

TERMS AND CONDITIONS FOR SUPPLIERS

REGULATION P-07-04

Content:

1	Introduction	3
2	Scope of Applicability	3
3	Purchasing Policy	3
4	Basic Requirements for Suppliers	3
4.1	Requirements for the Supplier's Management System	3
4.2	Requirements for Subcontractors	3
4.3	Appointment of Product Safety and Compliance Officer (PSCO)	4
4.4	Evaluation of Suppliers and Improvement Programmes	4
5	Audits	4
6	Quality Assurance in Pre-series and Series Production	4
6.1	Specification of Series Deliveries	4
6.2	Quality Planning	5
6.3	Product Approval Process	6
6.4	Requirements for Special Characteristics	7
6.5	Product Inspection, Requalification Tests	7
6.6	Identification and Traceability	7
6.7	Management of Nonconforming Products, Corrective and Preventive Measures	8
6.8	Documents and Records	9
7	Supplier Assessment Criteria	9
8	Compliance with Legal Requirements	10
8.1	Safety and Environmental Protection	10
8.2	Product Liability	10
9	Social Responsibility	10
10	Closing Provisions	11
11	Protection of Trade Secrets	11
12	Processing of Personal Data	11
13	Specific Requirements of Kasko's Customers	12
13.1	Specific Requirements of the Customer Volkswagen	12
14	Instructions for Completion	13
15	Appendices	14
16	Abbreviations and Terms	14

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1 Introduction

These Terms and Conditions for Suppliers constitute a binding contractual document and define specific supplier requirements of the company KASKO spol. s r.o. (hereinafter only "Kasko").

2 Scope of Applicability

These Terms and Conditions for Suppliers apply to Kasko and all companies delivering materials, semi-finished products and parts (hereinafter only "products") to Kasko that have major impact on the quality of Kasko products.

3 Purchasing Policy

Kasko is committed to achieving excellence within its supply chain. Rapidly changing and increasing requirements of Kasko's customers call for the highest flexibility of our suppliers and their readiness to contribute creatively and quickly to solving these requirements and problems.

The suppliers' deliveries and services must fully meet all agreed and legal requirements.

The goal is to meet the "zero defects strategy". In doing so, it is necessary to appropriately plan the management of production and non-production processes for the realization of the product; at the same time the focus must be on prevention.

Suppliers undertake to deliver only products that meet Kasko's requirements (products without defects / nonconformances).

Suppliers undertake to meet the specific requirements of Kasko customers.

4 Basic Requirements for Suppliers

4.1 Requirements for the Supplier's Management System

Suppliers must have established, maintained and certified a quality management system according to the last valid version of ISO 9001 and head towards the zero defects strategy.

The certificate must be issued by a certification authority that has been awarded an accreditation mark of a member of the IAF (IAF MLA - International Accreditation Forum Multilateral Recognition Arrangement) and where the main scope of the accreditation authority includes management system certification according to ISO/IEC 17021.


Suppliers' goal must be to implement and have certified the quality management system according to the last valid version of IATF 16949.

In the event that suppliers do not have the certified system according to IATF 16949, they must have a plan for attaining the certification according to IATF 16949 (if they accept it), within three years at the latest.

Suppliers will provide Kasko with up-to-date copies of certificates of the above-mentioned standards (including changes) and information about any possible withdrawal of certificates or initiation of the certificate withdrawal process, immediately without waiting for Kasko's request.

4.2 Requirements for Subcontractors

The suppliers will strive to bind their subcontractors by the obligation to comply with the obligations assumed by the suppliers on the basis of this document. Kasko can request documented evidence from the suppliers that the suppliers have ascertained the effectiveness of the quality management

	<p style="text-align: center;">REGULATION</p> <p style="text-align: center;">P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 4</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------

systems of their subcontractors, or that the suppliers have ensured the quality of the products which they purchase by other appropriate measures.

4.3 Appointment of Product Safety and Compliance Officer (PSCO)

Suppliers are obliged to appoint a person responsible for product safety and compliance (PSCO) and his/her deputy, including the relevant responsibilities and powers. Suppliers are obliged to inform the Kasko Purchasing Department of the names of these persons, including contact phone numbers and email addresses, and in the event of any changes of these persons, to immediately inform Kasko about it without Kasko's request.

