

Rules regarding quality assurance for Brose Sitech suppliers

This document (hereinafter referred to as **the "Quality Assurance Policy"**) regulates the general quality assurance requirements of Brose Sitech (hereinafter referred to as **the "Customer"**) for Suppliers of parts, components or related services (hereinafter referred to as the **"Suppliers"** or individually **the "Supplier"**).

1. Quality assurance rules

The Supplier, as a specialized entity with experience in the development, design, production and distribution of parts, components (products) or the provision of related services, which are the subject of its offer, undertakes to comply with the above-mentioned requirements, including these Quality Assurance Principles, in every phase of the process, including the design and technological process phases, as well as throughout the entire supply chain.

2. Quality management systems and quality assurance objectives

1. In order to ensure the quality of products or services provided to the Customer, the Customer cooperates with Suppliers certified in the field of quality management system in accordance with the IATF 16949 standard (hereinafter referred to as "IATF 16949").
 2. By accepting these Quality Assurance Principles, the Supplier declares that it has obtained IATF16949 certification and adheres to the "zero defects" strategy. In cases where the Supplier has not obtained IATF 16949 certification, the Supplier undertakes to take steps to meet the conditions of the IATF 16949 standard and obtain IATF 16949 certification. The Supplier undertakes to submit a plan to obtain IATF16949 certification before commencing cooperation with the Customer. The Supplier undertakes to provide the Customer with information regarding the implementation of its plan to obtain IATF 16949 certification at the Customer's request.
- 2.3. The basic principle for the client's quality goals is the "zero defects" strategy.

- 2.4. At the same time, the Supplier undertakes to meet the requirements of the OEM Customer(s) throughout its supply chain. The Customer will inform the Supplier of the applicable Customer-specific requirements of the OEM Customer(s) prior to initiating cooperation with the Supplier.
- 2.5. The Supplier undertakes to provide the Customer (Client's Quality and Purchasing Department) with currently held certificates regarding the quality management system before establishing cooperation with the Customer. Moreover, the Supplier undertakes to immediately inform the Customer about changes in the certificates held by the Supplier.
- 2.6. The supplier undertakes to apply the described requirements also to its sub-suppliers.
- 2.7. The Supplier is obliged to immediately inform the Customer (Client's Quality and Purchasing Department) of any violation of the Quality Assurance Rules and other standards and guidelines regulating quality issues.

3. Risk in the process and problem solving

1. The Supplier declares that it applies a problem-solving process in accordance with the 8D methodology. In the event of a violation detected independently by the Supplier or reported by the Customer, the Supplier undertakes to immediately start the problem solving process in accordance with the 8D methodology.
2. As part of the problem solving process in accordance with the 8D methodology, the Supplier is obliged to take appropriate actions and report them to the Customer within the following deadlines from the moment the Supplier receives the information: 3D-24h.
3. If the Customer is at risk of stopping production due to improper performance of the obligation by the Supplier, the Supplier is obliged to respond to the Customer's notification immediately (via e-mail or telephone) in order to agree on corrective actions with the Customer.
4. Failure by the Supplier to take action to solve problems in accordance with the 8D methodology within the deadlines specified by the Parties is treated as acceptance of the complaint itself. In such a case, the Customer is entitled to take actions to solve the problems independently or through a third party at the expense of the Supplier.
5. In order to avoid violations and, if they occur, to remove them immediately, the Supplier undertakes to apply appropriate remedial and corrective measures at its own expense throughout the supply chain. The supplier is responsible in particular for the definition and application of appropriate means and technologies to improve the quality and control of the supplied parts, components or services and for the appropriate preparation of its staff, including conducting appropriate training. The Supplier also ensures the above in the event of commissioning a third party to perform all or part of the obligations arising from the contract with the Customer.

6. The Supplier will inform the Customer about the implementation status of the action plan in a manner individually agreed with the Customer. The parts or components will be marked by the Supplier in a manner individually agreed with the Customer , after the implementation of the action plan, in order to distinguish them.
7. In cases where the Supplier does not complete the complaints procedure in a timely manner or as agreed with the Customer, the Customer will apply an escalation process in accordance with its internal standard.
8. The Customer conducts regular evaluation of the Supplier based on the Supplier's quality and logistic performance. The Customer shall inform the Supplier of the results of the Supplier's assessment at least once a year. The results of the Supplier's assessment have a direct impact on further cooperation and new projects. The Supplier undertakes to implement measures aimed at obtaining a Supplier rating of A level.

4. Quality of products and services

- 4.1. The Supplier guarantees to the Customer that the delivered products comply with the current state of knowledge, technology and applicable law. In particular, the products delivered by the Supplier:
 - a) are suitable for use in accordance with the intended use and specifications, validations and approved technical documentation,
 - b) are free from any visible or hidden technical and material defects and design errors (within the Supplier's design scope),
 - c) are suitable for transport and storage in accordance with specifications.
 - d) During the first 3 months after the start of series production, special monitoring of the functional characteristics and safety of parts and components takes place ("safe launch concept"). The type and scope of monitoring should be agreed with the Client. Derogations in this respect must be agreed individually with the Client and require the Client's written consent.
- 4.2. If the parts, components or services provided by the Supplier do not meet the quality conditions, the Customer is entitled to refuse acceptance, return the defective parts, components or not collect the services. The Supplier is obliged to take immediate remedial actions in accordance with the arrangements with the Customer, aimed at providing the Customer with parts, components or services that meet the quality conditions.

- 4.3. The Supplier's delivery of parts, components or provision of services based on a design, drawing, material or process developed and provided to it by the Customer does not exclude the Supplier's liability for meeting quality conditions. The Supplier is obliged to verify the materials developed and provided to it by the Customer, which constitute the basis for the production and delivery of parts, components or services to the Supplier.
- 4.4. The supplier is directly responsible for the product and therefore must do everything that is organizationally and technically possible to ensure product safety also in its supply chain.
- 4.5. In the event of a complaint regarding a safety-sensitive element, the Supplier is obliged to take effective immediate action and inform the Customer immediately after receiving information about the defect.
- 4.6. The supplier is obliged to appoint a product safety and compliance representative (PSCR) with the required qualifications and a contact person in the event of emergency situations, available 24/7.

5. Process and product changes

- 5.1. The Supplier or its sub-suppliers are not authorized to make changes to the supplied parts, components or services without the Customer's consent. Changes to technical data, specifications, materials, quality criteria, testing methods and relocation of production require the Customer's written consent (agreement to deviation [AWE]) or a full PPF procedure (in accordance with VDA2 or PPAP - depending on the OEM Customer).
- 5.2. The Supplier is obliged to clearly indicate in the offer any possible deviations from the Customer's quality requirements. In the event of deviations or failure to meet quality requirements at the stage of development, production or delivery, the Customer is entitled to charge the Supplier for the resulting costs.
- 5.3. The Supplier undertakes to carry out a free requalification process (verification of compliance with parameters) of parts and components delivered to the Customer once every 12 months, unless the Parties decide otherwise. The scope of requalification is agreed each time with the Client.

6. Audits

The Supplier undertakes to provide the Customer or a third party authorized by the Customer with the opportunity to conduct an audit at the Supplier in the scope of parts, components or services provided to the Customer, including access to the production process, quality control, documentation and audit report. The audit may be carried out at any time during the Supplier's working hours, after the Customer has informed the

Supplier about the date of the audit. The Supplier is obliged to provide the Customer with the opportunity to conduct an audit also at his subcontractor. In the event of an unsuccessful client audit (grade C), the costs of the audit may be charged to the Supplier.

7. Subcontracting

The Supplier may commission a third party to perform all or part of the obligations arising from the contract with the Customer (subcontracting) solely on the basis of the Customer's consent given in writing under pain of nullity. The ordering by the Supplier of all or part of the obligations to a third party does not exclude the Supplier's liability for the performance of the contract with the Customer in accordance with its terms.