

## **REQUIREMENTS ON THE SUPPLIER'S MANAGEMENT SYSTEM**

The supplier agrees that their quality management system corresponds at least to the requirements of ISO 9001. The purchaser is entitled to demand a proof by the presentation of the supplier's valid certificate or by the possibility to carry out their own audit of the supplier. In case of the suspension of the certificate for any reason, the supplier is obliged to notify the purchaser of this fact immediately.

### **APPROVAL OF THE SUPPLIER.**

Purchase orders are handed over to approved suppliers only. After the approval of the supplier, the purchaser may request the filling out of the questionnaire sent or an interview with the supplier (specification of quality requirements, drawings, purchase conditions, etc.).

### **EXPIRY DATE OF RAW MATERIALS.**

The purchaser requests, unless a mutual agreement provides otherwise, so that after the delivery the items/raw materials delivered with the limited expiration period have at least 12 months until the end of their expiration or that they have at least 75 % of the useful life of raw materials, if their useful life period is shorter than 12 months from the raw material date of production. The supplier shall state the expiration date in the delivery note and (or) on the raw material label - ideally in both documents.

### **ENVIRONMENT, SAFETY, RECYCLING, REACH.**

The items delivered and their content substances must comply with legal provisions in terms of the environment, safety, recycling, etc. Suppliers of chemicals must meet the requirements of the European Parliament and the Council Regulation (ES) No. 1907/2006, as amended - REACH. The supplier will provide the purchaser with a valid Safety Data Sheet (SDS) in Czech language. The supplier shall send a new version of SDS to the purchaser for free (dated: "Revision: (Date)" in paragraph 16 SDS) in electronic form, if the purchaser took the item within the previous 24 months.

### **EXPORT CONTROL**

The supplier must meet the relevant legal regulations applicable for export control adopted by countries in the field of export of dual-use goods and sensitive goods and technologies.

If part or all of the supply is covered by the export control regimes, the supplier must notify 5M s.r.o. using Commodity Export Classification Certificate. The export control regimes apply for goods appearing on the international lists of controlled goods and also goods that relate to government business and security interests.

Upon request of 5M s.r.o. and within agreed period prior to realization of the order, the supplier must provide all authorizations needed for export or reexport of supplies.

The supplier involved in export is responsible for regular checking of export control rules and must ensure compliance with the rules. In case of any changes related to export control that would affect the right of use,

retransfer or exportability of supplies, the supplier must immediately inform 5M s.r.o. In the events of change after the order came into effect both parties undertake negotiation.

#### **LEBELING OF ITEMS, TRACEABILITY.**

The supplier must guarantee the traceability of dispatching and production batches (lots) within at least 5 years, including initial materials, tools used, and employees involved in the realization of the product.

**PACKAGING.** The packaging must guarantee the protection and quality preservation of items delivered during their transportation and storage at the purchaser under conditions specified, for at least 24 months. Not later than before the start of serial deliveries, the supplier must submit for the purchaser's approval the specification of packaging related to the items delivered (packaging regulation) - the specification of shipping containers, package, packaging materials, the method of storing, labelling, etc. Each delivery must be accompanied by the required documentation specified in the order, a framework contract or packaging regulation. In case of disagreement in packaging or identification, the delivery will be deemed inconsistent and will be a subject of complaint.

#### **EVALUATION OF SUPPLIERS.**

The supplier acknowledges that in case of unsatisfactory result of their evaluation they are obliged to elaborate a corrective action plan, agree on it with the purchaser and subsequently implement it.

#### **AUDIT OF THE SUPPLIER.**

The supplier must allow the purchaser, its customers or legal authorities the access to the production areas of theirs and their suppliers, including the related quality system documentation that is affected by the purchaser's order received in order to carry out an audit. The supplier must provide the purchaser with the cooperation needed.

#### **DOCUMENTATION MANAGEMENT.**

Drawing documentation provided by the purchaser represents a controlled documentation which is the purchaser's property. Without the purchaser's written consent it may not be provided by the supplier to a third party. The supplier must have a change management system.

#### **MEASURING AND MONITORING INSTRUMENTS.**

For measuring and testing, appropriate measuring and testing instruments must be used. Such a system must be installed which ensures the use of appropriate gauges and measuring instruments only. All gauges must be marked, regularly calibrated and their maintenance must be carried out.

#### **INCONSISTENT ITEMS, DEVIATION MANAGEMENT.**

If the drawing item supplier finds out some inconsistency of the item with the drawing documentation, it must immediately inform the purchaser of this fact. Approval of an exception for the delivery of items not complying with the specifications may be implemented only upon the purchaser's approval, based on the written request for the deviation provided by the supplier. Approval of deviations is essentially limited to a certain number of items or to a certain time period of deliveries. After the expiry of deviation validity approved, the compliance

with the original specifications must be ensured. Deliveries sent based on the deviation approved must be duly identified.

### **COMPLAINT MANAGEMENT.**

If there is a qualitative or logistic disagreement with the items delivered, the purchaser will inform the supplier of this fact immediately in the form of a Complaint. After receiving the complaint, the supplier must within 48 hours ensure and send to the purchaser's purchasing department the following: Immediate measures for the remedy of the situation that has arisen - disagreements complained and the supplier is also obliged to take, within 14 days, corrective actions to eliminate the causes of the incurred disagreement and to ensure the prevention of the disagreement repetition in next deliveries. The supplier must ensure such measures so that the assembly continuity or shipping to the purchaser's customer is not threatened. According to the seriousness, the purchaser can ask the supplier to send the corresponding measures in the form of 8D report.

### **SUBCONTRACTORS' QUALIFICATION.**

The same procedure applied by the purchaser towards the supplier is to be applied by the supplier as it concerns the supplier's cooperation with subcontractors. The supplier is expected to transfer the purchaser's requirements, including those stated here, to subcontractors. The supplier must ensure subcontractors guarantee the same quality; however, the supplier remains fully responsible for the item delivered.

### **SUPPLIER'S RESPONSIBILITIES, COMPENSATIONS.**

The supplier is primarily responsible for items delivered that are used by the purchaser to the final product, in terms of quality as well as safety. The supplier is responsible for all costs and damages arising as a result of any defects in the items delivered, and the purchaser will require compensation of such costs from the responsible suppliers. The compensation need not apply only to the transport and the production affected at the purchaser, it can also include compensation required from the purchaser's customer. The compensation is an indicator of the evaluation of suppliers, thus influencing the selection of suppliers. The purchaser expects from the supplier to create such organizational and technical conditions to ensure the quality and safety of the items delivered and to minimize the risk of inconsistencies and damages related.

### **KEEPING QUALITY RECORDS.**

The supplier is responsible for achieving documentation and quality records related to the items delivered for the period of 5 years.

### **MISCELLANEOUS.**

If the purchaser bought or ordered an item from the supplier within the previous 24 months, the supplier agrees:

- " To inform the purchaser of any accomplished or intended changes of the items purchased (changes of characteristics, dimensions, procedures, services, storage conditions, etc.),
- " To notify the purchaser on the planned termination of the production or the offer of the items ordered at least 4 months in advance,

" To inform the purchaser of the changes in the location of the production plant of the items purchased,

" To send Technical sheet to the purchaser in Czech language after every new change release, in electronic form.

## **DECLARATION OF THE SUPPLIER'S CONSENT.**

These Terms and conditions for purchase quality make part of the contractual relations between the seller (supplier) and the purchaser 5M s.r.o. and they become binding after the order confirmation. The framework purchase agreement between the seller and the purchaser, in case of conflict, takes precedence over these Terms and conditions for purchase quality.