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## REVISION LIST

| Revision No | Revision Date | Reason of Revision   | Change Owner | Changed Page      |
|-------------|---------------|--|--------------|-------------------|
| 01          | 17.11.2021    | Starting to Envision   | O.Uçal       |                   |
| 02          | 06.12.2021    | Item 3 has been revised.   | O.Uçal       |                   |
| 03          | 10.11.2023    | D017 Supplier Hand Book is also reachable at Ege Fren web site. VSRM and organisation change have been adapted. Sustainability items have been updated. Confidentiality Agreement is added.. | E.Cirik      | 2, 4, 6, 8, 9, 11 |
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PREPARED BY

SATINALMA

CONTROLLED BY

KALİTE GÜVENÇE

APPROVED BY

KALİTE GÜVENÇE

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### 1. Purpose:

This manual is formed in order to create a business environment based on a partnership understanding with our suppliers, determine and develop our relationships in this context and reflect this business environment to our customers.

### 2. Scope:

This manual covers our level 1 Suppliers who provide goods and services. These suppliers provide raw materials, materials and contract jobs (services) that directly affect Ege Fren's product quality; and their sufficiency is approved. In order to guarantee the quality of their products and processes, they take the precautions in this manual, apply and maintain them. On our request; all details concerning these precautions such as all data, records and application results are informed to us. This process begins with the delivery of the first sample.

### 3. Application:

Our applications concerning our supplier selection are carried out according to this manual. Our Purchasing Department is responsible from coordination and application of this work. "Unless otherwise stated by the customer" , supplier choice is made among suppliers who obtain (possess) at least ISO 9001:2015 certificate from a certification institution that has accreditation . Suppliers, who provide parts qualified as "highly critical" by customers are defined as "high impact" suppliers and these suppliers are required to have at least IATF 16949 certificate. The one which possesses IATF 16949 will be preferred amongst suppliers in the same business occupation. Additionally, again on customer request, ISO 14000 Environmental Management System, and/or ISO 45001 Occupational Health and Safety documents may be demanded from our suppliers. The suppliers are obliged to submit newly obtained, or revised quality documents to Ege Fren. Furthermore Ege Fren will control the actuality of the quality documents in a 6 months basis.

#### 3.1 Company Information Form:

In order to be able to recognize our suppliers technically and commercially; F06.010 Production Companies Information Form is arranged toward our suppliers who are production companies and F06.011 Service Companies Information Form is arranged toward our suppliers who are service companies. The purchasing department transmits Confidentiality Agreement, F06.010 Production Companies Information Form and/or F06.011 Service Companies Information Form to candidate supplier at the beginning of the activity. Supplier candidate fills in and signs this form and returns it to purchasing department.

#### 3.2 Company Visit and Supplier Selection:

After evaluation of company information form; if they consider it required, our Purchasing Department and Quality Assurance Department visit the company in order to observe the capabilities of the supplier company at its place. In some cases, other concerned departments may also participate these visits. The purpose of this visit is to observe the information contents of the form and the details received from the candidate supplier. Also, subjects that the supplier wants to know and learn about Ege Fren can be handled at this observation visit. Decision on whether the candidate supplier is workable or not will be taken based on the evaluation point achieved in F80.113 Supplier Visit and Evaluation Form filled in by the participants upon the visit.

The inability to perform special demands specified by Ege Fren and/or customer will have an impact on supplier selection. Actions demanded in order to improve, and also eliminate insufficiencies in these type of suppliers will be followed. It may be decided to search for a possibility to work together with suppliers who achieve an acceptable level based on the above stated together with conformity in technical and economical aspects.

### 3.3 Submission of Quotation:

Ege Fren demands quotation from suppliers using F80.016 Request For Quotation Form. The supplier candidate arranges a detailed price analysis in accordance with our purchase data and submits its offers to Purchasing Department. For convenience during the evaluation of the quotations, Ege Fren strictly expects detailed price analysis from its suppliers. If the supplier does not have adequate substructure in this sense, Ege Fren Purchasing Department will provide them the necessary support with documentation and information.

In the attachment of F80.016 Request For Quotation Form, the purchase data examples of which are arranged below are given to supplier candidate.

