

Supplier Manual

List of Requirements for Suppliers of Lukov Plast s.r.o.

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Lukov Plast spol. s r.o. (hereinafter referred to as Lukov Plast) is a company with a thirty-year history and a production facility in Český Dub. It focuses on the development, production and assembly of plastic, metal and electronic parts and sub-assemblies primarily for customers in the automotive industry.

We recognise that our supply chain is an integral part of our business and we have committed to continuing our efforts to standardise many of our supply chain management processes and systems. As part of the effort, this supply chain requirements manual forms the basis of our business relationships with suppliers.

In addition to setting out production, logistics and quality requirements, the manual also details the necessary environmental, compliance and other sustainability requirements that have become essential to the industry. This supply chain requirements manual defines Lukov Plast's requirements on behalf of all production operations.

Suppliers are important to Lukov Plast and we will continue to strive to build our relationship on mutual respect and benefit. Thank you very much for your support.

Table of Contents

Requirements for Suppliers of Lukov Plast s.r.o.....	2
1 INTRODUCTION	4
1.1 RELATIONSHIP BETWEEN THE SUPPLIER AND LUKOV PLAST	4
1.2 COMMUNICATION, NOTIFICATION OF CHANGES.....	4
1.3 SUPPLY CONTINUITY	5
1.4 CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY	5
1.1.1 COMPLIANCE AND ETHICAL CONDUCT	5
2 SUPPLIER QUALIFICATION	7
2.1 MANAGEMENT AND ORGANISATION.....	7
2.2 CERTIFICATION.....	8
2.3 SUPPLIER EVALUATION, CRITICAL SUPPLIER PROGRAMME	9
3 DESIGN ENGINEERING AND DEVELOPMENT PLANNING.....	11
3.1 SCOPE OF APPLICATION.....	11
3.2 PLANNING AND DEFINITION OF REQUIREMENTS	12
3.3 PRODUCT DESIGN AND DEVELOPMENT	12
3.4 TOOLING, GAUGES AND TESTING EQUIPMENT.....	13
3.5 PROCESS DESIGN AND DEVELOPMENT	13
3.6 PRODUCT AND PROCESS VERIFICATION	13
4 PRODUCTION CONTROL, PRODUCT QUALITY	14
4.1 INSPECTION OF EQUIPMENT AND TESTING FACILITIES.....	15
4.2 PRODUCT AND PROCESS MONITORING	16
4.3 NON-CONFORMING PRODUCTS (NON-CONFORMITIES) AND CORRECTIVE MEASURES	16
4.4 PRODUCT OR PROCESS CHANGE AND DEVIATIONS, GENERATION STATUS	17
4.5 WARRANTY	18
4.6 CONTINUOUS IMPROVEMENT	18
5 MATERIAL INSPECTION AND LOGISTICS	19
5.1 GENERAL REQUIREMENTS FOR LOGISTICS PROCESSES.....	19
5.2 PACKAGING.....	19
5.3 LABELLING	20
5.4 SUPPLY MANAGEMENT SYSTEM.....	20
5.5 TRANSPORT	20
5.6 BORDER PROTECTION.....	21
5.7 DOCUMENTATION	21
6 SUPPLIER CODE OF CONDUCT.....	21
6.1 HUMAN RIGHTS AND WORKING CONDITIONS	21
6.2 ENVIRONMENT.....	23
6.3 BUSINESS ETHICS.....	24
7 PRICE LIST OF DAMAGE COMPENSATION.....	25
8 TERMS AND DEFINITIONS.....	26
9 SUPPLIER ACCEPTANCE.....	27

1 INTRODUCTION

The requirements and standards defined in this manual apply to all suppliers who supply materials, products and services to Lukov Plast production facilities. This includes suppliers of direct materials and, where applicable, indirect materials, packaging materials and services with a potential impact on product performance. These requirements collectively also apply to all suppliers who are designated as Lukov Plast's suppliers by OEM customer. The requirements in this manual add to those requirements set out in the latest ISO 9001 and IATF 16949 standards, taking into account specific customer requirements. The current version of the manual will be published on the Supplier portal on Lukov Plast's website at <https://www.lukovplast.cz/dodavatele-2/>

Suppliers need to check regularly the website to make sure they have implemented the latest version of the manual.

1.1 RELATIONSHIP BETWEEN THE SUPPLIER AND LUKOV PLAST

Lukov Plast would like to maintain its position as a well-performing company in the automotive industry and is aware of the fact that each of its suppliers plays an important role in Lukov Plast's excellence in innovation, technology, costs, quality and deliveries.

Lukov Plast has committed to minimise defects as a part of its 'zero ppm' strategy and expects all suppliers to support this strategy and manage their own operations accordingly. Our intention is to establish strategic, long-term relationships with our suppliers and it is the responsibility of each supplier to keep costs low while ensuring consistent quality and the highest level of service with a strong emphasis on continuous improvement.

We will do our best to manage our supplier relationships with the utmost integrity and professionalism, ensuring that our decisions are based on optimising value for Lukov Plast and its stakeholders.

The quality and delivery requirements set out in this document supplement the purchase order and the Framework Contract and do not replace or modify the terms and conditions contained in the above-mentioned purchase documentation. Suppliers are also expected to comply with any and all terms and conditions imposed on Lukov Plast by the customer who the final products are intended for.

This includes compliance with any specific forms or documents set by the customer to Lukov Plast. Lukov Plast suppliers are also expected to manage their subcontractors of products and services to ensure that they meet the requirements set out in this manual, the latest automotive industry standards and other specific customer requirements.

1.2 COMMUNICATION, NOTIFICATION OF CHANGES

It is very important that the relationship between Lukov Plast and our suppliers is based on open, effective and proactive communication. The occurrence of non-conforming product, unauthorised changes or any related problems in the supply chain poses a risk to both Lukov Plast and its customers if these problems are not reported and effectively resolved. In order to manage these risks as effectively as possible, all suppliers need to communicate important facts as soon as possible, including but not limited to:

1. Any open or potential problem identified by the supplier.
2. Any proposed changes of the material and/or process, including changes relating to process or product safety or essential features.

Any and all proposed changes, including:

- * production location change,

- * tooling capacity changes,
 - * re-introduction of tools that have not been in service for one year,
 - * tool refurbishment/change,
 - * proposed use of the new production facility.
4. Any potential production or quality problems, including changes in the status of quality management system certification (expiration, suspension, withdrawal or revocation).
 5. Any supply and/or capacity issues.
 6. Changes of sub-suppliers of raw materials, components or services.
 7. Changes of information technology (IT) or support systems that could impact the production or supply of products to Lukov Plast.
 8. Organisational changes with a potential impact on the production or supply of products to Lukov Plast.
 9. Changes of shareholders.

Suppliers will support all tests, validations, approvals and submissions required as a result of product or process changes as directed by Lukov Plast. Suppliers cannot charge for samples or tests made as a result of supplier-related or supplier-required changes unless approved by Lukov Plast. Changes to the product or process shall be approved by the Lukov Plast Purchasing department.

Suppliers shall actively communicate with their Lukov Plast contact partners, whereas all changes shall be communicated to Lukov Plast prior to the implementation thereof. Failure to notify Lukov Plast of potential problems or changes shall be handled internally as appropriate and the issue may be communicated to Lukov Plast customers as appropriate. If necessary, the ISO and/or IATF certification body shall be contacted and requested to carry out the necessary investigations or assessments. Should the changes not be pro-actively notified, the supplier shall be liable for any costs incurred by Lukov Plast as a result of late notification by the supplier or insufficient time for implementation, and these costs shall be charged to the supplier where applicable. Continued non-compliance may lead to loss of contracts.

1.3 SUPPLY CONTINUITY

Suppliers shall have well-developed contingency plans to ensure the continuity of supply in the event of disruptions to their operations and/or supply of materials due to events caused by human factor, natural disasters, interruptions to utilities or labour disputes, equipment failures, interruptions to logistics chains or disruptions to information systems or attacks on information systems. These contingency plans need to be reviewed on a regular basis. Suppliers shall immediately inform all Lukov Plast production sites to which they deliver their products as soon as they become aware of any possible restriction or interruption of supplies.

