably be certified according to ISO 14001. Suppliers should be able to present an environmental policy, inform about their environmental impact, their environmental goals, and how they work with continuous environmental performance improvements.

## 2.7 REACH and RoHS

No products delivered to Hydro may contain any prohibited substances. Therefore, it is important that suppliers comply with the EU directives REACH and RoHS [A]. These two directives list substances that are subject to restrictions. It is the supplier's responsibility to monitor substances on the candidate list, the EU's list of substances of very high concern, so that these can be phased out and to ensure that no prohibited substances are used in the manufacturing or packaging of products for Hydro, as well as to provide material data and safety data sheets for the delivered product (see more at [www.kemi.se](http://www.kemi.se)) [B].

## 2.8 Traceability System

The basic rule is that all goods must be labeled with a tag upon delivery, for example, on a basket, bundle, pallet, box, packaging, or product. The labeling must include a reference to Hydro's order and item. Additional requirements for special labeling, traceability requirements, and/or labeling of special characteristics are specified by the purchase agreement and associated drawing documentation. Hydro applies FIFO (First In, First Out) handling for incoming and outgoing materials, which requires suppliers to have an identification system that distinguishes one batch from another when delivering the finished product.

The supplier must ensure that incoming, unfinished, and finished products meet the requirements in accordance with the documented control plan.

(Reference: ISO 9001: 2015 8.5.2, IATF 16949 8.5.2.1)

## 2.9 Incoming Quality Control

The purpose of the inspection is to ensure that all parts entering the supplier's production chain conform to the specified details in the applicable drawing. Before production, the supplier is therefore expected to perform incoming quality control of all purchased parts. Quality control also includes components that have been delivered as semi-finished products by Hydro as well as those that have been manufactured internally by the supplier.

## 2.10 Continuity Plan – BCP

Hydro encourages all suppliers to maintain contingency, risk, and response plans. The purpose of this encouragement is to ensure that suppliers are prepared to handle unforeseen events and minimize potential disruptions in the supply chain. The goal is to contribute to safe working environments and uninterrupted delivery to customers. For more specific and detailed information on continuity planning, ISO 22301, the standard for BCMS, is recommended.

(Reference: IATF 16949 6.1.2.3)

## 2.11 Cyber and Information Security

Hydro encourages all suppliers to implement and maintain a robust information security system according to standards such as ISO 27001 or TISAX. This includes identifying and managing security risks, implementing security controls, and continuously improving security measures to protect sensitive information and ensure business continuity.

(Reference: IATF 16949 6.1.2.3)

## 2.12 SSG - Safety Training for Contractors

Hydro participates in an industry-wide concept to enhance and streamline safety training for contractors. The concept is called SSG Entré, and all employees of contractors performing work at Hydro and its facilities must complete an interactive, web-based safety training before being sent to Hydro. Upon successful completion of the training, the employee receives an access card that grants entry to Hydro. Information and documents are available at [www.ssg.se](http://www.ssg.se). [C]

# 3 Supplier Approval Process

Hydro regularly seeks new suitable candidates for future business collaborations. The supplier approval process describes the various steps to become an approved supplier to Hydro. This process aims to ensure that suppliers can deliver to Hydro by meeting our basic requirements and principles.



## 3.1 General Requirements

Hydro's general requirements that suppliers must meet are described in Chapter 2 of this document.

(Reference: ISO 9001:2015 8.4.3)



### 3.2 Supplier Assessment

The assessment of a potential supplier aims to provide a general understanding of the supplier's core business. As a first step, the supplier is asked to conduct a self-assessment. During the supplier evaluation, factors such as compliance with Hydro's requirements and principles, company structure, relevant technical capacity, logistics requirements, environmental efforts, and quality management systems, among others, are evaluated.