- Technical drawings of parts
- Specification and testing methods
- Confidentiality Agreement

### 3.4 Approval of Offer:

Offers of supplier candidate are evaluated by Purchasing Department. Quotations from at least three companies are collected for each project. This situation may alter in some special cases (the presence of a very special process, insufficient time etc.). The Purchasing Department will make its evaluation using the F80.035 Quotation Analysis Form. Within this form, which criterias are taken into account during the selection of the supplier are definitively stated, together with the approval of the concerned persons. Sample order is placed to selected supplier in case an agreement is reached.

### 3.5 Customer Representative:

The supplier company assigns a Customer Representative, preferably from a technical department to address our Quality Assurance Department and Purchasing Department. Our expectation from this "Customer Representative" is:

- Protection of purchased data transmitted by Purchasing Department and following up their updates.
- Notification and training of related people at the supplier company about this manual.
- Knowing "usage and environmental conditions" of material and service provided by supplier at either Ege Fren or end use area; cooperating with related departments of Ege Fren in accordance with this and determining parameters to "take under control", to adapt to control systems and provide continuity of this situation by continuous information exchange.
- Informing Purchasing Department of "suspicious product" shipments, following up in our company, separation, etc.

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- Following up of any impropriety “concerning products and process” arising in a supplier company and correctional activities concerning these and notification of Ege Fren.
- In summary, being an envoy and representative between our company and supplier company in technical and logistic matters.

### 3.6 Starting The Project:

D017 Supplier Hand Book, and “Purchasing Data” (drawing, specification etc.) which include relevant technical documentation of the material to be manufactured are sent to the candidate suppliers found affirmative by the Purchasing Department using the F05.002 External Document Delivery Form and the validity of these documents are followed upon registration. D017 Supplier Hand Book is also reachable at Ege Fren web site. The supplier candidate is liable with protection of these documents which it has declared complete reception of, and privacy toward third parties and complete return when requested. In addition, Ege Fren General Purchasing Specification is signed with the supplier. This specification is to be signed by a person authorized within the signature circular. A copy of the signature circular is to be attached while sending the specification to Ege Fren.

With this data, the supplier will present Ege Fren Purchasing Department a project plan (containing the necessary tooling, model, apparatus, initial trial, initial sample, PPAP presentation date, date to be ready for serial production for the part) for the project it will work on. The follow up of the project will be made based on this planning, upon the approval of Ege Fren. Ege Fren will transfer all plan alterations arising from customer demands, and reserves the right to demand a revision of the project planning. If the supplier performs changes, and delays on the committed project planning submitted at the start of the project without giving notification to, and without approval of Ege Fren, Ege Fren has the right to cancel initial sample order. No material indemnity arising from this cancellation will be accepted by Ege Fren.

### 3.7 Order, and Approval of Sample

An initial sample order will be issued to the supplier by the Purchasing Department using F80.036 Initial Sample Order Form. The supplier will manufacture the required sample batch and, unless otherwise stated, will prepare a Level 3 PPAP based on current AIAG (Automotive Industries Association Group) PPAP documents.

Supplier should strictly include IMDS (International Material Data System) data of the product within the PPAP presentation.

Ege Fren can change PPAP presentation level by considering development level of supplier and performance (quality and delivery).

Generally level 2 PPAP file is requested from companies who produce bolt, nut, paint, welding wire according to international standards.

Cast part suppliers should provide tensile test specimens (and Charpy impact test specimens in required situations) with the initial sample submission. It is essential that the test specimen is prepared from the same charge as the samples. Coherency of Supplier and Ege Fren observations is among the major criteria for sample approval.

The preserial production is benefited for approval of sample. Unless another quantity is requested by our company in writing, preserial production of minimum a total of 300 unit is carried out (For low volumed parts, truck OEM's accept this quantity as 30.)

- **Special Characteristics:** Are determined by Ege Fren and transmitted to suppliers. Special symbols are used to define special characteristics affecting user safety, legality, functionality, harmony and sight.

These symbols and their definitions are given in D021 Special Characteristics Table. The special characteristics of Ege Fren can be seen below.