Each supplier to Lukov Plast shall designate a person from the supplier's production facility who shall have sufficient authority to take responsibility for resolving product quality and/or delivery issues that may impact Lukov Plast or its customers. A designated contact person shall be available whenever such problems arise. The contact details shall be provided to the Purchasing department of Lukov Plast. The supplier shall update such details upon any change.

1.4 CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Lukov Plast has committed to being a responsible and conscious company. We expect our suppliers to comply with the applicable sections of Lukov Plast's regulations and requirements related to corporate social responsibility and sustainability.

1.1.1 COMPLIANCE AND ETHICAL CONDUCT

We expect our suppliers to act honestly at all times and to comply with the laws, regulations, standards and Lukov Plast policies that apply to them, regardless of where they conduct their business, including but not limited to:

- * anti-trust and competition law,

- * anti-corruption laws,
- * sanctions and export control regulations,
- * responsible sourcing, including the prohibition of sourcing of materials from conflict areas,
- * respect for human rights,
- * occupational health and safety requirements,
- * sustainability and environment,
- * prevention of conflicts of interests,
- * protection of information and intellectual property of Lukov Plast.

Suppliers shall comply with any and all requirements set out in the Supplier Code of Conduct and require the same from their suppliers.

ENVIRONMENTAL RESPONSIBILITY

We have committed to a responsible approach to health, safety and the environment. We aim to protect the environment and manage critical resources so that they can be sustained and replenished for future generations. We expect our suppliers to treat the environment with the same dedication and sense of duty and recommend certification to ISO 14001 environmental standards.

To support environmental impact management, suppliers should monitor and optimise greenhouse gas emissions, water consumption and emissions of volatile organic compounds, solids and ozone depleting substances.

In order to support the sustainability initiatives, we encourage our suppliers to effectively manage, monitor and optimise energy consumption through an efficient energy management programme.

Lukov Plast and its supplier base must meet all requirements under:

- Directive 2000/53 of the European Parliament and of the Council on end-of-life vehicles,
- Regulation No 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH),
- Directive 2011/65 of the European Parliament and of the Council on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS),
- Regulation (EC) No 1272/2008 of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures (CLP)
- Suppliers shall comply with applicable standards for the classification, packaging and labelling of hazardous substances and mixtures, including national implementing regulations of the UN Globally Harmonised System, such as the Regulation (EC) on the classification, labelling and packaging of substances and mixtures and the Workplace Hazardous Materials Information System, as appropriate.

Compliance with applicable legislation must be ensured for all parts supplied to Lukov Plast, including new or modified parts and spare parts.

Information on the material composition of the parts shall be submitted in the International Material Data System (IMDS). For parts that are not subject to the PPAP process, the bill of materials (MDS) must also be entered in the IMDS.

RESPONSIBLE SOURCING OF RAW MATERIALS (RESPONSIBLE MATERIALS)

- a) **Conflict minerals**
- b) **Other materials**

We have committed to ensure that the materials used in our parts are responsibly sourced, i.e., not sourced from conflict-affected areas. Responsible sourcing of raw materials is key to Lukov Plast and its suppliers to be able to meet their human rights obligations as outlined in the Supplier Code of Conduct.

A growing number of regulations, emerging industry best practices and OEM customers require Lukov Plast to disclose the origin of the various raw materials used in its products. Due to the size of Lukov Plast's supply chain, we shall rely on our suppliers to provide us with accurate information about the products supplied to Lukov Plast. |

CONFLICT MINERALS

Under the U.S. Dodd-Frank Wall Street Consumer Protection Act, Section 1502 (Dodd-Frank Act), as well as Regulation (EU) No 2017/821 of the European Parliament and of the Council, laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, manufacturers, including Lukov Plast, are required to disclose whether products they manufacture or contract to manufacture contain conflict minerals from sources that support or finance inhumane treatment in the Democratic Republic of Congo or neighbouring countries.

Should the supplier discover that the material it supplies contains a conflict mineral, in whatever quantity, it shall immediately inform the Lukov Plast Purchasing department of this fact. Even if the material is proven to be unique and irreplaceable, the supplier should be able to present particular steps to search for an alternative material. This applies to sub-suppliers as well.

Conflict minerals currently include tin, tantalum, tungsten and gold (collectively referred to as 3TG according to the first letter of the English names of the minerals: tantalum, tin, tungsten). Additional minerals may be added to the list in the future.

To ensure that Lukov Plast complies with existing statutory requirements and with any future requirements imposed by other jurisdictions, Lukov Plast is required to request information from all relevant suppliers regarding the use of conflict minerals. Upon request, suppliers are required to support Lukov Plast by providing all required data and reports in a timely and accurate manner, e.g., using the 'CMRT' form.

For more information on reporting conflict minerals, see the following pages:

- <http://www.aiag.org>
- <https://www.responsiblemineralsinitiative.org>
- <https://www.conflict-minerals.com/>

OTHER MATERIALS

As a result of the increased emphasis the entire industry and customers place on responsible sourcing, more attention is being paid to transparency of the origin of other raw materials used in automotive products. Disclosure of information on cobalt and mica is currently required. Information about other raw materials may be requested or required in the future. We believe this information will increasingly be a requirement for submitting bids to OEM customers, and Lukov Plast expects its suppliers to perform similar due diligence as is required for conflict minerals. Upon request, suppliers are required to support Lukov Plast by providing all required data and reports in a timely and accurate manner, e.g., using the 'EMRT' form.

COUNTERFEIT PRODUCTS

Suppliers shall ensure that there is no risk of a counterfeit product being delivered to Lukov Plast.

A counterfeit product is defined as a product that is an unlawful or unauthorised reproduction, substitute or modification, or contains unlawful or unauthorised reproductions, substitutes or modifications that have been knowingly misbranded, misidentified or otherwise passed off as a part of the original manufacturer. Suppliers shall implement strict procurement policies to ensure traceability of all components of their product.

2 SUPPLIER QUALIFICATION

2.1 MANAGEMENT AND ORGANISATION

All suppliers of direct materials shall have a valid DUNS number issued by Dun & Bradstreet and a valid VAT number by region. DUNS numbers are verified by Lukov Plast and incorrectly stating them may prevent you

from working with Lukov Plast. Suppliers of indirect materials and services may also need a DUNS number according to Lukov Plast's instructions.

Lukov Plast suppliers shall meet key operational, financial and quality criteria that together determine the supplier status. These indicators are reviewed on a regular basis, helping to develop Lukov Plast's general purchasing strategies.

2.2 CERTIFICATION

The supplier's top management shall demonstrate a high level of quality management and is ultimately responsible for the overall effectiveness of the system. The supplier's top management is responsible for ensuring that risk-based thinking is effectively reflected in all aspects of the supplier's management system. To this end, the following should be a part of the supplier management responsibilities:

- * conduct reviews of contingency plans,
- * identify and support of process owners,
- * support and get involved in the escalation process established for all safety-related products and processes,
- * ensure that customer quality and performance objectives are met,
- * implement corporate responsibility initiatives relating to anti-bribery, code of conduct and sustainability initiatives.

It is Lukov Plast's objective that all suppliers of materials and services that produce or influence direct materials are IATF 16949 certified. All suppliers of direct material to Lukov Plast shall demonstrate compliance with at least the latest ISO 9001 standard. It is a requirement for components with safety characteristics to be IATF 16949 certified.

If an existing certification expires or is revoked, suspended or granted conditionally, the supplier shall immediately contact the purchasing departments of the Lukov Plast companies to which it supplies its products and notify them of the change in certification status. Any suspension of certification shall be notified to the Lukov Plast Purchasing department within 5 business days.

Suppliers shall appoint a product safety and compliance officer and their deputy for each relevant production plant. The appointment of the Safety and Product Compliance Officer is sent without invitation to the Purchasing department of Lukov Plast Český Dub. This shall also apply to any change concerning that appointed person.

Suppliers shall establish and maintain a documented process to ensure that the necessary training and documentation is identified to demonstrate the level of competence achieved by all personnel performing activities affecting compliance with product and process requirements. This includes documented verification of the competence of personnel performing internal audits, including quality management system audits.