4.4 Evaluation of Suppliers and Improvement Programmes

Kasko expects from its suppliers 100% fulfilment of deliveries in the required quantity, quality, dates, and in accordance with other agreed conditions.

Suppliers are evaluated by Kasko according to their ability to meet the agreed requirements based on the criteria listed in point 7.

The assessment results and objectives for the next period will be provided to the supplier (see Appendix No. 1 F-07-25, PPM Plan for Suppliers). An unsatisfactory result is one of the reasons for requesting an improvement program from the supplier, performing an audit at the supplier's premises and possibly ending cooperation with such a Supplier.

5 Audits

The supplier undertakes to enable an audit to be performed by Kasko or Kasko's customer at the supplier's premises to determine whether the supplier's quality assurance measures guarantee the fulfilment of Kasko's requirements. After prior mutual agreement on the date, the audit can be performed as an audit of a system, process, product, or just focussed on a certain issue. The supplier will allow access to the supplier's premises related to the production for Kasko and the audited matters.

The supplier undertakes to appoint a relevant supplier's personnel (including suitable office area) for a successful execution of the audit.

If Kasko considers corrective measures at the supplier or its subcontractor necessary, the supplier undertakes to prepare immediately a plan of measures (based on the agreement with Kasko) and to implement it according to the set schedule agreed by Kasko (unless Kasko waives its approval).


In the event of non-implementation of the agreed measures intended to eliminate a specified quality problem that may cause a complaint or endanger the end customer, Kasko may demand compensation of demonstrable additional costs (including additional costs incurred by Kasko's customer, e.g. subsequent audit, analysis of the problem, additional costs incurred by the end customer, etc.) related to the solution of a customer problem caused by the supplier under applicable legal regulations.

The supplier is obliged to perform an audit of the production process and a product audit for each product or group of products (based on product similarity) being delivered to Kasko at least once a year, unless Kasko waives this requirement.

6 Quality Assurance in Pre-series and Series Production

6.1 Specification of Series Deliveries

The specification of series deliveries of the product is included in the form "Agreement with Suppliers on the Quality of Deliveries", which is sent by Kasko and must be approved by both parties before the commencement of serial deliveries of the product. That agreement usually includes:

	<p style="text-align: center;">REGULATION P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 5</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	-------------------------------------------------------------------------	------------------------------------------------------------------------

- Specifications of the product to be delivered;
- Packaging method;
- Monitored product parameters including specification of quality requirements (required values of product parameters);
- Accompanying documentation (e.g. Delivery note, Certificate, Measurement protocol, Declaration of conformity of the product with specified specifications, etc.).

6.2 Quality Planning

The supplier undertakes to apply the project management with quality planning according to the recommended APQP manuals - Modern Quality Planning (AIAG) or VDA "Product Creation - Maturity Level Assurance for New Parts" already in the process development phase.

The Supplier undertakes to apply effective preventive methods as part of quality planning and project management. In particular, these methods must include the following elements:

Analysis of Manufacturability - examination of whether the demanded and requested product can be delivered in the required quality, quantity and deadline. The supplier's task is to discuss unclear and detailing requirements with the Kasko Purchasing Department and thereby to ensure sufficient information to verify the manufacturability.

FMEA - Process FMEA of all new and changed manufacturing processes

Product and Process Control Planning - Inspection and Control Plan (Control Plan) - it is necessary to define the methods and scope of the product and process control (control and inspection methods) - WHAT (inspected / control characteristic of the product and process), HOW OFTEN (frequency of the control and inspection method), QUANTITY (the scope of inspected characteristics), WITH WHAT (measuring instrument), HOW (inspection method), WHO (person performing the inspection), MANAGEMENT METHOD (management methods and records of the performed inspection), FOLLOW-UP (description of measures taken in case of unsatisfactory inspection results).


Considering the risks (see FMEA), the supplier will choose an appropriate method of controlling the product and process parameters, e.g.:

- Random inspection, 100% manual inspection, 100% automatic inspection, SPC, evaluation of process capability C_p , C_{pk} , protection against errors - Poka-Yoke, automatic regulation of process parameters, suitable type of production technology, etc.

Planning of Measurement Systems (test equipment) - it is necessary to determine the test equipment (type, quantity, resolution, etc.), method and environment of measurement and to ensure a sufficiently low level of uncertainty of the measurement results by means of analysis of measurement systems (according to the recommended manuals MSA - AIAG, VDA 5).