#### CONFORMITY / FUNCTION CHARACTERISTICS

#### SAFETY / REGULATION CHARACTERISTICS


Major Characteristic Component

Safety Related Characteristic

Safety Related

© or 

® or 

CE or 

Product characteristics that are exactly transmitted to customer by Ege Fren without an operation are named as “pass through characteristics”.

These characteristics are also shown with special characteristics symbols and control method is stated as “company report” within F02.019 Sample – Receiving Inspection Plan in incoming parts and conformity reports (material, process and dimensional reports) concerning these characteristics are requested from the supplier for every party.

In the same manner, the product characteristics that are transmitted to Ege Fren by the supplier without an additional operation on the sub suppliers characteristics also named as “pass through characteristics”.

For these characteristics, within the PPAP file for initial samples,

- Otherwise stated,  $C_{pk} \geq 2.00$  must be achieved for Safety (S) characteristics.
- Otherwise stated,  $C_{pk} \geq 1.67$  must be achieved for Regulation (R), Critical (C) , and Major (M1) characteristics.
- Otherwise stated,  $C_{pk} \geq 1.33$  must apply for all other characteristics.

These control methods of characteristics are also stated as “company report” within F02.019 Sample – Receiving Inspection Plan in incoming parts inspection plans and quality reports (material, process and dimensional reports) concerning these characteristics are requested from the supplier for every party.

- **Dimensional Evaluation:** At sample studies, the supplier must measure at least 5 samples by numbering them, construct a report, and present it together with the PPAP file. All characteristics in the related drawing must be measured. No conformity statements that do not contain numeric values should be present. Dates and people that the production is carried out are to be determined. Responsibility of carrying out all applicable specifications belongs to the suppliers. Any result out of acceptance criteria is a reason for the supplier not to present

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parts and/or documents. If the supplier can not cover one of these conditions, Ege Fren must be consulted to in order to ask what must be done.

- **Production Laboratory Evaluation:** Material tests should be carried out for all parts and production materials which have chemical, physical, metallurgical conditions. The supplier must carry out the required tests. If the supplier performs the required tests, the required service can be obtained from an accredited laboratory, or upon a special contract, can be obtained from Ege Fren laboratory. In case the tests are carried out by an independent/commercial laboratory, the results must be presented on pages with their company letterhead or in the format of norm reports. All tests specified in approval of product must be carried out and they must be listed within a dozen appropriate to main values. No confirmity statements that do not have numerical values shall be present. Dates and people to whom the tests were applied must be stated. Responsibility of carrying out all applicable specifications belongs to the suppliers. Any negative result in approval of product definition is a reason for the producer not to present the parts and/or documents. In order to cover all the related conditions every simple corrective action should be used. If the supplier cannot cover any of these conditions, Ege Fren must be consulted to in order to ask what must be done. The material reports to be submitted must be prepared and dated at the most three months prior to submission.

- **Engineering Changes:** In some projects, the supplier may not be able to attain the values specified for some of the characteristics specified for the part. In these cases such as, tolerance extension, alternative / equivalent material usage or alternative process application requests, an engineering change request form can be demanded for these characteristics, if possible, at the quotation stages. These demands are transferred to the Engineering Department via the Purchasing Department/PRM Supplier Development Department, by filling out F80.132 ECRF – Engineering Change Request Form. The Engineering Department will evaluate the demand, consulting the opinion of other departments, if necessary. For the approvals due to the engineering changes, inspection and testing requests are determined according to the size of the change. In necessary situations, after obtaining the approval of the customer, sample presentation will be realized based on the conditions stated above.

The prepared samples will be presented to the Purchasing Department with a printed / soft copy Level 3 (unless otherwise) PPAP file and F80.124 PPAP Submission Control List filled by supplier. The file will be controlled by the Purchasing Department/PRM Supplier Development Department, using F80.124 PPAP Submission Control List, and will be transferred to the Quality Assurance Department for necessary inspections. The remain part of the same form will be filled by Quality Assurance Department during ISIR process. Regarding the suppliers that use VSRM system: PPAP demand sent via VSRM system to supplier by Quality Assurance Department. The documents upload to VSRM system by supplier.