In addition to direct material suppliers, these requirements also apply to suppliers of sub-assemblies, sorting and services. Suppliers are expected to maintain the same level of quality and production controls when producing service parts and assemblies (i.e. throughout the duration of the programme). This includes all service requests forwarded to any alternate location, alternate plant or organisation. The spare parts supplier shall carry out re-qualification tests to the same extent as in the series production.

CYBER AND INFORMATION SECURITY

Suppliers shall have systems and procedures in place to protect computers, servers, mobile devices, electronic systems, networks and data from any form of malicious attack.

Suppliers shall have procedures in place that detail the response to any cyber attack or attempted attack.

These procedures must include immediate notification of Lukov Plast of any potential impact on Lukov Plast's data or business.

Due to the increasing reliance on electronic systems and communications, and in the light of the ever-growing threats to information protection and information security, all suppliers are encouraged to comply with Tisax www.enx.com and NIS2 (European Cyber Security Directive).

At the direction of Lukov Plast's OEM customer, or if a higher level of information security is required within the project, TISAX certification may be required, in which case the supplier shall provide confirmation of compliance with the Tisax certification requirement by sharing it with our 'Participant ID' PHT7Y4

2.3 SUPPLIER EVALUATION, CRITICAL SUPPLIER PROGRAMME

Lukov Plast reserves the right to review and assess the supplier's financial and operational systems, as well as its information and IT security, quality, environmental and occupational health and safety systems to check compliance with the requirements set out in the relevant ISO 9001, IATF 16949, VDA 6.3, OEM customer specific requirements or the requirements detailed in this manual.

The results of the evaluation are primarily intended to verify that the level of quality and reliability of supply is met. These results serve as one of the criteria for new selection procedures.

Lukov Plast carries out regular supplier evaluations once a year. The purpose of the evaluation is to give feedback to the supplier and provide suggestions for improving mutual cooperation. The evaluation criteria, their weights and scoring range are defined. During the evaluation the supplier receives a certain score from the relevant departments of LUKOV Plast spol. s r.o. according to their satisfaction with the cooperation with the supplier. The supplier's qualitative competence, logistical capability and cooperation with the Purchasing department are evaluated, particularly in the terms of price optimisation and timely response. Based on the score awarded in each criterion and their weighting, the supplier is evaluated as follows:

100-90% **A** – excellent

89.9-80% **B** – conditionally acceptable

less than 80% **C** – unacceptable

Criteria for assessing quality competence include, e.g., Quality System, Environmental System, PPM contractual limits and service (sampling, claims, re-qualification and self-audits).

Criteria for assessing logistics capability include, e.g., meeting delivery deadlines, meeting ordered quantities, number of shipments with extra transportation costs.

Criteria for evaluating cooperation with purchasing include, in particular, an assessment of active and timely cooperation and the time of supplier's response to any purchasing requisition. If no contractual documentation is in place with the supplier, the evaluation shall be reduced by 3 points.

The supplier will receive the evaluation report from the e-mail address nakup@lukovplast.cz containing the detailed result of the evaluation. For B and C ratings, the supplier is required to send an action plan within 3 weeks to achieve a better rating. If a supplier fails to respond in time, or fails to send an action plan by the deadline, they are placed in the critical supplier programme.

Reasons for inclusion in the Critical Supplier Programme include:

- Contractor was rated B or C and failed to send an action plan by the deadline, failed to send an action plan even after reminders
- Supplier does not communicate in time even despite reminders, the quality or logistics department escalates the purchase
- The supplier did not send the requested documents (project start-up schedule, self-assessment, D-TLD audit, certificates, contractual documentation, manufacturability) despite reminders
- The documents sent by the supplier are not correct and it does not respond to reminders
- The supplier did not send a corrective action plan for the audit
- Supplier fails to meet agreed PPM quality level or other agreed targets
- Supplier fails to send delivery in time and does not communicate with the Logistics department

- The supplier has declared insolvency or the customer has become aware of this in another way
- Failure to resolve warranty claims within the required time frame
- The supplier requests a disproportionate price increase that absolutely does not reflect the real cost of the material or the other items in the price breakdown
- The supplier has major production problems that will affect the delivery of material to the customer
- The supplier has made a change that has a significant negative impact on the material supplied

The Critical Supplier Programme and all three tiers are reported at the LMS management meeting, which is held on a monthly basis. Reporting is the responsibility of the Purchasing Manager. If the supplier fails to send the relevant documents by the required deadline, it will be advanced to a higher level of escalation, similarly, it may be escalated to level 3. Below is an illustrative progression through the levels. If there is an improvement, the supplier is removed from the escalation and the escalation process is stopped. The Purchasing Manager is informed in writing whether a supplier is in the Critical Supplier Programme. The decision to include or remove critical suppliers in/from the programme is made by the Purchasing Manager in cooperation with the Quality or Logistics Managers. The efficiency of action plans is always evaluated by the manager of the department concerned. Feedback on the efficiency of the action plans will be given to the supplier by the Purchasing department.

THE CRITICAL SUPPLIER PROGRAMME DEFINES THREE LEVELS OF ESCALATION:

1st Level – responsibility in solving Strategic Sourcing Specialist – one-time or short-term problems (1-3 months)

The supplier did not submit a timely corrective action plan for the supplier evaluation results. The Strategic Sourcing Specialist reminds the supplier to deliver a corrective action plan as soon as possible. The supplier sends an action plan after a reminder.

The supplier exceeded the monthly agreed PPM level, subsequently presented the 8D report and the measures are assessed as efficient.

The supplier has not confirmed the delivery despite the Logistics department's reminder or announces a delay in delivery. Or non-communication of the supplier. Logistics, quality departments escalate to strategic sourcing specialist.

2nd Level – responsibility in solving Purchasing Manager – medium-term problems (up to 6 months) and recurring problems

The supplier did not send an action plan for the supplier evaluation despite the Strategic Sourcing Specialist's reminder. Referred to the Purchasing Manager for resolution. They contact the supplier's equivalent position and requests urgent submission of the action plan. The supplier shall provide evidence of an action plan which, following implementation of the measures and subsequent evaluation, leads to an improvement in the supplier evaluation results and is, therefore, accepted and considered efficient.

The supplier exceeds the monthly PPM for a total of 6 consecutive months. Long-term problems. Specifically, it has PPM values above the contracted level for 6 consecutive months. The Purchasing Manager contacts the supplier and arranges a Teams teleconference with participation of the Quality department. The purpose is for the supplier to present steps to improve the quality of the delivered part and stabilise the supply. The supplier will send an action plan describing the steps, including responsibilities and timing for the implementation. The measures, once implemented and assessed as efficient, result in a reduction in the PPM value.

The supplier does not respond to logistical problems even despite the strategic buyer's reminders. It starts with the Purchasing Manager who convenes a Teams teleconference with the supplier and the procedure is

identical to the one described above for quality issues.

At this level the supplier audit may be carried out in accordance with VDA 6.3 to verify, inter alia, the efficiency of the corrective measures in the submitted action plan, or the supplier may be visited to verify such corrective measures.

3rd Level – Management responsibility – long-term problems (longer than 6 months).

The supplier fails to send the required action plan for supplier evaluation despite the Purchasing Manager's resolution. The solution is taken over by the company management, which invites the supplier to a meeting at Lukov Plast. The supplier's management is required to visit the company to present the action plan and the reasons why it was not submitted in a timely manner. This meeting is convened by Lukov Plast as soon as possible without undue delay. The supplier's management comes to Lukov Plast and the presented action plan is evaluated as efficient with the necessary time interval.

If the quality action plan is not efficient for 6 consecutive months when the PPM is exceeded, it falls into this tier. The management of Lukov Plast will invite the supplier to visit the company and proceeds as in the previous point.

If escalation in Level 2 did not work in solving the logistical problems, the supplier falls into this Level 3. Lukov Plast management will invite the supplier's management to present an action plan and explain why they did not respond in time and present measures to prevent recurrence of the addressed issues.

The output of Level 3 is the supplier MEETING MINUTES, which are available from the Purchasing department and sent to the supplier that then incorporates the items into the action plan. It is thus possible to trace the details of the problem clearly and retrospectively. The minutes of the meeting include specific points of discussion, as well as measures to avoid this problem in the future.