Special characteristics - the supplier must demonstrate the achievement of the specified values of process capability / performance (e.g. P_p , P_{pk} / c_p , c_{pk}) for special characteristics (critical "A" and significant "K") of the product and process, or ensure another suitable method of process control (e.g. Poka-Yoke).

Planning of Process Capacity and Operational Resources - the supplier must implement planning of required quality and capacity of production processes and operational resources. Sufficient capacity of production processes, while ensuring the adequate level of quality, must be demonstrated by the supplier by measuring the actual production capacity for at least 1 production hour (optimally 1 production shift, unless otherwise specified by Kasko) for a production bottleneck, while production processes must have at least 15% capacity reserve of the planned capacity for a possible increase in production volume by the Kasko's customer. 5 working days per week are considered in the calculation

	<p style="text-align: center;">REGULATION P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 6</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	-------------------------------------------------------------------------	------------------------------------------------------------------------

of production capacity (weekends are intended to cover the loss of production capacity caused by unplanned production capacity outages - accidents, etc.).

Packaging Planning - packaging must guarantee the prevention of damage to the product during transport and storage. When planning the packaging, the supplier must also ensure environmental requirements in compliance with relevant regulations.

Risks in Delivery Reliability – the supplier must identify risks in all phases of product implementation and to limit the impact of these risks on Kasko. Risk management procedures must be in place (Emergency Plans) in case of the occurrence of identified risks. The goal is to ensure 100% reliability of product delivery to Kasko.

6.3 Product Approval Process

Product and process approving must be carried out in compliance with PPAP or VDA 2 as amended. The scope and method of product and process approving (e.g. submission of documentation) must be mutually agreed upon.

For the purpose of product approval, the suppliers must submit documents / samples based on the agreement between the supplier and Kasko, usually the following:

- The cover sheet (PSW),
- The document with specifications and measured values, which usually includes verification of:
 1. Product dimensions,
 2. Appearance of the surface of the product,
 3. Mechanical properties of the product,
 4. Chemical composition of the product,
- Samples of the product in the quantity specified by Kasko,
In the event that it is uneconomic and ineffective to produce and deliver the product samples separately, then they are taken from the first serial delivery received by Kasko.
- Reference samples in the quantity specified by Kasko (usually 2 pieces – one for Kasko and one for the supplier),
- Information on entering product data in IMDS or product material sheet (chemical composition of the material - content of individual elements),
- And other requirements specified by Kasko, as the case may be.


If the products are produced with multiple tools, multiple moulds, etc., then the document must contain the verification results from each position / location of the tool, mould, etc., and product samples from each position / location of the tool, mould, etc. must be submitted too (including marking the positions on individual samples).

Other requirements specified in PPAP or VDA 2, which are not submitted for the purpose of product and process approval, must be processed and stored by the supplier for possible inspection at Kasko's request.

Product samples intended for product and process approval must be produced under complete series conditions (series tools, methods, environment, machines, materials, etc.).

The supplier immediately and sufficiently in advance informs Kasko and submits the above requirements to the Kasko Purchasing Department before the first delivery or as part of the first delivery of each product and always in the following cases:

- In the event of a change of the product specification,
- In the event of transfer of the production to a different supplier's or subcontractor's production site,
- In the event of a change of production conditions at the supplier / subcontractor (change of technology, production process, tools, etc.),

	<p style="text-align: center;">REGULATION P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 7</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	-------------------------------------------------------------------------	------------------------------------------------------------------------

- In the event of interruption of supplies or production at the supplier lasting more than 12 months,
- In the event of change of the subcontractor providing material (product).

The supplier may not deliver any changed products without Kasko's prior written consent.

Unless otherwise agreed, the supplier shall bear the costs of the production and delivery of samples for product and process approval, including the preparation of documentation.

6.4 Requirements for Special Characteristics

In the case of special characteristics (critical "A" and significant "K") of the product and process, the supplier must demonstrate the capability of the process by means of appropriate PCI (Process Capability Indices) such as Pp, Ppk / cp, cpk, in compliance with the SPC (AIAG) or VDA4 manual. For some situations, it is not suitable to use basic process capability indices (PCI) such as Pp, Ppk / cp, cpk and therefore it is necessary to always use the appropriate PCI for the given case. The supplier submits the results upon request. The statistical process control (SPC) is required for special characteristics - the cases where the use of SPC is ineffective or difficult are an exception.

