**Supplier evaluation and monitoring requirements**

The Quality and Environment Manager, together with the Purchasing and Logistics Managers, carries out an evaluation of active suppliers on an annual basis.

The evaluation of suppliers must serve to classify each one of them in a category that helps the Purchasing, Logistics, Quality and Environment Departments and the Management to manage their selection and to have information on the quality of the suppliers that supply the company with products and services that will later be transferred to customers (or to the company itself for the development of its activity). For this reason, the following fundamental parameters have been considered:

⇨ *Degree of general adequacy with the requirements demanded by the product or service.* The Purchasing Department, depending on the needs and the market offer, will qualify each supplier in the following way:

* **Qualified:** when the annual volume of transactions with the supplier exceeds €50,000. These are the suppliers that will be included in the annual evaluation, taking into account the following four parameters:
  + *Manufacturer: the supplier is the manufacturer of the product for which GRUPO CRAMBO is a distributor with a certain degree of exclusivity.*
  + *Manufacturer's prescription: the manufacturer's conditions establish certain suppliers as the exclusive distributors of its products.*
  + *Price.*
  + *Service.*
* **Unqualified**: when the annual volume of transactions carried out with the supplier is less than €50,000. In most cases, these are sporadic suppliers of products or services, and therefore no exhaustive evaluation or monitoring is carried out.

⇨ *Degree of confidence offered by the supplier*. The Quality and Environment Department will also consider the Quality and/or Environmental Certifications (ISO 9001, 14001, EMAS, EFQM, references, price, etc.) of each supplier to be relevant, insofar as they represent a minimum guarantee that it has a series of procedures for the monitoring and control of its activity and production.

The result of the evaluation of suppliers and subcontractors is reflected in the **Supplier/Subcontractor Evaluation List**. This list will be renewed every year after continuous re-evaluation.

The Quality and Environment Manager is in charge of communicating to suppliers and subcontractors the Quality and Environment Policies of **CRAMBO GROUP**, as well as the evaluation procedure that we are going to carry out, the environmental requirements, good practices and emergency plans.

*3.3.1. Re-evaluation of Qualified Suppliers*

The Quality and Environment Manager assigns an initial classification level to each supplier according to the following classification:

* A: Supplier without incidents
* B: Supplier with incidents

The Quality and Environment Manager draws up a list of all approved suppliers with their assigned classification level. The Quality and Environment Manager continuously monitors each supplier that has been approved. He uses the number of Non-Conformity Reports, Customer Complaints or Corrective Actions generated by that supplier.

Depending on the occurrence or not of recorded incidents and their degree of importance, all suppliers are re-evaluated annually and, if necessary, assigned a new category.

3.3.2 De-approval of suppliers

They will dehomologate:

* Those suppliers with whom litigation has been brought before the courts.
* Those with which the economic report detects a possibility of non-supply.
* Those with more than one incident in the service provided within a period of 1 year.