Further, if the escalation procedure does not work even in Level 3 and does not lead to improvement, the supplier is suspended for awarding nominations for new projects, and further discussions are conducted for possible removal of serial projects.

The aim is that no supplier is in escalation proceedings and that suppliers cooperate according to the agreed terms of cooperation.

3 DESIGN ENGINEERING AND DEVELOPMENT PLANNING

From the beginning of the project the supplier must track the part history in the respective volume that shall incorporate documentation of all the changes. Current part history will be attached or mailed along with the part delivery upon request. All parts supplied to the customer must be properly identified, so they are clearly retroactively traceable.

The supplier is required to prepare a Requirements Review that describes the implementation and performance of the customer's List of Requirements.

The review of requirements forms the basis for the contractual activities of the supplier.

The carbon footprint of all parts and assemblies shall be identified.

To be able to demonstrate that the required recycling quotas and recovery quotas required by the legislator in the future (EU Directive 2000/53/EC) from 85 to 95% by weight based on the weight of the parts, it is necessary to develop recycling and recovery concepts.

3.1 SCOPE OF APPLICATION

Lukov Plast requires suppliers to complete all advance product planning and submissions in full compliance

with the AIAG 'Advance Product Quality Planning and Control Plan' guideline. Unless otherwise specified and approved, all PPAP submissions must, at a minimum, comply with the level requirements defined in the KPNP. At the discretion of the Lukov Plast's customer and at Lukov Plast's request, suppliers must further comply with the document submission requirements of the current version of VDA2, unless otherwise specified in the KPNP document.

Suppliers shall ensure that a multidisciplinary approach is applied throughout the product life cycle and, in particular, in the design engineering and development planning process. Suppliers must perform all necessary and prescribed activities in order to clarify all customer expectations. This includes activities and reporting related to the design, testing, verification and/or validation and conformity of the product. If the supplier does not send a confirmation of manufacturability, it is automatically taken as a confirmation of manufacturability in full. The manufacturability must be sent together with the offer to Lukov Plast. Suppliers shall conduct and document a detailed feasibility review to ensure that all technical, manufacturing, performance, specification, certification (approval) and timing requirements can be met. Upon request, the suppliers will submit these feasibility reports to Lukov Plast. Where product certification (homologation) is required, the supplier is responsible for meeting all certification specifications and requirements.

The division of duties and responsibilities will be mutually agreed upon prior to the commencement of any certification activity. Suppliers shall ensure that they have the necessary resources and are able to communicate effectively to ensure that all requirements are successfully met and that the project schedule is met. Suppliers also have an obligation to ensure that sufficient resources are allocated to any subcontractors for whom they are responsible.

Contractors will prepare a project schedule and progress charts in the format specified by Lukov Plast and will update and review the respective schedules on a regular basis.

The supplier shall have a documented sourcing process for all subcontractors with an impact on meeting customer requirements. The sourcing process includes risk analysis that takes into account any and all available data on past performance and an overall risk analysis (related to the respective commodity, geography, financial stability, technology, supply disruptions, production capacity, etc.) of subcontractors. The risk analysis also includes an assessment of the subcontractor's quality management system. Suppliers shall have requirements for all subcontractors similar to those set out in this document in place. Suppliers shall provide any and all relevant information regarding product conformity or performance upon Lukov Plast's request, including full transparency throughout the relevant subcontracting chain.

Suppliers must be able to securely transfer CAD data as required, as specified by Lukov Plast. The supplier must have appropriate security measures in place to prevent unauthorised use or transfer of such data.

3.2 PLANNING AND DEFINITION OF REQUIREMENTS

Detailed requirements for the purchased material (product) are defined in the KPNP document including the schedule of re-qualification tests.

Suppliers shall work closely with Lukov Plast to ensure that all processes are adequately controlled and to prevent defects in production and their transmission. Process controls shall be sufficient to control the causes of defects identified through the process failure mode and effect analysis (PFMEA). Any and all related documentation of subcontractors shall be made available to Lukov Plast for inspection upon request. Particular attention shall be paid to all customer connection or interface points on the final product and critical processes, such as heat treatment, metal plating, surface treatment, soldering, welding and exposed elements.

3.3 PRODUCT DESIGN AND DEVELOPMENT

Suppliers responsible for product design shall obtain Lukov Plast's approval of all product design, testing and verification specifications, including CAD specifications and handover requirements. Suppliers responsible for product design shall ensure that all personnel responsible for product design are competent to use any and all relevant tools and techniques specified by the supplier. Any deviations shall be approved in writing by

Lukov Plast prior to implementation. Supplier's requests for deviations and technical approvals shall be documented and controlled according to Lukov Plast's requirements and documents.

Suppliers responsible for product design shall complete all relevant Design Failure Mode and Effects Analyses (DFMEA) in accordance with the latest AIAG standards and have them available for inspection and approval by Lukov Plast. The supplier shall send a project schedule including dates for re-qualification tests, tool building, sampling submissions and in the required Lukov Plast format.

3.4 TOOLING, GAUGES AND TESTING EQUIPMENT

The supplier is generally responsible for the design and manufacture of the tools. The supplier shall record and present the state of tooling life cycle to Lukov Plast once a year or upon request. Suppliers will produce tools that provide high-quality parts for the lifetime of the tools.

Suppliers are responsible for the maintenance of all tooling, testing and inspection equipment. Tools, gauges and testing equipment owned by the customer shall be marked according to the customer's instructions. Final payment for the tooling will be contingent upon verification of proper identification and completion of the PPAP as required by AIAG for PPAP or VDA2. Approval of PPAP will not be confirmed without the completion and signing of a borrowing agreement approved by Lukov Plast. Lukov Plast reserves its right to inspect tools owned directly by the Lukov Plast's customer or by Lukov Plast on site at any time upon notification to the supplier. The supplier shall, once a year or upon request, submit the tooling inventory to the Lukov Plast Purchasing department as specified by Lukov Plast. Such inventory shall be provided within one week as of the request. Unless requested by Lukov Plast, the supplier shall automatically provide the documents once a year without being asked.

3.5 PROCESS DESIGN AND DEVELOPMENT

In the pre-planning process, suppliers shall design and develop a production process that meets the specified production volumes and all quality requirements approved by Lukov Plast. The supplier shall use a multidisciplinary approach to identify and mitigate risks when developing and improving plans for the production process, plant and equipment. Quality planning documentation, such as a failure mode and effect analysis (FMEA), a process flow chart and a process control plan (control plan), shall be developed, reviewed and approved before production is approved and launched.

The FMEA type (whether harmonised or not) is defined in the KPNP. Suppliers are expected to have a strong focus on prevention rather than detection, and potential failure modes identified through the pre-quality planning process must have appropriate error protection designed into the production process to ensure that product non-conformities are identified and reduced.

The supplier shall ensure sufficient production capacity and provide evidence of this upon request to Lukov Plast.

The Supplier shall also create the necessary packaging and labelling according to the latest AIAG or VDA guidelines or as specified by the customer or applicable legislation. Where special handling or packaging is required, the detailed requirements shall be set out in the KPNP document.

3.6 PRODUCT AND PROCESS VERIFICATION

Prior to final approval of production, the supplier shall verify any and all control documentation to ensure that the production process is properly described and that all measurement and control systems are identified and in place. The supplier shall establish appropriate reliability / production quality targets along with disciplined corrective action processes to drive process improvement.

Samples for production verification (validation) shall come from an approved production process and flow, unless Lukov Plast awarding the contract expressly permits otherwise in writing. Deviations that may be included in the submitted PPAP/EMPB package must be approved in writing by Lukov Plast awarding the

contract prior to submission of the PPAP. Failure to comply with this requirement may result in a delay in the approval of the PPAP and subsequent payments for the tooling.

Any product features identified by Lukov Plast or its OEM customer that affect design, manufacture, assembly, suitability or function (including future/follow-on processing) will be identified and disclosed in the KPNP document. Suppliers are required, as apart of the final product and process validation, to establish, confirm and maintain short- and long-term capability as determined by Lukov Plast. Special features, customer specified features, which are determined by Lukov Plast or its OEM customer and which affect safety or compliance, shall be verified to have acceptable short- and long-term capability and shall be controlled by acceptable statistical process control methods.