Special characteristics must meet the eligibility criteria according to the following table:

Characteri- stic	Preferred Control	Process Eligibility	Measures for Ineligible Process
		Process that appears to be statistically stable (managed) quantity of data ≥ 125	Measures must be functional until the permanent capability of the process is demonstrated
„A“	Poka-yoke, automatic controls with locking of NOK pieces / automatic separation / with marking of NOK pieces	PCI (P_p, P_{pk}) $\geq 1,67$	Poka-Yoke / 100% inspection (preferably automatic)
		PCI (C_p, C_{pk}) $\geq 1,33$	
„K“	Poka-yoke, SPC, automatic controls with recording, electronic tracking and monitoring with visualization	PCI (P_p, P_{pk}) $\geq 1,67$	100% inspection / measures that with a high probability (and reliability) detect a nonconforming product before it reaches Kasko
		PCI (C_p, C_{pk}) $\geq 1,33$	

6.5 Product Inspection, Requalification Tests

The supplier will attach an Inspection Certificate (Certificate) according to EN 10 204, Level 3.1 to each delivery, if required by Kasko.


Requirements for the Inspection Certificate (Certificate):

- The inspection certificate contains parameter specifications and measured values,
- The measurement of parameters listed in the Inspection Certificate must be performed by a person independent of the production process control,
- The parameters contained in the Inspection Certificate are agreed by the supplier and Kasko.

At least once every 3 years for all products and at least once a year for products with the critical characteristics (the characteristic affecting product safety or legal requirements), the supplier will perform requalification tests (checking of all dimensions, functions and properties of materials) of the product (or only selected parameters as agreed with Kasko) and the results containing parameter specifications and measured values will be sent to Kasko. The tests of parameters must be carried out by a person who is independent of the production process control.

6.6 Identification and Traceability

During the realization of the product, the supplier must identify the product by appropriate means. Kasko also requires a traceability system enabling reverse product traceability (origin of materials and

	<p style="text-align: center;">REGULATION</p> <p style="text-align: center;">P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 8</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------

course of processing). Kasko requires consistent application of the "Fi-Fo" support system and consistent separation of individual production lots / melts (unless otherwise specified by Kasko).

6.7 Management of Nonconforming Products, Corrective and Preventive Measures

The supplier must ensure that product which does not conform to Kasko's requirements is identified and controlled to prevent its unintended use or delivery to Kasko. The supplier must maintain records of types of nonconformities and of any follow-up actions taken, including any exemptions obtained. The supplier's quality management system must provide stimulus to analyse the causes and to determine corrective and preventive measures resulting from product nonconformances, leading to the prevention of recurrence of nonconformances.

If the supplier delivers nonconforming/defective products to Kasko, or if there is a risk of occurrence of nonconforming/defective products in a delivery, the supplier must inform Kasko (purchasing/quality department) of this fact immediately.

The supplier is fully responsible for the immediate reaction in the event of delivery of nonconforming products to Kasko or in the event that defective products from the supplier are the cause of a complaint from Kasko's customer about the products (or the customer's notice of unsatisfactory product quality). The immediate reaction includes replacement delivery of the claimed delivery, sorting, extra work, tests, analyses, etc.

If the products do not meet the requirements, Kasko will issue a Complaint Notice to the supplier or, in the case of minor defects, Kasko will give a warning of these defects to the supplier.

In the event of problems (complaints, warnings), the supplier will take appropriate measures immediately. The supplier must respond to the complaint in writing within 48 hours at the latest in the form of a message (email), which must contain the following points:

- a) Identification data relating to the Kasko's complaint,
- b) Description of the unsatisfactory condition,
- c) Immediate measures (to reduce damages).

No later than 14 days after sending the complaint, the supplier must submit a written report (email), which will contain further corrective actions, in particular:

- d) Cause of the unsatisfactory condition,
- e) Planned or implemented remedial measures (eliminating the cause).

The supplier must have established a problem-solving process leading to the identification and elimination of the causes of problems. Upon request in the case of significant problems, Kasko will require the use of the "8D" method (see VDA - 8D - Problem Solving in 8 Disciplines) as a form of solving problems consisting in the deficiencies in deliveries. The following steps are required within the "8D" method:

- D1 - Problem solving team,
- D2 - Description of the problem (WHAT, WHERE, WHEN, HOW MANY / HOW MUCH?),
- D3 - Immediate (temporary) measures,
- D4 - Root cause analysis,
- D5 - Selection and verification of corrective measures,
- D6 - Implementation and validation of corrective measures,
- D7 - Prevention of repetition of errors (precautionary measures),
- D8 - Conclusion and recognition of the team's success.