Verification is made for the sample. After the supplier meets all the requirements the samples are directly approved by our company under laboratory and operation conditions. "Approval of sample" means release for production and thus shipment.

In necessary cases, the samples and PPAP file approved by Ege Fren are sent to the Customer for their approval. In these cases, approval is transferred to the Supplier after evaluation by the Customer.

For disapproved products, the supplier reviews quality files and processes then prepares new samples.

The supplier must not change the declared subcontractors stated within the PPAP file without informing Ege Fren and/or the Customer.

The PPAP file for the part must updated, and presented for approval when any of the stated conditions below apply:

- New or modified product (specification, part plan)
- Process or production method change.
- Production made by equipment transferred to a different position within the company or transferred from a different facility.
- Change of subsupplier source of the supplier.
- Change of inspection method and frequency.
- Quality problem encountered for a long time, and in high production rates.

The Supplier must demand an updated PPAP presentation from it's subcontractor in any of the above conditions.

### 3.8 Contract and Order:

For level 1 materials, "General Terms and Conditions of Purchase" and F06.014 Blanket Order is signed with supplier. In terms and conditions, concerning obligation of coverage of our requests concerning product and quality system are determined and in F06.014 Blanket Order; transportation, price, payment terms, price update and special characteristics are determined. Later, these suppliers are cooperated with schedules given at regular intervals towards serial production. Purchasing Department transmits their material requirement to suppliers by F06.013 Supplier Scheduling Report. Unless otherwise defined this information flow is transmitted to both the domestic and foreign defined suppliers as firm and forecasted at any possible condition over a base of at least six months and on weekly base for first two months. Programs which cover a period of one month or less show the definitive situation.

### 3.9 Delivery, Packaging, and Product Definition:

The Suppliers perform the packaging instructions as is defined by Ege Fren at the start of the project. Ege Fren will definitely consult the opinion of its Suppliers during the construction of appropriate packaging instructions for the part they manufacture.

If no other agreement has been made, Suppliers must use labels printed from the "Barcode Label Program", prepared by Ege Fren and distributed to all the suppliers, during delivery of packages. In cases when these labels are not used, labels which support part, and traceability information must be used.

Suppliers who perform delivery using returnable packaging are responsible for the clean, and undamaged delivery of the Ege Fren packages. Ege Fren will demand a count at the end of each year for the packages they have within possession.

### 3.10 Technical Acceptance in Serial Shipment:

The Suppliers must send F02.019 Sample-Receiving Inspection Plan, and/or necessary material reports (raw material, dimensional, heat treatment, coating etc.) prepared for the parts



with each serial production shipment. . In case reports are not submitted with the shipment, this will be treated as non-conformity, and Initial Quality progress will be blocked. In these type of disruption, Ege Fren reserves the right to fine the suppliers by 100 .-EURO. In case report content is found inappropriate by verification made by our Quality Assurance Department, Ege Fren findings are considered valid. The Supplier is free to prove otherwise.

If Ege Fren's production is delayed due to non-conformity of parts rejected in initial inspection, or production, Ege Fren may always fine the Supplier for the cease in production. In these case, Ege Fren findings are considered valid.

### **3.11 Acceptance of the Products Approved by Engineering:**

In case the product or process is different then the one approved before, the supplier will inform Ege Fren Purchasing Department/PRM Supplier Development Department in writing and asks for approval for deviation for a stated period and quantity. However, in order to demand a deviation, the supplier must provide Ege Fren the written explanation explaining cause of the error, taken precautions, activity of the precautions.

The Suppliers demand will be evaluated by Ege Fren Engineering, Purchasing, Quality Assurance, and in cases necessary, the Production Departments. If the result of the evaluation is affirmative, Ege Fren provides a written approval, containing the approval number for the deviation, validity date and number, for the deviation. With this approval, the Supplier is obliged to ship every external package belonging to the material with the deviation approval number, and to mark as "appropriately".

When the validity for the deviation is over, or after the part or process returns to the conditions it was approved, a special explanation must be available on the first batch of packages to be delivered.

### **3.12 Reply to Quality Problem Declaration:**

Any quality problem, except for the materials rejected on initial inspection, is transmitted to the supplier by Quality Assurance Department with F80.004 8D Report. Regarding the suppliers that use VSRM system, 8D report is transmitted to the supplier via VSRM system.