Suppliers document re-qualification and validation tests according to specific customer requirements. Unless otherwise specified by Lukov Plast, they will be uploaded to the Lukov Plast portal <https://rekvalifikace.lukovplast.cz/>.

Database login details will be communicated to the supplier upon receipt of the nomination.

Reference samples shall be provided free of charge for all products. These samples shall be taken from a production batch produced under series production conditions. Suppliers shall provide the number of samples required by Lukov Plast and all samples shall be considered as controlled samples and shall bear any approval signatures and validity dates. The samples will represent minimum standards of acceptability.

4 PRODUCTION CONTROL, PRODUCT QUALITY

The supplier is responsible for quality of products made and supplied by them, including services of its subcontractors.

Marking of samples, prototypes and pre-series parts shall be made on each part, and where this is impossible, on the smallest packaging unit. In addition to the general marking (part name, part number, drawing number, drawing status, generation status), the date of manufacture and place of manufacture, and a clear indication on the packaging that the part is a sample, prototype or preproduction part. When delivering samples, prototypes and pre-series parts, each delivery must include the current part history, including confirmation for the pre-series phase according to the customer's specific requirements. The supplier is required to update and automatically send the history of the supplied parts, both at sampling and in the event of any changes. History format: According to the customer's specific requirements. For each change of generation state, the first three deliveries must be labelled, i.e., each packaging unit must be labelled with the text 'GENERATION STATE CHANGE' indicating which generation it is. In addition, other special requirements may be set out in special cases that will be specified in the KPNP.

The supplier shall re-sample if the submitted samples are not approved without reservation. Further, the supplier shall re-sample if changes occur during delivery that affect the required quality of the part, e.g.:

- a) part change/part drawing change/material change/design change/tool change
- b) relocation of production
- c) change of production procedures
- d) selection of a new subcontractor
- e) longer production interruption (more than 1 year)
- f) when changing the test method

Any changes to products, tools or production process must be notified to the customer prior to actual execution in sufficient advance to schedule repeat sampling.

If some characteristics of the supplied goods are marked with the D sign (D/TLD characteristics), the supplier is obliged to mark the sampling report with the D sign (the letter D).

The supplier is required to organise the sampling sufficiently in advance so that the customer can release the parts before the first series delivery. In the case of a change and proper sampling approval, the first 3 deliveries with the new condition shall be clearly marked.

The supplier shall document special features that may cause defects in the FMEA. For these characters, a security concept shall be implemented. This concept can be implemented, for example, by effectively ensuring

the zero error criterion (e.g. Poka Yoke, work organisation measures, online measurement, audits, 100% inspection). The definition of the special features (D, SC) and other parameters in this document does not relieve the supplier of the obligation to perform an internal review of all risks (e.g. within the FMEA) and to determine other monitored parameters. Whenever a process or product risk is identified (e.g. by FMEA), it is imperative that at least one method is applied to achieve the quality objectives according to the state-of-the-art, as described in VDA Volumes 4 and 14. In the event of complaints, it is necessary to revise the FMEA and ensure the production process.

Parts must continuously meet all of the specified requirements. The supplier is responsible for the quality of products made and supplied by them, including the services of the subcontractors they use.

The supplier is committed to a 'zero defects' strategy. The goal is 0 PPM, 0 complaints. The amount of the requirement will be adjusted annually according to the results of the supplier's PPM and the customer's requirements. The supplier agrees to apply continuous improvement in order to reduce the percentage of defects. Improvements shall be aimed at meeting the intervention limits in the PPM for subsequent years.

4.1 INSPECTION OF EQUIPMENT AND TESTING FACILITIES

MONITORING

The supplier shall have a documented system for checking, calibrating and maintaining the proper operation and acceptable levels of repeatability and reproducibility of all pieces of inspection equipment, measuring/testing instruments and equipment. All pieces of equipment and test/inspection equipment owned by the customer shall be clearly marked in the manner prescribed by Lukov Plast or the Lukov Plast customer.

UPDATES OF INSTRUCTIONS

An operation manual shall be readily available at each inspection station, along with the relevant standard describing the proper methodology to be used for inspection. Such instructions shall include a reference to the standard and revision level concerned and shall be approved by the relevant personnel. Whenever there is a change in the control procedure that affects the application of the standard or a revision of the identification data, the operation manual shall be updated to reflect the current status.

VERIFICATION OF MEASURING AND TESTING EQUIPMENT

All pieces of measuring and testing equipment shall be metrologically verified and calibration periods shall be defined and adhered to. The calibration report/certificate shall be kept by the supplier.

REGISTER OF INSPECTION, MEASURING AND TESTING EQUIPMENT

The external/commercial/independent organisation providing inspection, testing or calibration services to the supplier shall be accredited by the CIA (e.g. CMI) or national equivalent. The device should be linked to international measurement standards.

Testing or re-qualification shall be performed by an accredited laboratory according to ISO/IEC 17025. Exceptions without the necessary certification shall be approved by Lukov Plast or OEM.

MEASUREMENT SYSTEM ANALYSIS

The Measurement System Analysis (MSA) shall be performed in accordance with the latest edition of the AIAG Manual for Measurement System Analysis and/or VDA 5 Suitability of Control Processes as specified by Lukov Plast.

RETENTION OF RECORDS

Suppliers are expected to comply with the record retention method set out in the IATF 16949 standard, unless they are subject to longer retention periods in accordance with any applicable legislation, public authority requirements or customer specific requirements, based on the requirements communicated in writing by Lukov Plast. Records shall be stored in a location and/or environment that protects them from inadvertent destruction.

4.2 PRODUCT AND PROCESS MONITORING

Process control must include continuous monitoring of product/process characteristics and all key parameters affecting the production process. Appropriate statistical process control or poka-yoke methods shall be applied to all characteristics identified in the APQP process and as per Lukov Plast guidelines.

Suppliers shall verify compliance with product and process requirements on a regular basis. This can be achieved through process audits, product audits, system self-audits or similar verification methods. Records of these audits shall be made available for inspection immediately upon request by Lukov Plast.

4.3 NON-CONFORMING PRODUCTS (NON-CONFORMITIES) AND CORRECTIVE MEASURES

WARRANTY COMPLAINT PROCEDURE

The condition for initiating a complaint procedure is the detection of a deviation from the agreed product quality. The satisfactory quality of the product is determined by the drawing documentation, material or product specification and the 1st approved sample. The complaint may be initiated by a customer complaint, identification of non-conformity during the initial inspection at the customer or identification of non-conformity on the customer's production line. In all of these cases a complaint report is drawn up about the non-conformity (complaint), which is immediately sent to the supplier.

When a non-conformity occurs, the supplier shall:

- 1) Immediately respond to the non-conformity by taking immediate action within 24 hours of receipt of the complaint report, issue a 3D-report, provide on-site professional assistance (re-sorting, replacement delivery or rework). If the supplier cannot immediately provide this service by its own means, it shall arrange for it through an external company.
- 2) Analyse the cause of the non-conformity and send information in the form of an 8D report on the corrective and preventive measures taken within 5 business days of receipt of the complaint report. The supplier shall use the 8D method, PDCA or Ishikawa diagram to analyse the non-conformity. The corrective action put in place and listed in the 8-D report must be documented by the supplier as evidence (document revisions, training, etc.)

If requested by the complaint report, the supplier shall ensure delivery of the pieces meeting the specification (or attend the customer to sort the pieces) within the required time. If the supplier fails to comply with this requirement, the sorting and repair of the pieces will be initiated by LUKOV Plast employees at the supplier's expense. If the delivery of non-conforming items results in a stoppage of the customer's line or even a delay in deliveries to the customer's clients, the supplier will be charged any extra costs incurred.

The supplier shall compile a methodology corresponding to the VDA, volume analysis of defective parts from service, according to which complaints from the field will be resolved. In the event of a claim from the field, the supplier shall actively assist the customer in resolving the claim.