After the receipt of a complaint in the event of Kasko's request to use "8D", the supplier is obliged to implement gradually the individual steps of "8D" and to send the "8D" to the Kasko Purchasing Department including the respective completed steps in the following sequence:

- To implement the D1-D3 steps within 24 hours,
- To implement the D4 step within 7 calendar days,

- To implement the D5 steps within 14 calendar days,
- To implement the D6-D8 steps within 20 calendar days.

If the nature of the problem being solved requires a longer time for the implementation of the D4-D8 steps, the supplier is obliged to agree this with the Kasko Purchasing Department, and the supplier is obliged to provide information about the progress of the implementation of the remaining steps at regular intervals (at least once every 2 weeks). The supplier shall submit the complete "8D" report within 3 months at the latest, unless otherwise agreed with the Purchasing Department.

Excess Costs

Kasko will charge fees for each justified complaint (see Appendix No. 2 P-07-04, Schedule of Charges) for administrative costs incurred by Kasko.

Kasko may further demand the payment of demonstrable excess costs (including excess costs incurred by the Kasko's customer) related to handling the supplied nonconforming product in accordance with applicable legal regulations.

6.8 Documents and Records

Kasko reserves the right to inspect the documents and records relating to the delivered products.

Documents and records relating to critical characteristics must be kept for a minimum of 15 years.

7 Supplier Assessment Criteria

Kasko regularly carries out assessments of its suppliers, both annually and on ongoing basis, as part of the so-called Scorecard Assessment.

The annual assessment consists of four parts:

- Assessment of the quality of deliveries,
- Assessment of qualitative competence (audit, questionnaire, etc.),
- Assessment of environmental behaviour,
- PPM assessment.

The assessment of quality of deliveries is carried out on the basis of the assessment of all deliveries for a given period.


The quality of each delivery, the completeness and packaging of the delivery, the price of the delivery, communication with the supplier, the supplier's certification, the delivered quantity compared to the ordered quantity and the delivery date compared to the ordered date are assessed.

The assessment of qualitative competence will affect the final assessment in the event of a negative assessment from an audit, and as the case may be from a questionnaire, detection of defects at the customer, etc.

The assessment of environmental behaviour will affect the final assessment in case of obtaining information about gross violations of legal requirements or accidents that have occurred at the supplier.

PPM assessment – is carried out on the basis of the PPM Plan (Appendix No. 1). The Kasko company reserves the right to determine individual PPM targets, e.g. in case of multiple exceeding of the determined PPM.

A letter is sent to each supplier (after the assessment) with the results of its annual assessment (if necessary - in the case of B and C assessment - corrective measures are required, which are verified by a subsequent audit).

	<p style="text-align: center;">REGULATION</p> <p style="text-align: center;">P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 10</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------

The Scorecard Assessment is an ongoing assessment of the quality of deliveries throughout the year. In the event of worsened assessment, the supplier is contacted immediately with a request to send corrective measures to improve the condition.

8 Compliance with Legal Requirements

The supplier undertakes to comply with the regulations of the relevant laws in force in the country of production and in the country of sale of the final product.

8.1 Safety and Environmental Protection

The supplier undertakes to comply with all legal requirements regarding the environment (in particular EU Directive 2000/53/EC as amended, RoHS, REACH and GADSL Regulations), health and safety at work valid in the countries where the product is manufactured, and will endeavour to prevent any negative impact on persons and the environment.

Furthermore, the supplier is obliged to immediately inform Kasko of any changes in the composition of the material, as well as of any doubts regarding the worldwide usability of the material, which relate to the subject of the contract.

8.2 Product Liability

These Terms and Conditions for Suppliers do not release the supplier from responsibility for the customer claims arising from guarantees and from compensation for damages due to defects and their consequences in the supply of materials.

9 Social Responsibility

The supplier undertakes to further and comply with the following basic principles of social responsibility based on the principles of the UN (United Nations) Global Compact.