The Supplier is fined 100.- Euro for each report that is prepared in this manner. The supplier should provide a written reply within 48 hours for short term corrective actions, and in 5 work days should define root cause of the error, taken precaution, validity beginning and activity of the precautions. The Supplier will be fined an additional 200.- Euro in cases where corrective actions are not obtained within these periods. The determination of the efficiency of the corrective actions implied by the Supplier, and the closing of the activities is made by Quality Assurance Department.

The Supplier has to reach an agreement with Ege Fren on how the rejected parts will be treated, in 5 work days. Otherwise, the rejected parts will be scrapped and invoiced to the Supplier.

### **3.13 Return Analysis:**

The supplier systematically follows the process analyses and causes of returns belonging to products provided to Ege Fren, and it must document it when asked to do so.

### **3.14 Verification within Supplier Site:**





Either our company's personnel or our customer's can verify the purchased product at the supplier's site provided that they notify beforehand. This verification does not supersede technical acceptance process of the product. In case the impropriety of mentioned party is determined at technical acceptance, party is rejected and returned. Unless otherwise stated , Ege Fren will perform a Run at Rate analysis by using F80.109 Capacity Verification (Run@Rate) Form on all pieces obtained from the Supplier , and will demand the Supplier to comply with the results of this analysis.

Ege Fren Purchasing Department/PRM Supplier Devemopment Department may perform, when found necessary for certain projects and/or for certain Suppliers, process and system audits using F80.105 Supplier Site Process Audit Form in the initial sample period. Furthermore, in order to maintain the reliability of serial production, Ege Fren Purchasing Department may perform process and system audits using F80.105 Supplier Site Process Audit Form in accordance with F80.106 Supplier Audit Plan for Suppliers that are found necessary. Improvement, and elimination of the factors that put the production lines at risk will be required after the audit from suppliers obtain a score of 5 or 6 points on any one of items 1, 2, and 3 in the risk factor assessment part. Additionally, Ege Fren Procurement Department may perform,when found necessity, logistics audits by means of Strategy and Improvement, business organization, supplier delivery plan / VSRM, Capacity, production control and delivery by using F80.217 Logistics Audit Form.

### **3.15 Preservation of Documents and Quality Records:**

Documents (production part approvals, equipment records, purchase orders, etc.) are provided for the period the product is active +1 calendar year. Quality performance records are preserved for one calendar year after the year that they are created.

### **3.16 Performance Evaluation:**

Domestic and foreign suppliers who regularly deliver to our company are taken into scope of performance evaluation. All suppliers are evaluated with attendance of Quality Assurance Department under responsibility and coordination of Purchasing Department/PRM Supplier Development Department once a month. Performance results are reachable in VSRM system instantly.

Furthermore, Suppliers will be informed once a year with F80.114 Supplier Quality and Delivery Performance Report regarding their general performance. "Supplier Quality Improvement" meetings will be arranged with suppliers who do not achieve the targets based on the yearly evaluation with the participation of Purchasing , Quality Assurance, PRM Supplier Development and Logistics and Planning Departments. Suppliers must strictly attend these meetings. The realization of the action plans constructed during these meetings will directly affect existing business relations with Ege Fren in the future .

Suppliers are evaluated based on the criteria stated below. At the start of each year, the supplier will be notified with the performance targets determined by Ege Fren for that year. The Quality Assurance Department and Purchasing Department will determine the most problematic suppliers by evaluations made each month using pareto analysis', and necessary actions will be started with the Suppliers.

#### **3.16.1 Conformity to Delivery Terms**



It is calculated by the Logistics and Planning Department via an excel format with F06.005 Supplier Delivery Performance Table by Purchasing Department. Delivery terms are weekly and goods delivered within the stated week are considered to be delivered on time and 10 points are given. Goods that arrive before the delivery terms are not accepted and then returned. No point is given for goods which are delivered later than the delivery terms.

### 3.16.2 Conformity to Quantity at Delivery:

It is calculated by the Logistics and Planning Department via an Excel format with F06.005 Supplier Delivery Performance Table by Purchasing Department in case the goods are all delivered in exceeding delivery terms, or all are rejected.

$$((\text{Delivered quantity}) / (\text{Ordered amount})) \times 10$$

If the delivered quantity is more than the quantity ordered:

It is accepted up to % 10 more and 10 points are given.

If it exceeds more than % 10 the excess percentage is calculated, deducted from % 100 quantity.

Also in case like incoming parts arrive by exceeding delivery terms and all rejected, delivered quantity is accepted zero and calculation is made accordingly.

The Supplier Delivery Performance notified to the Suppliers at the end of each month is calculated by taking the arithmetic average of the two criteria stated above.

### 3.16.3. Excessive Freight:

It is followed up at excel format with F80.142 Customer / Supplier Excess Freight Table by Logistics and Planning Department. The supplier is informed by Logistics and Planning Department about the vehicle which the delivery should be made considering the type of the product, delivery quantity and frequency agreed on the contract. Shipment's made out of this notice is defined as "excessive freight". For example, if shipment of 100 unit products are to be shipped with a truck and shipped so, normal freight is verified. However because of a delay if the supplier made the shipment with two pickups instead of a truck, extra payment is defined as "excessive freight". Or if the shipment is foreseen by truck but made via airfreight instead then "excessive freight" is valid again. If the supplier is responsible for the excessive freight, the freight costs will be paid by the supplier, or the costs will be paid by Ege Fren and invoiced to the supplier.

### 3.16.4 Supplier PPM:

PPM evaluation results are calculated by dividing the number of problematic parts of the supplier origin, determined by Ege Fren, or its customers in a given period, by the total number of parts delivered to Ege Fren within the same period, in one million parts.

### 3.17 Supplier Development Programs:

It is the target that Level 1 suppliers within the scope of this manual to be developed based on IATF 16949:2016 Quality Management System. Level 1 suppliers are grouped by considering their development situations and effect degrees on Ege Fren's products and services. A



development program is determined according to needs and performances of every group. In these programs; activities like training, common improvement workshops visits are planned and they are realized. Our expectation from our suppliers is their participation effectively in these activities and contribution to constant improvement with their suggestions.

Business is discontinued with suppliers who continuously encounter problems, who are unable to solve their problems, who do not show the necessary reactivity. Selected suppliers are supported, and guided in order to improve quality.

### 3.18 Corporate Social Responsibility (CSR) / Sustainability Requirements

Supplier has rules and applications related with CSR and sustainability included topics as listed below:

- Child labour and young workers,
- Wages and benefits,
- Working hours,
- Forced or compulsory labour or human trafficking,
- Freedom of association, incl. Collective bargaining,
- Health and safety,
- Corruption, extortion and bribery,
- Harassment,
- Non-discrimination,
- Privacy,
- Financial responsibility (accurate records)
- Disclosure of information,
- Fair competition and anti-trust,
- Conflicts of interest,
- Counterfeit parts,
- Intellectual property,
- Export controls and economic sanctions,
- Protection of identity and non-retaliation,
- Energy consumption and greenhouse emissions,
- Water quality and consumption,
- Air quality,
- Cover natural resources and waste reduction,
- Responsible chemical management,
- Renewable energy,
- Soil quality,
- Women's Rights,
- Ethical recruiting,
- Noise emissions,
- Reuse and recycling,
- Decarbonisation,
- Implementation of similar standards towards own suppliers.

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### 3.19 Policy of Raw Material Sourcing

Ege Fren conducts a policy when sourcing of the raw materials about conflict materials that includes human rights abuses, bribery, ethics violations and protecting the environment subjects and expects from its suppliers to follow the policy as listed below:

- Ege Fren is committed to conducting its worldwide operations in a manner that complies with all applicable laws and regulations regarding conflict minerals. It is Ege Fren's policy to refrain from knowingly purchasing any products, components, or materials that contain conflict minerals which have not been verified as DRC Conflict-Free. Ege Fren does not purchase tin, tantalum, tungsten, or gold ("3TG") directly from smelters or mines. Ege Fren works with its suppliers to ensure awareness and compliance with the terms of this policy and waits from them to comply with the conditions.