COSTS OF NON-CONFORMITIES

LUKOV Plast solely requires parts in accordance with the specification and approved samples to be delivered. The PPM target set for the delivery of non-conforming items does not imply tolerance thereof. The delivery of a non-conforming item will result in additional costs, which will be recharged to the supplier in the event of a justified claim.

In addition, the supplier will be recharged any and all costs claimed by a customer of LUKOV Plast due to

such non-compliance (in particular, penalties for the complaint charged by a customer to LUKOV Plast, costs for sorting the pieces by a customer, costs incurred by stopping a customer's line, etc.)

Suppliers will be responsible for all verified costs of issues related to non-conformities.

The price list for damage compensation details the individual penalty cases and is found at the end of the document.

These costs are primarily charged to suppliers as a compensation of Lukov Plast's costs.

This paragraph applies to cooperating suppliers. Destroyed raw parts above the permitted (agreed) % of scrap will be invoiced to the supplier. The supplier is required to keep a supplier quality report using the Lukov Plast format, which is used to evaluate the maximum allowed reject rate on a monthly basis. The supplier sends the report to the quality engineer. If the calculated reject rate is exceeded in any given month, the supplier is required to design an action plan that includes at least TOP 3 defects. The deadline for submission is the 15th calendar day of the month for the previous month. The specific agreed reject rate is specified in the KPNP document. The current prices of the raw components are listed in the Nomination Letter.

TRACEABILITY

The supplier shall follow the traceability method and shall be able to identify the raw materials and their batches upon request by Lukov Plast. At the same time it passes this obligation on to its suppliers.

The supplier shall follow the traceability method from the start of the first deliveries until the end of the project. Failure to comply with the traceability requirements may result in rejection of the material and the issuance of a notice of non-conforming material. Traceability records shall be maintained and accessible for the life of the product, including service, and according to project-specific requirements.

GUARANTEED DELIVERY

If delivery acceptance is denied (complaint), guaranteed deliveries must be ensured, i.e., the supplier must guarantee the quality of the subsequent deliveries.

In this situation, two types of guarantee are usually applied:

- Sorting and guarantee of subsequent deliveries of parts by the supplier
- Sorting and guarantee by a third party (sorting company)

The supplier is responsible for the coordination and management of all activities related to guaranteed delivery. Third-party sorting, inspection and insulation is carried out by a supplier appointed or approved by Lukov Plast. Any third-party arrangements not expressly directed by Lukov Plast shall be reviewed and approved by Lukov Plast. The sorting and guarantee of subsequent deliveries shall not affect the fulfilment of purchase orders within the required time limits. The supplier and Lukov Plast shall agree on the method of identification of the guaranteed material.

4.4 PRODUCT OR PROCESS CHANGE AND DEVIATIONS, GENERATION STATUS

Whenever the generation status changes, the delivery shall be additionally marked with the text 'Change of generation status'. The delivery of the new generation status shall be indicated on a separate delivery note according to the required standards. In the event of a deviation, each packaging unit shall be marked with the text 'Deviation' and the deviation No. 'XX' for the entire duration of the deviation validity.

All proposed changes with potential impact on the design or production process (including changes with your subcontractors) shall be submitted to Lukov Plast for approval prior to implementation. Suppliers are not entitled to make changes without the documented written consent of Lukov Plast. The supplier shall ensure that all supporting documentation is updated accordingly and may be required to submit documentation for PPAP/VDA sampling.

If the supplier wishes to dispatch material or products that deviate from the approved specification, it shall request Lukov Plast to approve the deviation. The authorised variation is limited by the quantity or duration of the supply.

The requests shall be submitted in advance and with sufficient time to allow for the implementation of approved applications. Suppliers shall establish and maintain sufficient stocks of parts, as specified by Lukov Plast, to enable them to carry out any required changes and approvals.

Suppliers are expected to efficiently monitor and comply with the duration of the variance, and any extensions shall be requested by Lukov Plast prior to the expiration of existing variances. Suppliers shall be able to provide any customer-specific documentation required by Lukov Plast when making the proposed changes. Suppliers shall further allow sufficient time to complete any and all required approvals at Lukov Plast and in the facility our customer concerned.

Suppliers shall have the documented approval available prior to shipment of any material or product for which a deviation from specification is required.

The first shipment of all modified products after an approved deviation has been made shall be clearly marked according to Lukov Plast guidelines.

4.5 WARRANTY

Lukov Plast's customers primarily focus on the costs associated with the performance of the product after the sale of the vehicle. The financial responsibility associated with warranty is becoming increasingly important as consumer awareness improves and OEM customers extend the warranty terms.

OEM customers have determined that they will share the cost of the warranty with their supplier base. Suppliers are, therefore, expected to participate in warranty activities, including:

- * revisions/analyses of products returned under warranty,
- * improvement measures,
- * liability for warranty costs.

If a component from the supplier is subject to a warranty complaint, action or recall with financial consequences for Lukov Plast based on the warranty terms or Lukov Plast's customer recall policy, the supplier shall be prepared to assume these costs. Costs that the supplier is responsible for shall be determined in accordance with the terms and conditions of the Master Agreement and other contractual documentation, e.g., this Supplier Guideline including the schedule of damages, or by re-invoicing all relevant costs from the OEM.

4.6 CONTINUOUS IMPROVEMENT

Suppliers shall implement continuous improvement as an integral part of their management systems and business planning process. Continuous improvement activities shall be documented and monitored as key performance indicators (KPIs). Suppliers are expected to set continuous improvement targets and use all relevant data to drive continuous improvement and improve customer satisfaction. Suppliers are expected to use any and all appropriate tools such as the PDCA cycle, Six Sigma and other appropriate methodologies to ensure a disciplined and systematic approach to continuous improvement.

5 MATERIAL INSPECTION AND LOGISTICS

To support lean and efficient business processes, suppliers must be able to support electronic data interchange via EDI. The acceptable message format is EDIFACT.

5.1 GENERAL REQUIREMENTS FOR LOGISTICS PROCESSES

Suppliers shall design and manage their logistics processes to ensure the quality and timely delivery of the required quantities to the specified destination and within the time frames set by Lukov Plast.

Lukov Plast will work with suppliers to develop logistics planning that will ensure:

- * minimal complexity of logistics business processes,
- * maximum flexibility to support response to late changes in volume or timing of deliveries,
- * minimum supply chain stock,
- * design of packaging in accordance with all handling and loading requirements,
- * on-time deliveries in accordance with the set delivery times,
- * emphasis on continuous improvement,
- * timely notification of any potential supply interruptions.

Suppliers shall be ready to provide the costs of delivery based on:

1. FCA
2. DAP/DDP

Suppliers shall strictly manage and comply with the FIFO inventory management system and demonstrate compliance with the system if requested by Lukov Plast.

3. Other (as per Lukov Plast instructions).

Based on the information provided, Lukov Plast will determine the Incoterms delivery terms to be applied.

5.2 PACKAGING

Suppliers shall follow the packaging instructions defined in the mutually agreed packaging regulations or by the Lukov Plast representative. Lukov Plast may impose special packaging and labelling requirements. Where special packaging is required, design and approval will be undertaken as a part of the development of the KPNP document.

Standard and alternate packaging regulations for all materials to be supplied shall be mutually agreed upon prior to commencement of deliveries.

To ensure optimal use of transport vehicle space, optimised assembly procedures and lean operation when using planned packaging, suppliers shall verify the packaging design against these requirements, unless otherwise specified by Lukov Plast.

Handling units shall be stackable, regardless of returnable or disposable packaging, and their overall dimensions must allow optimum use of the space of the transport vehicle. Lukov Plast encourages suppliers to come up with ideas to improve design and cost, however, Lukov Plast approval shall be obtained before any packaging changes are implemented.

A completed supplier packaging and packing form shall be submitted to Lukov Plast's Logistics and Manufacturing Engineering representative for approval for all new packaging or proposed changes to the existing packaging. Approval shall be granted before the first production shipment.

All suppliers supplying Lukov Plast with goods that are considered regulated materials shall comply with the relevant legislation for labelling, packaging and transport, including MSDS (Material Safety Data Sheet). Material requiring a material safety data sheet shall not be transported without prior approval.

Any and all solid wood packaging/pallets and crates shall comply with ISPM No. 15 of the International

Standards for Phytosanitary Measures.