Human Rights

- 1) *The supplier supports and respects internationally recognized human rights.*
- 2) *The supplier does not partake in any violation of human rights in any way.*

Working Conditions


- 3) *The supplier recognizes the workers' right of association and collective bargaining.*
- 4) *The supplier does not support and eliminates all forms of forced labour.*
- 5) *The supplier does not support and prohibits any use of child labour.*
- 6) *The supplier eliminates any discrimination in employment.*

Environment

- 7) *The supplier supports preventive approach to the protection of the environment.*
- 8) *The supplier participates in initiatives promoting increased responsibility towards the environment.*
- 9) *The supplier supports the development and dissemination of environmentally friendly technologies.*

Anti-corruption Measures and Employee Behaviour (Ethics)

- 10) *The supplier is against all forms of corruption, including bribery and blackmailing.*

	<p style="text-align: center;">REGULATION</p> <p style="text-align: center;">P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 11</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------

11) *The supplier encourages employees to report negative phenomena in the behaviour of their colleagues (Ethics Escalation Policy).*

In connection with these principles, the supplier defines the Environmental Policy documenting its approach to environmental protection.

10 Closing Provisions

The supplier is responsible for delivering the required products in the required quantity and time.

These Terms and Conditions for Suppliers apply without time limit. However, each of the contracting parties may withdraw from them in writing with a three-month notice period. The termination of this agreement does not affect the effectiveness of individual supplier contracts in progress until they are fully completed. These Terms and Conditions for Suppliers are drawn up in two copies; both copies are identical and have the validity of originals. Any amendments and additions to this agreement must be made in writing and are subject to the written consent of both parties.

11 Protection of Trade Secrets

The supplier undertakes to maintain both at present and in the future the confidentiality of the information obtained within the framework of the contractual relationship with Kasko. To maintain confidentiality means not to disclose the obtained information to third parties, unless Kasko gives its written consent. This non-disclosure of obtained information does not apply to information that is absolutely necessary to ensure the contractual relationship with Kasko (e.g. disclosure of information to a Kasko's subcontractor supplying materials, which form a part of the Kasko's supplier's product, to a Kasko's supplier).

Kasko accepts reasonable restrictions required by the supplier to ensure its operational secrets, if the reliability and competence of such supplier is proven in another way. However, if any problems or concerns occur, the supplier must be prepared to provide information that will result in the elimination of the problems or concerns.


Kasko undertakes to maintain the confidentiality of information obtained within the framework of the contractual relationship with the supplier. To maintain confidentiality means not to disclose the obtained information to third parties (this does not apply to a Kasko's customers who is or will be supplied with a product that contains materials from a Kasko's supplier).

12 Processing of Personal Data

Personal data are processed by the following companies: KASKO spol. s r.o., Slavkov 82, 687 64 Slavkov, ID No.: 46973982, e-mail: kasko@kasko.cz, tel.: +420 572 613 711, and KASKO – Formy spol. s r.o., Slavkov 151, 687 64 Slavkov, ID: 65278712, e-mail: kaskoformy@kaskoformy.cz, tel.: +420 572 613 782, (hereinafter also referred to as "joint controllers") in the following processing categories:

The joint controllers have a legitimate interest in processing the contact data of suppliers and customers for the purpose of business negotiations, conclusion and subsequent performance of the contract. The provision of data is a contractual requirement. Refusal to provide data may result in the discontinuation of all business activities.

Personal data will be stored at joint controllers after the termination of the contractual relationship for a maximum period of 10 years if VAT was also paid, otherwise for a maximum period of 5 years starting from the end of the last accounting period to which they relate. Orders are kept for 5 years after the

	<p style="text-align: center;">REGULATION</p> <p style="text-align: center;">P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 12</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------

termination of the contractual relationship. Any project documentation prepared during the implementation of the contract is kept for 15 years after the termination of the contractual relationship.

You have the right to demand from the data controllers to provide access to your personal data, their correction or deletion, or restriction of processing, and to object to processing, as well as the right to data portability. You also have the right to file a complaint with the relevant supervisory authority if you believe that the processing of personal data is not in compliance with the relevant applicable legal regulations. The competent supervisory authority in the Czech Republic is the Office for Personal Data Protection; you have the right to ask the data controller for an explanation and for removal of the existing status.

13 Specific Requirements of Kasko's Customers

In the event that the supplier's product forms a part of the final product for the Kasko's customers listed below, the supplier must meet the relevant specific requirements of these customers listed in the Kasko's customer's documents or in the following text of this chapter. The supplier obtains this information from the Kasko Purchasing Department.

13.1 Specific Requirements of the Customer Volkswagen

The specific requirements of the customer Volkswagen are listed in the following documents:

- IATF 16949: Customer-Specific-Requirements (CSRs) of Volkswagen Group
- Formel Q Konkret
- Formel Q Capability
- Formel Q New Parts Integral
- Lastenheft Quality to Control Suppliers and Purchased Parts in the Volkswagen Concern
- Lastenheft ŠKODA AUTO a.s. for Quality
- VW 10119 Qualification of Measurement Processes
- VW 10130 Machine Qualification Check for Measurable Characteristics
- VW 10131 Process Capability Verification for Measurable Characteristics

Selection of the main specific requirements of Volkswagen from the above documents:


D/TLD parts (products with the "A" critical characteristic or, as the case may be, "TLD" or "D" - marking of critical characteristics of the customer Volkswagen) and at the same time the product is a part of the final product for the Volkswagen Concern (this information will be provided to the supplier by Kasko), once a year the performance of an audit for each such product in accordance with the requirements of the Volkswagen Concern specified in the Formel-Q Capability "List of Requirements for Maintenance of Documentation of D/TLD Parts" must be proven.

The supplier must implement a process for ensuring maturity levels (QPNI) according to the Formel Q New Parts Integral.

The product and process approval must be carried out in accordance with VDA 2 in the current applicable version. The currently valid status of the reference sample (sample for PPF) and test reports must be archived by the supplier in accordance with legal requirements, but at least for a period of 5 years after the end of the contract, unless otherwise agreed with Kasko.

The product audit must be defined in the control plan (Control Plan). The product audit will be performed at least every 12 months for each product manufactured as a series produced product according to VDA 6.5.

The supplier must perform a supplier self audit (Supplier Self Audit) in accordance with the Formel Q Capability (in accordance with VDA 6.3 and additional requirements of Formel Q Capability) every 12

	<p style="text-align: center;">REGULATION</p> <p style="text-align: center;">P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 13</p> <p>Revision: 06/2023-20</p>
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months. The specific self audit format is available at www.vwgroupsupply.com "Format for Supplier Self Audit (VA/SL)". This audit must be performed by certified VDA 6.3 auditors.

Product requalification (checking all dimensions, functions and properties of the material) must be defined in the Control Plan. At least every 3 years, the supplier must carry out a complete requalification of the product. Unless otherwise agreed with Kasko, the presented scope of requalification corresponds to the scope of product and process approval. D/TLD parts (materials with the "A" critical characteristics, or as the case may be "TLD" or "D" - marking of the critical characteristics of the customer Volkswagen) must be subjected to requalification every 12 months. The supplier must store the requalification results and provide them to Kasko upon request. The supplier must immediately inform Kasko of any deviations.

Process audits within the supply chain must be carried out in accordance with the Formel Q Capability by VDA 6.3 certified auditors.

The supplier is obliged to submit information on certificates obtained in compliance with ISO 27001 or TISAX (Trusted Information Security Assessment Ex-change) in relation to the area of cyber security, if required by Kasko.

The supplier is responsible for compliance with the quality requirements by its subcontractors, including, among others, the following points:

- The supplier is responsible for forwarding the customer's requirements further down the supply chain and monitoring their implementation.
- Ensuring and documenting of qualitative competence and qualitative performance in the supply chain.
- Establishing quality assurance agreements in which the customer's requirements must be properly taken into account.
- Ensuring all specific requirements for the given material.
- Ensuring the flow of information between contractual partners.
- Requirements for handling D/TLD parts and other legal or official requirements (e.g. CCC, CoP), as well as the necessary documentation (e.g. IMDS in compliance with VW91101 in the currently valid version).
- Requirements for warranty performance and reverse traceability of parts.
- Successful completion of the Qualification Program for new QPNI parts according to the Formel Q New Parts Integral.
- Ensuring qualitative and quantitative supply of parts throughout the whole product life cycle.
- Ensuring change management in the supply chain.


The use of recycled material (including regranulate) is permitted only with the written consent of the Kasko Purchasing Department.

14 Instructions for Completion

At the end of this document there are the "Approval Certificate" and "Reservations and Comments on the Terms and Conditions for Suppliers".

If the supplier has any reservations concerning the Terms and Conditions for Suppliers, the supplier shall indicate these reservations in the form called "Reservations and Comments on the Terms and Conditions for Suppliers".