### 3.3 Requirements for Signing and Agreements

The following documents are usually included and/or signed as part of the supplier approval process:

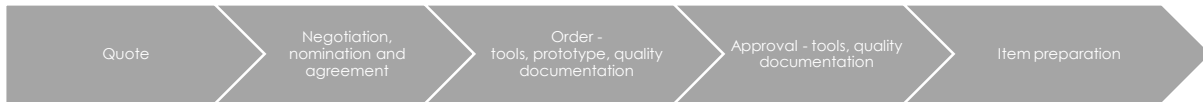
- Self-assessment
- Hydro Supplier Code of Conduct
- General purchasing terms
- Hydro general framework agreement
- Price and delivery agreement
- Non-disclosure agreement (NDA) – A potential supplier must sign a non-disclosure agreement to regulate the protection of trade secrets before detailed discussions begin.

### 3.4 Approved Supplier

If a supplier is assessed as approved, Hydro adds them to their supplier register.

## 4 Request for Quotation Process

The graphic below provides an overview of the request for quotation process.



### 4.1 Quote

Approved suppliers may receive an RFI (Request for Information) or an RFQ (Request for Quotation). To be considered for assignments, suppliers must meet and specify all parts of a quotation request and attach all requested documents as well as meet the set requirements. The quotation should include a fully itemized breakdown (CBD). When a supplier submits a bid/quotation to Hydro, it also means that the supplier meets all requirements according to this supplier manual and Hydro's general terms and conditions. The supplier must conduct a product review within the framework of the quotation.

### 4.2 Negotiation, Nomination and Agreement

To exceed customer expectations, we will identify, select, and actively develop suppliers who consistently add value in the form of products and services of the highest possible quality with the lowest possible environmental impact and total cost throughout the supply chain. Nomination is an official notice that the supplier has been approved to sell products or services to Hydro. The nomination is based on information in the quotation request, the quotation, total evaluation, and agreement between the parties. Detailed information about parts and business terms is specified in the nomination document, the order, or the price and delivery agreement, as well as the associated item list.

#### 4.2.1 Price and Delivery Agreement

A price and delivery agreement is entered into between Hydro and a supplier. Hydro and its subcontractors (designated companies) are also covered by this agreement in business dealings with the supplier regarding the specified parts. An item can be ordered by any of Hydro's designated subcontractors in accordance with the specified item lists. For all matters not regulated in this agreement, the framework agreement shall apply, if such exists between the parties. Otherwise, the general purchasing conditions and this supplier manual shall apply.

#### 4.2.2 Framework Agreement

A Framework Agreement is entered into between Hydro and a supplier. Parts can be ordered or requested by a company that has been designated in advance by Hydro (designated company, usually one of Hydro's facilities or subcontractors). In this case, the parts shall be delivered directly to and paid for by the designated company. Hydro and its rights and obligations under this framework agreement and its subordinate purchase agreements shall, where applicable, also apply to the designated company. This means, among other things, that the designated company shall have the same rights as Hydro to initiate legal proceedings in the event of defective or delayed deliveries. However, Hydro shall have the right to represent the designated company regarding the rights and/or obligations specified in the purchase agreement, after having notified the supplier of this in writing.

#### 4.2.3 Pricing

Hydro does not accept any price adjustments from its suppliers without prior notice or negotiation. In cases where suppliers are nominated and designated by an OEM company (Hydro's customer), all price negotiations must be conducted directly with the respective OEM company. Prices must include packaging unless otherwise agreed. Prices shall be fixed during the contract period, unless exceptions have been made for fluctuations in exchange rates and/or raw material prices. Information about parts and prices is detailed in the price and delivery agreement and the underlying price list. The supplier shall provide a complete cost breakdown (CBD) for all quoted products unless otherwise specified in the request.

### 4.3 Tools / Prototype / Quality Documentation

In certain projects tools, prototypes, or specific quality documentation are required. This is described below.

#### 4.3.1 Tools

When the Supplier purchases the tool in its own name but on behalf of Hydro, this means that Hydro gives the Supplier a limited commission assignment. When ordering tools, it must be clearly stated by the Supplier, in the order to its manufacturer, that Hydro is the owner and that the Supplier acts as a commissioner on behalf of Hydro. The tool order to the Supplier must include the Hydro project, business number, and the item's drawing number, which in turn must be communicated to the Supplier/Manufacturer of the tool. The Supplier is responsible for booking, transportation costs, and insurance between the tool manufacturer and the Supplier.