Suppliers are responsible for removing all invalid labels and residues from containers before packaging new material. Suppliers are responsible for the cleanliness of all handling units.

5.3 LABELLING

The supplier shall be responsible for the unambiguous identification of the products at all stages of production and delivery and shall ensure appropriate labelling prior to shipment.

All materials intended for prototypes or for consumption in production supplied to Lukov Plast shall be fitted with labels containing both human-readable text/graphics and machine-readable bar code symbols. All handling units shall include a label.

All labels shall be legible and scannable in accordance with VDA standards.

Characters and symbols shall meet the requirements of VDA 4994 and other barcode applications.

Part shipping labels shall conform to the formats specified in the latest VDA standards. Lukov Plast may set specific content for individual suppliers.

The part labels shall meet the requirements set out in the VDA 4994 Standard for Identification and Tracking of Parts.

The location, orientation, quality and quantity of labels shall follow the guidelines contained in VDA 4994 unless otherwise specified by Lukov Plast.

Barcodes shall comply with the standards published in VDA 4994.

5.4 SUPPLY MANAGEMENT SYSTEM

The supplier shall immediately contact the person responsible in the event that it is unable to meet all the requirements for date, time, quantity and quality of delivery.

Suppliers shall respond to all reports they receive from Lukov Plast to ensure that their own supply of components and materials will be able to cover Lukov Plast's requirements. At critical stages, such as production launch or product introduction to the market, suppliers shall meet all release requirements needed to support entering data into the system and start-up thereof.

Under no circumstances should unapproved material be shipped without proper, signed authorisation.

Forecasts of required material deliveries are announced by the supplier in 2KT mode by days (D) and by weeks (W), with a total coverage of at least 2 months. The forecasts are continuously updated based on changes in the end customer's requirements. Should the supplier not confirm or dispute the updated delivery plan in writing within two business days of its receipt, it shall automatically be deemed confirmed and the delivery dates of the material according to the plan shall be fixed.

Suppliers shall maintain sufficient safety stock and finished goods to ensure 100% on-time delivery. Shipment of less than the ordered quantity shall be notified immediately, along with a corrective action and recovery plan.

Suppliers that have manufacturing contracts with Lukov Plast shall maintain the ability to provide after-market and service components for a period of fifteen years as of the end of the programme or production of individual components or assemblies, or for such longer or shorter period of time as may be specified by the relevant Lukov Plast OEM customer for the programme, of which the supplier has been notified. The supplier is responsible for maintaining all tools and/or installation equipment in a condition sufficient to meet service requirements. Servicing schedules and prices will be determined on the basis of negotiations with Lukov Plast.

5.5 TRANSPORT

It is important that our suppliers are aware of the transportation and delivery requirements as this is one of the key performance indicators against which they are evaluated.

While Lukov Plast supports the industry initiative to reduce inventory, the Company is aware of the high demands this places on the accurate and timely delivery of high-quality products to avoid interruptions in customer production. We expect suppliers to deliver to our plants 100% on time and on schedule.

Suppliers can receive information from Lukov Plast about the routes, including the mode of transport, the time slots for pick-up and delivery. Unauthorised deviations from these routing guidelines may result in suppliers being charged excessive freight charges, including subsequent administration fees.

Any costs incurred as a result of late or missed deliveries that the supplier is responsible for shall be recovered from the supplier. All material coming from abroad shall have the 'country of origin' clearly marked in the proforma invoice and in the original commercial invoice. Brokerage fees for imported products are usually paid by Lukov Plast unless otherwise agreed to.

Any and all fees and charges related to the export/return of the defective product shall be borne by the respective supplier.

5.6 BORDER PROTECTION

For consignments crossing international borders, suppliers shall ensure (where applicable) that all full truckload (FTL) or dedicated loads have a documented CTPAT/PIP/AEO inspection of the trailer or container and that the trailer or container is fitted with a secure seal that meets the standards set out in ISO/PAS 17712 or stricter standards. The seal number shall be indicated on the supplier's shipping documents.

5.7 DOCUMENTATION

An advance ship notice (ASN) shall be sent to the logistics dispatcher within 30 minutes as of the dispatch of each shipment by the supplier, if applicable. If the supplier is aware that the quantity shipped will be lower than the quantity ordered or that the delivery will be delayed, the supplier shall contact the relevant Lukov Plast dispatcher and inform them accordingly. The supplier shall also indicate the estimated delivery time of the shipped material required to meet the original schedule.

The supplier shall have an external or alternative approved backup solution in place to facilitate the planning and handover of the ASN in the event of the supplier's system failure.

Suppliers shall ensure that all materials transported are listed in the delivery note. The delivery note shall contain the following information:

- * date of dispatch,
- * invoice No. or delivery note No.,
- * loading address with the supplier's identification,
- * unloading address,
- * individual line items for each part No. supplied,
- * part No. and part description,
- * purchase order No. for each part number,
- * total number of packages or total weight,
- * total weight of the delivery

6 SUPPLIER CODE OF CONDUCT

In the event that the expectations of this Code are not met, the business relationship may be reviewed and corrective action may be taken in accordance with the terms of the related public contract.

6.1 HUMAN RIGHTS AND WORKING CONDITIONS

LUKOV PLAST is committed to respect and comply with the Universal Declaration of Human Rights, the

United Nations Guiding Principles on Business and Human Rights, the International Labour Organization and Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, including other international standards and procedures. We strive to ensure that the Company and its employees do not abuse any of these policies.

Child labour and the conditions of young workers

Suppliers shall not permit any form of child labour in their business activities and in activities in their supply chain, as described in Article 3(D) of the Worst Forms of Child Labour Convention, 1999.

No forced labour, modern slavery or human trafficking

- * Suppliers shall not resort to forced or compulsory labour.
- * Suppliers should ensure that workers understand their rights regarding payment of wages, overtime, retention of identification documents, etc.
- * Suppliers shall ensure that migrant workers are treated fairly and that their rights are respected.
- * Suppliers take special care to ensure that where the personnel are recruited by third parties, they are not charged any fees or commissions related to the recruitment and/or employment process.

Working hours

Working hours (including overtime), as well as break times and regular days off shall comply with applicable laws and regulations, collective bargaining agreements and international conventions.

Fair wages, non-discrimination and equal remuneration (payment)

- * Suppliers shall comply with the applicable regulations in all relevant territories and sectors regarding wages and statutory benefits for their employees.
- * Suppliers shall not discriminate against any worker under any circumstances.

Freedom of association

- * Suppliers shall respect the right of workers to freely associate, form and affiliate with workers' organisations of their choice, seek representation and bargain collectively as permitted by and in accordance with applicable laws and regulations.
- * Suppliers shall ensure that representatives of these workers are not discriminated against.

Health and safety

- * Suppliers must have updated workplace risk assessments for all plants and all their departments.
- * Workers shall be provided with health and safety information, such as emergency procedures and potential safety hazards, distributed within the plant in a language that is easily understood by all workers.
- * Suppliers are required to ensure that the workplaces, machinery, equipment and processes under their control are safe and without risk to health, and to provide employees with adequate safety training and appropriate protective equipment.
- * Suppliers are required to ensure that chemical, physical and biological substances and substances under their control will not be compromised when appropriate health protection measures are taken.
- * Suppliers shall ensure that all required permits, licences, inspection and test reports are in place, current and available in accordance with the law.
- * Suppliers are required to provide information on measures to deal with emergencies and accidents, including appropriate first aid measures.
- * Suppliers should define an alcohol and drug policy to prevent any incidents/accidents and protect the health

of employees.

Non-discrimination (diversity & inclusion)

- * Suppliers will ensure equal treatment and provide an inclusive working environment for all employees.
- * Suppliers shall ensure that no distinction, exclusion, restriction or preference is made on the basis of an employee's characteristics: such as race, colour, national origin, sex, age, physical characteristics, social and cultural background, disability, trade union membership, religion, marital status, pregnancy, sexual orientation, gender identity, gender expression or any unlawful criterion under applicable law.

Harassment

Companies should provide a workplace free of any form of harassment.