The supplier fills in and signs the "Approval Certificate" and "Reservations and Comments on the Terms and Conditions for Suppliers" (if he has any reservations) and sends them in two copies to Kasko for signature. After approval, Kasko will send the supplier the signed "Approval Certificate" and

	<p style="text-align: center;">REGULATION</p> <p style="text-align: center;">P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 14</p> <p>Revision: 06/2023-20</p>
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"Reservations and Comments on the Terms and Conditions for Suppliers" (if there are any reservations to that document).

The Terms and Conditions for Suppliers in the current version are available on the website www.kasko.cz.

If the supplier does not send any reservations to the updated Terms and Conditions for Suppliers to the Kasko Purchasing Department within 3 months, this will be deemed to be the consent to the updated Terms and Conditions for Suppliers (the supplier is not released from the obligation to observe the updated Terms and Conditions for Suppliers). In the event that in the previous versions the reservations indicated in the "Reservations and Comments on the Terms and Conditions for Suppliers" were approved by Kasko, then these reservations shall be valid also for the updated version of the Terms and Conditions for Suppliers.


If the supplier does not give consent to the document "Terms and Conditions for Suppliers", Kasko will still continue to proceed according to these conditions and will require their fulfilment.

15 Appendices

Appendix No. 1	F-07-25	PPM Plan for Suppliers
Appendix No. 2	P-07-04	Schedule of Charges

16 Abbreviations and Terms

APQP	- Advanced Process Quality Plan - Modern product quality planning
Fi-Fo	- First-in-first-out (first in - first out) - a system of organization of receipt and issue of products ensuring that products received with the oldest date are issued first.
FMEA	- Failure Mode and Effects Analysis (analysis of failure modes and consequences).
IMDS	- International Material Data System
PCI	- Process Capability Indices
	P_p, P_{pk} - Performance indices of production process or product for the assessed characteristic (includes total process variations consisting of variations within subgroups and variations between subgroups).
	C_p, C_{pk} - Indices of permanent capability of the production process or product for the assessed characteristic (includes process variations formed by variations within subgroups).
PPF	- Production Process and Product Release (PRODUKTIONSPROZESS UND PRODUKT FREIGABE)
PSW	- Part Submission Warrant
QPNI	- New Parts Integral Qualification Programme (Qualifizierungs Programm Ne-uteileIntegral) is a binding guideline of the Volkswagen Concern (Modular Method of Parts Qualification).
SPC	- Static Process Control
Special characteristics	- Significant product or process characteristics determined by Kasko and the supplier based on the knowledge of the product and process. Special characteristics are divided into two groups: a) Critical characteristic: „A“ indication - It is an indication of a product or process, the deviation of which could endanger safety, health and compliance with legal regulations.

	<p style="text-align: center;">REGULATION P-07-04</p>	<p>Number of pages : 17</p> <p>Page: 15</p> <p>Revision: 06/2023-20</p>
----------------------------------------------------------------------------------	-----------------------------------------------------------	-------------------------------------------------------------------------

b) Significant characteristic: „K“ indication - It is an indication of a product or process, the deviation of which could affect the customer satisfaction (end user, assembly plant, Kasko, subsequent production), such as suitability for assembly, functionality, processability, appearance, etc.

The indication of the special characteristic may in some cases differ from "A" or "K" according to the customer's requirements. In such a case, Kasko will provide information to the supplier about the meaning of such special symbol.

Approval Certificate of the Terms and Conditions for Suppliers

Customer: KASKO spol. s r. o.
Slavkov 82
687 64 Horní Němčí
Tel./Fax: 572 613 711/713

Name, title

Signature, stamp

Supplier: Company:
Registered seat:


Tel./Fax:

Choose one of following three options:

- ☐ A. We agree with the conditions described in the Kasko's document "Terms and Conditions for Suppliers".
- ☐ B. We agree with the conditions described in the Kasko's document "Terms and Conditions for Suppliers" with the following reservations or modifications: see the second page of the Certificate.
- ☐ C. We do not agree with the conditions described in the Kasko's document "Terms and Conditions for Suppliers".

Name, title

Signature, stamp

	<p>REGULATION P-07-04</p>	<p>Number of pages : 17 Page: 17 Revision: 06/2023-20</p>
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Reservations and Comments on the Terms and Conditions for Suppliers