The tools are owned by Hydro. Under no circumstances does the Supplier obtain ownership of the tools. The Supplier may not in any way dispose of the tools, other than to manufacture parts for Hydro. Under no circumstances may the Supplier scrap, destroy, move, sell, rent out, or pledge the tools. Hydro has the option to provide the Supplier with marked signs confirming the ownership of the tools. The Supplier has a general duty of care regarding the tools and must ensure that they are stored securely so that they are not subject to theft or damage.

Furthermore, the Supplier is responsible for all types of marking, as well as bearing the cost of normal service and maintenance of the tools. The Supplier must insure the tools under customary conditions.

The Supplier must keep a register of the production equipment and, at Hydro's request, certify Hydro's ownership to third parties and/or Hydro.

The tools must be marked and placed with the Supplier until further notice and returned upon Hydro's request.

(Reference: IATF 16949 8.5.1.6)

#### 4.3.2 Prototype Material

Prototype material must be delivered separately with a separate delivery note. Address labels and delivery notes must be marked with "Prototype Material". The packaging must have a label with the text "Prototype Material". If the parts are delivered in an envelope or a small box, the label must be placed both inside and outside the envelope or box. Accompanying documents must always accompany the goods in a plastic pocket or envelope and must not be sent separately.

Unless otherwise specified by Hydro, a measurement report and a material certificate must always be included in the shipment.

Nomination for the sale or manufacture of prototype parts is not an immediate nomination for parts included in serial delivery.

(Reference: IATF 16949 8.3.4.3)

#### 4.3.3 Special Quality Documentation

In certain projects, special quality documentation is required. Hydro authorized representatives can provide information on the type of documentation required. PPAP must be included in the quoted and nominated prices. For example, the PPAP process must be followed for parts for the automotive industry, see below.

#### 4.3.4 PPAP and Sample Delivery

The PPAP process (Production Part Approval Process) must be followed primarily for parts for the Automotive industry. For more information, see the IATF's process for APQP/PPAP.

Hydro always sends a purchase order regarding PPAP. If required, the supplier must send marked samples to Hydro. The sample(s) must be sent separately with a separate delivery note. The packaging and documents must always be marked with "PPAP" and addressed to the person at Hydro who placed the order, or another reference specified in the order. Deliveries may not take place until approval has been granted by Hydro. This approval is sent to the supplier via a returned and signed PSW (Part Submission Warrant) indicating whether the PPAP process is approved or not.

If Hydro requires it, the supplier must provide a timeline for APQP, with all activities related to the APQP process for the specific part or, in some cases, the sub-assembly. Hydro's template for the APQP timeline must be completed by the supplier and sent to an authorized representative of Hydro for confirmation before any APQP activities begin. The APQP timeline template is provided by an authorized representative of Hydro.

### 4.4 Approval of Tools/Quality Documentation

Tools and quality documentation must be approved by Hydro. In automotive projects, the supplier is approved for the delivery of serially manufactured components to Hydro when an approved PSW for the specific item number has been signed by the supplier and Hydro.

(Reference: ISO 9001:2015 8.4.3; IATF 16949)

#### 4.5 Item Preparation

After nomination and preparation of items, the following information must be submitted to Hydro within five [5] working days:

1. Supplier's item number
2. Supplier's description
3. Country of origin
4. Statistical commodity code
5. Net weight
6. Multiple (quantity in carton)
7. Unit load (how many multiples on a pallet)

## 5 From Order to Delivery and Invoicing

This chapter describes the order and delivery process.



### 5.1 Order

Items or services are ordered or called off by Hydro.

#### 5.1.1 Supplier Designated by the Customer

There may be cases where the customer instructs Hydro to use a supplier to perform a processing service or to deliver a component. The arrangement for such a manufacturing flow is outlined in the product's purchase agreement and may also mean that Hydro's supplier must use a designated supplier in their process.

Requirements for, for example, qualification, follow-up, and audits for a designated supplier are defined through agreements between Hydro and the customer.

(Reference: IATF 16949 8.4.1.3)

#### 5.1.2 Electronic Data Interchange (EDI)

Electronic Data Interchange (EDI) is the transfer of structured business information according to an agreed format.

Hydro sees great benefits in integrating Hydro and its business systems with our frequent business partners. EDI can be a way to make business easier, safer, and with less administration. The supplier is responsible for their own costs regarding the implementation of EDI.

### 5.2 Order Confirmation

When the supplier receives a new order, an order confirmation must be sent to Hydro (or the designated subcontractor) within three [3] working days ([24-48] hours apply for processing or surface treatment suppliers) as proof that the order has been received and that the delivery time is satisfactory. The order confirmation is sent to the person who placed the order.

The order confirmation must at a minimum include the order number, delivery date per order line, all items specified with both the supplier's and Hydro's item numbers and descriptions, as well as quantity and unit.

### 5.3 Delivery

Hydro aims to have a very high delivery precision to our customers in accordance with their needs and requirements, which means that we demand the same high delivery reliability from our suppliers. Hydro prefers that suppliers use standard packaging such as pallets, collars, and lids. The cost of packaging materials is managed in the purchase agreement.

#### 5.3.1 Required Delivery Documents

The delivery documents must include all necessary documents according to the packaging instructions. A packaging specification must be attached to the delivery. The packaging specification should contain information such as the delivered quantity per item number, item description, order number, weights, etc. The same description as on the order should be used. Packaging requirements for a specific item are defined in the packaging instructions, in the document "Item List" attached to the agreement, or in the purchase order.

#### 5.3.2 Pallet Labeling

All pallets must be labeled with tags according to the packaging instructions, with clear information about the supplier, recipient, order number, item number, item description, quantity of items per item number, and delivery date.

### 5.4 Goods Receipt/Approval

For direct and indirect materials, a normal incoming inspection is carried out.

For manufacturing equipment and machines, Hydro conducts a functional test and evaluation on-site at Hydro before approval/acceptance. In some cases, Hydro performs a FAT (Factory Acceptance Test) at the supplier's site before the equipment is shipped to the Hydro facility. After that, a SAT (Site Acceptance Test) is conducted on-site at Hydro once the installation is complete.

### 5.5 Invoice

Invoices should be sent to Hydro's finance department in Hungary (FSS).

Contact information:

Hydro

PO Box 956

8050 Székesfehérvár

Verseci u. 1-15.

Hungary

Fax: +36 1 9995834

E-mail: [swe.invoice.ap@hydro.com](mailto:swe.invoice.ap@hydro.com)

Hydro does not accept invoices that lack the correct reference. The reference consists either of an order number or the name of the person at Hydro who will handle the invoice. This information can be provided by your contact at Hydro.

Hydro's finance department in Hungary (FSS) returns all invoices that lack the correct reference. An incorrect invoice must be replaced with a new invoice with the correct reference. Hydro does not pay interest costs for invoices that lack the correct reference; such invoices are rejected.

For purchases from other EU countries than Sweden, the invoice must include the Intrastat code and weight per item. Invoices can be sent via email, fax, or regular mail. The recommended format for invoices sent via email is PDF. The invoice and attachments should be sent as a single PDF document.

## 6 Change Management Process

Suppliers are required to notify Hydro of planned changes regarding products or manufacturing processes, including changes at subcontractors. Hydro expects the supplier to take the initiative for continuous quality and efficiency improvements, which may result in a change. All types of changes must be approved by Hydro before implementation, for continued product approval.

All changes to series products or series manufacturing processes that are implemented without Hydro's approval will be treated as a breach of trust between our companies and will lead to the initiation of the escalation process.

## 7 Supplier Evaluation

### 7.1 Evaluation Process

Selected suppliers are continuously evaluated by SQE, who regularly informs each supplier of the current outcome. Evaluation is done according to a scoring system based on three fundamental criteria:

- Complaints
- Delivery reliability
- Certificates

The results from the evaluation are used as a tool in how Hydro develops its suppliers. In the event of a deviating trend, SQE develops an action plan together with the supplier, where the opportunity is given to comment on the outcome. The results from the supplier evaluations are taken into account in the RFQ process.

(Reference: ISO 9001:2015 8.4.2; IATF 16949 8.4.2.4)

### 7.2 Audits

Hydro reserves the right to perform system or process audits at the supplier's or any subcontractor's facility to evaluate the supplier's performance, production chain, and ability to manufacture products in accordance with Hydro and its requirements. The visit should be appropriately scoped, and the supplier should ensure that Hydro's representative is accompanied by a qualified employee. Additionally, if deemed necessary, the supplier should grant Hydro's representative access to their subcontractors and allow them to conduct an audit of the subcontractor if required.

Depending on the results of an audit, the supplier or their subcontractor is obliged to establish and implement an action plan that will be determined and approved within the framework of the audit.

(Reference: ISO 9001: 2015 8.4.2; IATF 16949 8.4.2.4.1)

### 7.3 Escalation Process

In the case of serious or recurring deviations, an escalation process is initiated by the responsible SQE. Examples of serious deviations can include recurring high complaint rates, low delivery precision, poor response, failure to follow the established action plan, certificates not being renewed according to plan, or demonstrated breaches of Hydro's code of conduct.

Suppliers who do not meet Hydro's requirements may be phased out or temporarily suspended.

(Reference: IATF 16949 8.4.2.5)

#### 7.4 Products that do not meet the requirements

If a supplier has delivered products to Hydro that do not meet the specification requirements, Hydro's complaint process is initiated. A quality coordinator from Hydro will contact the supplier regarding the immediate and corrective actions that the supplier is expected to take. In the event of a complaint, a root cause analysis and an action plan for immediate measures must always be developed and implemented. To prevent the recurrence of the complaint, the supplier must also develop a corrective action plan based on the root cause analysis.

For certain customer types (e.g. Automotive customers), actions must also be taken and documented according to the standardized method for 8D reports within the following specified time limits:

- 3D Report - within 24 hours from the time of request
- 6D Report - within 10 working days
- 8D Report - within 15 working days from the time of request or sample receipt

If a defect is discovered, the defective part/product must be isolated to avoid mixing it with non-defective parts/products. Products that do not meet the requirements must be identified and managed to prevent them from being mistakenly delivered to Hydro.

If the supplier agrees, the parts can be scrapped to avoid return shipping costs. Additional costs for handling and measures, including administrative costs as well as costs for adjustment, sorting, disassembly, etc., will be charged to the supplier.

Products that do not meet the requirements can be scrapped after approval from the supplier or returned to the supplier for rework or analysis, depending on what has been agreed upon. Depending on the type of deviation and production requirements, suppliers may be asked to send replacement parts or decide on sorting the product. If sorting is needed, the supplier must provide personnel to perform the sorting of materials at Hydro's production unit or at a location designated by Hydro, which may be the supplier's own facility. For the execution of quality control measures, the supplier may use external resources after approval from Hydro.

For products that do not meet the requirements and where the deviation is accepted by the supplier, all related costs, such as handling and measures, including administrative costs as well as costs for adjustment, sorting, disassembly, etc., will be charged to the supplier. Each scrapped material must be settled (correction note from the supplier or debit note from Hydro) and its deficiency should be supplemented within the time specified by Hydro. The supplier is obliged to ensure the continuity of deliveries to Hydro in the event of a complaint.

(Reference: ISO 9001:2015 8.7.1, IATF 16949 8.5.2.1)

##### 7.4.1 Process for Deviation Approval

Products or processes that do not meet the requirements can be accepted under certain conditions. Parts that do not meet the requirements must not be shipped without written approval (template M-0245). The responsible SQE at Hydro handles the request to determine if a deviation can be approved as a temporary solution until corrective actions can be taken.

Under no circumstances may the supplier ship a product that does not meet the requirements without written approval. Deviation approval from Hydro does not absolve the supplier of responsibility. When delivering products to a designated company (Sub-supplier to Hydro), these companies manage the deviation process in the same manner as described above.

(Reference: ISO 9001:2015 8.7.1)

## 7.5 Hydro Supply Chain Improvement Program

The goal of the Supply Chain Improvement Program (SCIP) is to create a supply chain that results in continuous improvements in all areas of the business relationship between Hydro and its suppliers.

Hydro and its customers expect all suppliers to continuously improve productivity, leading to savings for both themselves and their customers. In this way, we can together maintain a competitive supply chain, benefiting both themselves and Hydro. The extent of these price reductions can be determined when the agreement is signed.

The supplier shall meet or exceed the agreed service level agreements (SLA) made between the parties. Agreed key performance indicators (KPI) and other information are stated in the Price and Delivery Agreement. If the supplier over time does not meet the mutually agreed key performance indicators, Hydro has the right to compensation.

(Reference: ISO 9001:2015 10.3; IATF 16949 10.3.1)

## 8 Change Log

Revision:	Description of Change:	Date:
1	First version	2019-01
2	Major rework and structural changes	2024-06
3	<p><b>Chapter 5.2:</b> Clarified timing deadlines for processing and surface treatment suppliers.</p> <p><b>Chapter 2:</b> Added information regarding continuity plan – BCP, cyber and information security.</p> <p>Clarified requirements for AIAG Core Tools and MAQMSR.</p>	2024-12

## 9 Glossary

In case of inconsistent terminology between IATF 16949 and this document, this document shall take precedence. Otherwise, the definitions from IATF 16949 apply to this document.

8D - 8 Disciplines (Corrective Actions)

AIAG - Automotive Industry Action Group

AIAG Core Tools - AIAGs Kärnverktyg (APQP, FMEA, MSA, PPAP, SPC)

APQP - Advanced Product Quality Planning (AIAG)

BCMS - Business Continuity Management Systems

CBD - Cost Breakdown Declaration

CC - Critical Characteristic

Cpk - Process Capability Index

ECN - Engineering Change Note

EDI - Electronic Data Interchange

FAT - Factory Acceptance Test

FMEA - Failure Mode and Effect Analysis

FIFO - First In First Out

IATF - International Automotive Task Force

IMDS - International Material Data System



IQC - Incoming Quality Control  
ISO - International Organization for Standardization  
KPI - Key Performance Indicator  
MAQMSR - Minimum Automotive Quality Management System Requirements  
MSA - Measurement Systems Analysis  
NCR - Non-Conformity Report  
NDA - Non-Disclosure Agreement  
OEM - Original Equipment Manufacturer  
PO - Purchase Order  
PPAP - Production Part Approval Process  
Ppk - Process Performance Index  
PPM - Parts Per Million  
PSW - Part Submission Warrant  
PTR - Production Test Run  
REACH - Registration, Evaluation, Authorisation and restriction of Chemicals  
RFI - Request for Information  
RFQ - Request for Quotation  
RoHS - Restriction of Hazardous Substances  
RTS - Review of Technical Specification  
R&R - Gage Repeatability and Reproducibility  
SAT - Site Acceptance Test  
SC - Significant Characteristic  
SCIP - Hydro Supplier Change Improvement Program  
SCR - Supplier Change Request  
SLA - Service Level Agreement  
SPC - Statistical Process Control  
SQE - Supplier Quality Engineer  
SQM - Supplier Quality Manual  
SSG - Standard Solutions Group

## 10 References

- [A] European Commission REACH [https://environment.ec.europa.eu/topics/chemicals/reach-regulation\\_en](https://environment.ec.europa.eu/topics/chemicals/reach-regulation_en)  
[B] Kemikalieinspektionen / Swedish Chemicals Agency [www.kemi.se](http://www.kemi.se)  
[C] Standard Solutions Group (SSG) [www.ssg.se](http://www.ssg.se)  
[D] International Material Data System (IMDS) [www.mdssystem.com](http://www.mdssystem.com)  
[E] International Automotive Task Force (IATF) [www.iatfglobaloversight.org](http://www.iatfglobaloversight.org)  
Hydro [www.hydro.com](http://www.hydro.com)