6.2 ENVIRONMENT

LUKOV PLAST expects their suppliers and their entire supply chain to not only comply with any and all environmental laws and regulations, but also to adopt sustainable and responsible practices that promote the conservation of resources and raw materials and contribute to environmental protection in accordance with ISO 14001 or equivalent.

Energy consumption and gas emissions

- * Suppliers are expected to monitor and document energy consumption and greenhouse gas emissions.
- * Suppliers are also looking for cost-effective methods of improving energy efficiency by minimising their energy consumption and greenhouse gas emissions, taking a life-cycle perspective.

Reducing water consumption, air quality and waste management

Suppliers are expected to:

- * Conserve water resources and reduce water consumption,
- * Monitor air emissions and develop an air emissions management plan,
- * Set targets for waste reduction and establish a waste management hierarchy in the following order of priority: prevention, reduction, reuse, recovery, recycling and final disposal.
- * Handle and dispose of all waste generated using safe and responsible methods that protect the environment and the health and safety of employees and local communities.

Natural resources management

Suppliers are expected to efficiently promote the use of sustainable, renewable and natural resources throughout the product life cycle. For supplier materials, we prefer recyclable materials and their use in the offered granulates or components.

Responsible management of chemical substances

- * Suppliers are expected to identify and manage chemicals to ensure their safe handling, storage, use, recycling and disposal.
- * Suppliers are expected to collect data from their material producers on all chemicals and ingredients classified as hazardous substances.

6.3 BUSINESS ETHICS

LUKOV PLAST expects its suppliers to adhere to the highest standards of corporate ethics and legal conduct and requires that these standards be communicated to the supply chain. All business relationships and transactions of companies in the supply chain shall comply with local laws and be conducted with the utmost integrity and honesty; including, but not limited to:

Responsible sourcing of materials

* Suppliers are expected not to provide products containing materials that contribute to human rights abuses, bribery and ethical violations, or have a negative impact on the environment.

We, therefore, expect suppliers to conduct due diligence to understand the source of materials used in their products, identify risks and mitigate human rights abuses.

• Suppliers are expected to rely on verified smelters and conflict-free refiners in purchasing the tin, tungsten, tantalum and gold contained in the products they manufacture.

Anti-corruption policy

Suppliers shall actively and consistently combat any form of bribery, corruption, extortion or misappropriation and shall comply with all applicable laws regarding these issues. Our policy goes beyond these laws and prohibits improper payments in all of our activities, both with government entities and in the private sector. Actions where transactions are carried out by illegal means will not be tolerated.

Privacy and confidentiality

* Suppliers are expected to comply with all applicable laws regarding data protection and information security, ensuring privacy, personal data protection and the protection of any and all business information. They are expected to ensure that they communicate this policy in relation to information security and data protection to any subcontractors.

* Suppliers shall ensure that any confidential business information or trade secrets obtained in the course of business activities with LUKOV PLAST are kept strictly confidential and are not used or disclosed to third parties in an unauthorised manner.

Financial responsibility / accurate records

All records and reports, internal or external, shall be accurate and faithful. LUKOV PLAST and its suppliers are expected to act in accordance with applicable laws and generally accepted accounting principles that require that data and other records be complete, correct, current and in accordance with the system at all times.

Fair competition / antitrust

* Suppliers will strictly comply with all applicable antitrust laws, trade practices laws and all other competition laws, rules and regulations regarding unfair competition and restriction of trade.

* Suppliers will not enter into agreements with competitors or engage in other conduct that may have an unfair impact on competition, including but not limited to price fixing, bidding or market misallocation.

Conflicts of interest

* Suppliers shall avoid any situation or activity in which their personal or financial interests may conflict with the company interests and disclose any actual or potential risk of conflict of interest in connection with LUKOV PLAST employees or their relatives.

* A supplier is expected to make decisions based on objective criteria and not to profit, directly or indirectly, from a competing interest that interferes or could be perceived to interfere with our ability to make objective business decisions. No employee may directly or indirectly profit from the award of a contract. As a result, any benefit or gift offered or received that is intended to influence the independent decisions or behaviour of the parties involved will be prohibited.

Insider trading

* Suppliers and employees of suppliers shall never, directly or indirectly, disclose non-public information obtained by doing business with LUKOV PLAST.

Import/export controls and economic sanctions

* Suppliers shall ensure that their business practices comply with all applicable laws, directives and regulations governing the import/export of parts, components and technical data.

* Suppliers will provide true and accurate information for reporting purposes upon request and will obtain import and/or export licences and/or approvals where necessary.

* Suppliers shall comply with any applicable restrictions on the export or import of goods, equipment/tools, software, services and technology, as well as any applicable economic sanctions and restrictions on trade with certain countries, regions, companies or entities and on trade with them and individuals.

Whistleblowing

If the supplier or company employees have evidence, doubts or suspicions regarding any form of corruption or other crime or non-compliance, they should immediately report it and inform via the LUKOV PLAST reporting line. LUKOV PLAST will not tolerate any form of retaliation against anyone who, in good faith, discloses facts that may constitute a violation of this Code.

7 PRICE LIST OF DAMAGE COMPENSATION

LUKOV Plast solely requires parts in accordance with the specification and approved samples to be delivered. The PPM target set for the delivery of non-conforming items does not imply tolerance thereof. The delivery of a non-conforming item will result in additional costs, which will be recharged to the supplier in the event of a justified claim.

In addition, the supplier will be recharged any and all costs claimed by a customer of LUKOV Plast due to such non-compliance (in particular, penalties for the complaint charged by a customer to LUKOV Plast, costs for sorting the pieces by a customer, costs incurred by stopping a customer's line, etc.)

Description – cost type	Rate	Unit	Note
Administrative costs for issuing a complaint.	150	EUR	-
Additional costs of complaint (sorting of non-conforming parts)	50 per hour and person	EUR	To be re-invoiced based on the actual costs incurred.
Stopping production line or assembly in Lukov Plast per hour	250-500	EUR	To be re-invoiced based on the actual costs incurred.
Value of non-conforming items delivered.	-	-	To be re-invoiced based on the actual value of non-conforming pieces.
Extraordinary transport costs.	-	-	To be re-invoiced based on the actual costs of extraordinary transport.
Costs of shipping defective pieces back to the supplier.	-	-	To be re-invoiced based on the actual costs of transport of parts back to the supplier.

Failure to deliver the 8D report within the required deadline or as specified	150	EUR	-
Failure to deliver required audits, self-audits, D/TLD audits in time or as specified	150	EUR	-
Failure to report withdrawals/changes of management system certifications	500	EUR	-
Failure to meet the required deadline for submission of sampling, failure to submit re-sampling after product and process change, 'rejected' rating	300	EUR	-
Failure to document the completion of the re-qualification test by the deadline	300	EUR	In the event of the need to conduct re-qualification tests under the responsibility of the supplier, by the customer at its own expenses. These costs will be subsequently re-invoiced to the supplier including a security fee of 10% of the test price.
Amounting to 1% of the price of the undelivered or defective goods for each day of delay, but not more than 50% of the price of the goods.			Applies to supplied components

8 TERMS AND DEFINITIONS

MSDS Material Safety Data Sheet

OE(M) Original equipment (manufacturer)

OHSAS Occupational Health & Safety Advisory Services

PDCA Plan-Do-Check-Act

PFMEA Process Failure Modes Effects & Analysis

PPAP Production Part Approval Process

REACH Registration, Evaluation, Authorisation and Restriction of Chemicals

TISAX Trusted Information Security Assessment Exchange

DUNS Data Universal Numbering System

A unique nine-digit identification number issued by Dun & Bradstreet that identifies each unique business.

EMPB Erstmusterprüfbericht (German first sample test report)

FIFO First In First Out

GADSL Global Automotive Declarable Substance List

IATF International Automotive Task Force

IEC International Electrotechnical Commission

IMDS International Material Data System

ISO International Organization for Standardization

JIT Just in Time

MSA Measurement Systems Analysis

IT Information Technology

MDS – Material Data Sheet

9 SUPPLIER ACCEPTANCE

We accept the Supplier Manual in its entirety.

Upon being signed, the document replaces the older version of the Supplier Manual including the schedule of penalties in the Quality Agreement document.

Supplier's name:

Executive Director's signature:

Date: