

1 INTRODUCTION

Nitator's basic mission statement is to be an environmentally aware business partner to customers with high expectations of safety, quality, reliability of delivery and flexibility.

1.1 Requirements

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

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

Nitator hereby requires that you:

- Deliver the right product in the right amount with the right quality on the right day.
- Binds to live up to Nitators [Code of Conduct](#).
- Has a documented quality system of at least ISO 9001.
- Complies and applies Customer-specific requirements distributed by mail.
- Complies and applies laws and regulations.
- Immediately let your contact at Nitator know when delivery and/or quality problems occur.
- Delivery/forecast communication is done via EDI.
Exceptions may be permitted by separate agreement.
Deviations are communicated via email or telephone.

Conflict minerals

Illegal mining and trade of certain raw material in the Democratic Republic of Kongo and its adjacent countries partly contributes to significant violations of human rights, pollution and to the financing of violent conflicts in the region. As a result, the Dodd-Frank act was passed in 2010 where section 1502 addresses the international trade and use of the Conflict Minerals tin, tantalum, tungsten and gold (3TG) and their derivatives. Nowadays, the working method below also applies to the mineral Cobalt.

Nitator AB has a responsibility to drive this compliance through the supply chain with consideration to the environment, safety, health and human rights. In turn, we expect our suppliers to drive this work through the supply chain.

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

ISO 3834

To secure quality of welding to end customer Nitator demand supplier to fulfil the requirements according to ISO 3834-4 for special process metal arc welding.

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

1.2 General

Nitator's guidelines and requirements are based on:

- Customers specific requirements
- the latest version of IATF 16949
- quality system and ISO 14001
- environmental management system
- the routines and instructions that penetrates Nitator's quality thinking

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

1.3 Contact

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

2 SUPPLIER EVALUATION

Based on Nitator's purchasing routines, supplier evaluations are performed on both existing and new suppliers.

Existing suppliers are followed up regularly regarding delivery accuracy, quality performance and environment.

2.1 Follow-up / Monitoring Suppliers

Nitator performs evaluation on the quality and delivery state for our suppliers.

Follow-up is based on deviations and delivery precision.

The supplier is expected to deliver with 0 deviations and 100% delivery precision. In case of deviations of such a nature that significant disturbance occurs for Nitator, an escalation process may be initiated.

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

- Deviation reports
- Delivery precision
- PPM

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

The escalation process begins with Nitator contacting the supplier. Thereafter an action plan is drawn up.

3 INQUIRY / OFFER

3.1 Offer

Nitator does not accept any additional costs at ramp up and ramp down. Offer response should always be according to specification on inquiry. If any deviation from specification, they must be documented in writing in the response.

3.2 Product criticism

At each product offer a product critique shall be reported. If the offer is without product criticism, the supplier agrees that the item can be delivered completely according to specification.

4 INITIAL SAMPLE

All requirements regarding ordering and delivery to Nitator, Inc. are listed below.

4.1 Manufacturing of initial sample

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

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

4.2 PPAP

Nitator expects PPAP with the presentation of related documents at level 3, unless otherwise agreed. If necessary, Nitator can assist in the preparation of PPAP documentation.

4.3 Deliveries

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

Address labels and delivery notes should be marked "Initial sample".
The relating documents should always follow the goods

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

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

5 SERIAL DELIVERIES

5.1 Forecast

Nitator can provide the supplier with forecasts for 12 months, with a frequency according agreement. Communication should be electronically, primarily via EDI or via another agreed method. As the forecast has been received, the supplier has accepted the deliveries. Nitator does not need any order confirmation.

In case the supplier are unable to deliver according to the latest forecast, it is always the responsibility of the supplier to contact Nitator immediately for re-planning.

5.2 Capacity and Flexibility

Supplier of Nitator undertakes that, in addition to being able to follow and supply Nitator with materials / parts according to the provided forecast, also be able to handle volume fluctuations generally corresponding to 10 %.

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

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

5.3 Packaging and marking

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

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

Labeling should be according to Odette-standard. If this is not achievable, exceptions can, after agreement with Nitator, be accepted. Packaging should always be done according to agreement in purchasing documents. If such agreement not stated in Purchasing documents, the goods should be packed and delivered in such way that the goods not damaged and exposed to risk for rust or similar.

6 ECONOMY

6.1 Invoice

Invoices to Nitator i Oskarström AB (556201-9835)

Invoices to Nitator Hylte AB (556591-6557)

Always labeled with purchase order number and reference.

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

ekonomi@nitator.se

Invoice address is common for both Oskarström and Hylte:

Box 188

313 22 OSKARSTRÖM

Payment terms are 60 days net unless otherwise agreed.

6.2 Credit note

In case of complaint (see 7.1), price difference or incorrectly delivered number, the supplier must issue credit invoice upon request.

7 DEVIATIONS

7.1 Deviation handling

The following approach (priority) applies when deviating material from supplier arrived at Nitator:

1. In case of a deviation of goods, a deviation report is issued.
Nitator investigates and send a deviation report to the supplier.
For deviating material delivered to Nitator which will be returned/scrapped Nitator should get agreed compensation.
In case of additional costs, the supplier is charged.
2. If Nitator has to correct/sort the material, due to lack of time, it is done by the supplier's personnel.
3. If the deviation is noticed during production or if the supplier is unable to correct the deviation, the material will be corrected by Nitator. The added expenses for corrections will be charged to the supplier according to agreement.

All deviation reports that are issued by Nitator, the Supplier is charged 1500SEK as admin cost.

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

Deviation report must be confirmed within 24 hours.

The complaint report is expected to be complete and answered within 10 days.

7.2 Interim approval

In order to receive a temporarily / Interim approval, the supplier should contact the quality department at Nitator who will determine whether the interim is accepted or not. Nitator will send a copy of the interim approval if it is accepted. If not, the quality manager will contact the supplier and inform them that the interim approval was denied.

Copies of the approval should be attached at the package/s in order for Nitator goods receiver department to identify these shipments as interim approved Supplies.

8 ENVIRONMENT

Upon Nitator's request the supplier should report information to International Material Data System, IMDS, at www.mdsystem.com.