

Policy

Outsourcing Policy

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1. COMMITMENT TO SUPPLIER EXCELLENCE

Nabla Wind Power S.L.U. is committed to maintaining high-quality services by implementing a structured policy for selecting, evaluating, and monitoring suppliers and subcontractors. This approach guarantees that external suppliers comply with the company's standards, customer expectations, and all relevant legal and regulatory requirements.

This policy defines:

- A structured procedure for the selection, evaluation, and monitoring of suppliers and subcontractors, integrating KPIs to track performance.
- A process flow for managing the external supply of processes, products, and services, ensuring alignment with applicable requirements.
- Actions to guarantee that externally supplied processes remain under the control of the company's Management System and continue to meet the quality, customer, legal, and regulatory standards.

Nabla Wind Power S.L.U. is committed to notifying all suppliers and subcontractors undergoing assessment for ISO 9001:2015 certification about the existence of this procedure for selection, evaluation, and monitoring, as well as informing them that they are being assessed for this purpose.

This commitment highlights Nabla Wind Power's focus on creating reliable partnerships with suppliers and subcontractors while ensuring the quality of services. By being transparent and maintaining clear standards, we uphold our promise of quality in all our operations.

2. SUPPLIER AND SUBCONTRACTING PROCESS DIAGRAM

The Supplier and Subcontracting Process is designed to manage the organization's external needs for processes, products, and services, ensuring that all procurement activities align with internal, customer, and legal requirements. The objective is to ensure a seamless flow from identifying needs to evaluating and approving suppliers, ultimately ensuring reliable and high-quality external supply.

Process Overview: The process begins when the company identifies the need to incorporate an external process, product, or service into its operations. It concludes with the final approval of the supplier, which includes the communication of the evaluation method and the result for newly approved suppliers. For existing suppliers, the process ends once the evaluation is carried out.

Steps in the Supplier and Subcontracting Process and Key Procedures:

1. Identify External Needs:

- Recognize the need for external resources, such as parts, subcontracted services, or training, to support ongoing projects or operational requirements.

2. Assess and Approve Needs:

- Once the need is identified, a detailed assessment is carried out to define the specific purchase or outsourcing requirements.
- Approval is then obtained to move forward with the next steps in supplier selection.

3. Supplier Selection and Evaluation:

- Suppliers are carefully selected based on their ability to meet the organization's needs, ensuring efficiency and effectiveness.
- A Homologation and Evaluation Process is used to assess potential suppliers based on key criteria (e.g., quality, price, delivery time, and technical capacity).
- Based on the evaluation, decide whether to approve the supplier or seek alternatives.

4. Purchase Overview:

- Purchase specifications and legal requirements are used to prepare a complete overview of the supplier order, including necessary approvals.
- This ensures all necessary documentation is in place before committing to the external supply.

5. Inspection of Goods or Services:

- Upon the delivery of goods or services, an inspection is carried out to determine whether the external supply meets the specified quality standards.
- If the supply meets the requirements, it is accepted; if not, the order may be rejected, or corrective action may be taken.

6. Supplier Continuous Evaluation:

- After the supplier has been approved and the initial order fulfilled, a continuous evaluation is conducted to track supplier performance over time.
- This evaluation considers both previous results and any future assessments to ensure the supplier continues to meet Nabla's standards.

Key supporting procedures:

- **Quotation Request and Comparison:** Before placing an order, Nabla requests quotations from suppliers and subcontractors to allow for a competitive comparison. This ensures cost-effectiveness and provides a reliable reference for verifying invoices against the initial quotation.
- **Supplier Approval and Order Placement:** Suppliers must be approved before orders are placed. All supplier documents, such as quotations and purchase orders, must reference the assigned order number for proper tracking and documentation.
- **Order Confirmation and Verification:** Once the supplier confirms the order (or if no confirmation is received, the order is deemed accepted), the order details (including the order number, reference, specifications, requirements, controls, formats, quantity, price, and delivery date) are reviewed. The relevant departments will verify that all aspects of the order are aligned with the agreed terms.
- **Monitoring and Resolution of Delays:** Departments are responsible for tracking the order’s progress to ensure that deadlines are met. In cases where delays occur, the supplier will be contacted to resolve the issue promptly. For critical delays, penalties will be applied to the supplier, as per the contractual terms.
- **Quality, Legal, and Regulatory Compliance:** Upon receipt of goods or services, inspections are carried out to ensure compliance with quality, environmental, and legal requirements. Nonconforming supplies are addressed through corrective measures such as replacements or returns.

Visualizing the Process:

A flow diagram or process map can be used to show these steps in a clear and easy way. Each stage will be part of a cycle, helping to show how everything is connected and making sure each step is tracked, from identifying needs to continuous supplier evaluation.

Input Sources	Inputs	Activity Diagram	Outputs	Output Receptor
Organisation	External Needs of the Organisation (services, equipment, training, etc.)	Determine Procurement / Subcontracting Needs	Needs Assessed and Approved	Organisation
- Organisation - Client	- New Suppliers - Approved Suppliers	Select Suppliers	Selected Suppliers	- Organisation - Supplier
Organisation	- Specifications Purchase	Manage Purchase	- Order From Supplier - Specifications Purchase - Legal and Regulatory Requirements - Approval Documents (New supplier)	Supplier
Supplier	Product / Process / External Service	Reception of External Supplies	Inspections - Acceptance / Rejection of the External Supply	- Organisation - Supplier
Organisation	Results Acceptance / Rejection of External Supply	Supplier Evaluation and Follow-up	Continuous Supplier Assessment	- Organisation - Supplier

Table 2-A: Supplier and subcontracting process diagram

3. SUPPLIER APPROVAL, EVALUATION ANMD MONITORING

3.1 SUPPLIER APPROVAL (HOMOLOGATION PROCESS)

The supplier approval process, also known as the homologation process, is a critical step in ensuring that suppliers whose products or services directly influence the quality of Nabla's operations are thoroughly evaluated. This process assesses their suitability based on four key criteria, each tied to specific Key Performance Indicators (KPIs). These KPIs help measure supplier performance and ensure alignment with Nabla's strategic objectives and operational needs.

Evaluation Criteria & KPIs:

- **Price:** The supplier's pricing should be competitive, in line with industry standards, and ensure that costs stay within budget.

Target: The price should either fit within the established budget or be more competitive compared to similar suppliers in the market. <5% deviation from market price or budget.
- **Payment Terms:** The supplier's payment terms must be reasonable and aligned with Nabla's operational requirements and customer expectations.

Target: The terms should meet or exceed those expected by Nabla and its customers. Within 30 days, or better than industry standard by 10-15%.
- **Delivery Time:** The supplier's ability to meet the agreed delivery deadlines, ensuring no disruptions to Nabla's operations.

Target: Suppliers should consistently fulfill delivery deadlines or outperform them. 95% on-time deliveries or better.
- **Technical Capacity:** The supplier's capability to meet specific technical and quality standards, including compliance with regulatory, environmental, and innovation requirements.

Target: Suppliers must demonstrate robust technical competence and the ability to meet all of Nabla's outlined standards. 0 major non-conformities or violations in audits.

Scoring Model for Supplier approval

The scoring model assigns weight to each criterion according to its importance to Nabla’s operations. The scores for each criterion are then aggregated to determine the overall approval score.

Criteria	Weight	Scoring Details
Price	30%	(1) - Exceeds budget (3) - Valuable (5) - Within budget
Payment Terms	10%	(1) - Lower than final customer (3) - Adjusted to final customer (5) - Better than final customer
Delivery Time	20%	(1) - Outside the customer's deadline (3) - According to our specification (5) - Better than our specification
Technical Capacity	40%	(1) - Low (3) - Medium (5) - High

Formula for Final Approval Score:

The final supplier approval score is calculated by aggregating the individual criterion scores, each multiplied by its respective weight. The resulting total score determines whether the supplier meets Nabla’s standards for partnership.

$$\frac{((\text{Price Score} \times 30) + (\text{Payment Deadline Score} \times 10) + (\text{Delivery Deadline Score} \times 20) + (\text{Capacity Score} \times 40))}{500} \times 100$$

≥ 80%	Approved Supplier
≥ 70 - < 80%	Approved for specific supplies or under certain conditions
< 70%	Rejected Supplier

Achieving a high score will influence the decision to continue working with a supplier, while a low score may lead to the rejection of the supplier or the search for alternatives.

3.2 SUPPLIER EVALUATION AND MONITORING

Once approved, suppliers undergo periodic evaluation and monitoring to ensure consistent performance and identify potential areas for improvement. Monitoring focuses on suppliers that have the greatest impact on Nabla’s operations, including the top 50% of suppliers by annual turnover, while also accounting for significant changes in the other 50%.

Evaluation Criteria & KPIs:

- **Quality of Supply:** Measure product or service quality using KPIs like defect rates, customer satisfaction, and overall conformance to specifications.

Target: 90% or higher conformance to specifications.

- Delivery Time:** Timeliness of delivery, tracked against agreed schedules.
 Target: 95% or higher on-time delivery.
- Non-Conformities:** Frequency and severity of non-conformities (NC) related to quality or regulatory issues.
 Target: Zero NCs preferred, or at least reducing NCs to below 1 per quarter.

Criteria	Weight	Score
Quality of Supply	60%	(1) - Poor (3) - Fair (5) - Excellent
Delivery Time	30%	(1) - Severe delay (> 3 days) (3) - Slight delay (1 - 3 days) (5) - On time
Non-conformities	10%	(1) - > 1 NC (3) - 1 NC (5) - None

Formula for Final Evaluation Score:

$$((\text{Quality Score} \times 60) + (\text{Deadline Score} \times 30) + (\text{NC Score} \times 10)) / 500 \times 100$$

	Type	Actions
≥ 80%	A	Highly capable and reliable supplier of products and services.
≥ 70 - < 80%	B	Supplier with sufficient capacity, reliable but with certain ups and downs in supplies or with constant but not optimal quality. In this case it is not necessary to request an Action Plan, but a follow-up should be carried out for the next 5 deliveries. If at the end of this period the Supplier Performance score is higher than 80 points, the Supplier will be upgraded to Supplier A. If not, an Action Plan will be requested.
< 70%	C	Unreliable supplier, with a certain negative trend in the quality of its supplies and services. The Purchasing Manager, together with the Multidisciplinary Team, must decide on their continuity, re-evaluation, request for corrective actions or the implementation of quality agreements for the products, processes or services consumed.

This policy has been approved by the Managing Director, Alfonso San Emeterio, of Nabla Wind Power S.L.U. on 20/01/2025, although this outsourcing policy has been in effect since Nabla Wind Power obtained ISO 9001:2015 certification in 2021. In addition, the policy will be reviewed periodically, in order to include any modifications and updates that may be necessary at any given time, with the aim of improving its operation.

This policy will be available to all employees in the common media of all departments, as well as being communicated through an internal message.

