

KOLLER

Guidelines for suppliers

Valid for Honsa Ltd., Members and Suppliers of the Koller Group

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Guidelines for suppliers - Honsa Ltd.

General Terms

1 General Information

As supplier of the automobile industry, we are interested to keep partnership and open communication with our own suppliers.

Mutual trust and commitments are the highest assumptions of partnerships of this kind.

These guidelines for suppliers serve as basic definition of expectations by the Honsa Ltd. in the communication with his business partners and suppliers. This is the first step to achieve a successful relationship between supplier and customer, and it is furthermore the base of all further documents and agreements.

Together with HONSA Ltd.'s General Terms and Conditions, these guidelines are the basis of the following business relationships and our orders.

The currently guidelines for suppliers and GTC can be found and downloaded in Hungarian at the link below:

<https://www.honsa.hu/letoltesek>

Guidelines for suppliers - Honsa Ltd.

Purchase requirements

2 Purchase

2.1 Prices

Prices of offers have to be submitted as “factory” and “home delivery” prices.

“Factory” prices are prices of Free Carrier conditions according to the last version of Incoterms or Ex Works (including packaging costs but without delivery costs);

“Home delivery” prices are prices on base of DDP of the receiving factory according to last version of Incoterms.

Unless a different agreement has been made, the standard payment conditions of Honsa Ltd. are defined in the valid GTC.

2.2 Cost reducing agreement

Honsa KFT expects its suppliers to use the tools of process improvement and optimisation. As a result, suppliers will be able to reduce their prices, and the parties agree to enter into a written agreement by 30 October of each calendar year for a price reduction for the following calendar year.

The temporal scope of the agreement (in the absence of a different agreement) is from January 1 of the following calendar year for an indefinite period, until the conclusion of the new agreement. Until the successful negotiation, the old price will remain.

2.3 Further applicable agreements

Further technical details and the definition of the packaging, included in the article price, are also fixed in the Technical Delivery Conditions, the VDA conditions or – if necessary – in the nomination letter.

Supplier guarantees that the products delivered by him are able for use in purchaser’s application field.

2.4 Parts supply

As supplier of the automobile industry, we are obliged to supply our customers for 15 years after discontinuation of the serial delivery. As supplier of us, you are obliged to do it, too. Part prices will be agreed particularly after EOP, but, normally, they have to comply with the prices of series delivery parts, including packaging costs, too.

2.5 Data sheets

If you deliver products to us, which have safety and/or technical data sheets, we expect you to update any changes in PDF file, posted by E-mail to us.

2.6 Contingency plan

For safety of series delivery obligation, supplier has to create a contingency plan, and he is obliged

to agree it with Customer.

2.7. EPR

If the Supplier delivers any material to HONSA Ltd. that is subject to the detailed rules of operation of the extended producer responsibility system under Government Decree 80/2023 (III.14.) - hereinafter referred to as EPR - (for example, but not exclusively: packaging material, pallets, etc.), the Supplier shall inform HONSA Ltd. in writing of such products no later than 10 days prior to delivery.

The Parties expressly agree that:

- HONSA Ltd. will add the EPR clause to its invoices only on the basis of the data provided by the Supplier.
 - HONSA Ltd. does not control the Supplier's data communication in connection with the EPR, and the Supplier is solely responsible for the correctness of the data communicated.
 - The Supplier shall compensate HONSA Kft. for any damage caused by the Supplier's incorrect, erroneous or delayed EPR-related data communication.
-

Guidelines for suppliers – Honsa Ltd.

Logistic requirements

3 Logistic requirements

Delivery conditions and logistic requirements describe all important criteria for delivery papers and ordering process. These criteria have to be respected both in pre-series and series orderings. Regional specialities, such like customs etc. have to be noted!

3.1 Delivery documents

3.1.1 Delivery note

Receiver:

- Company name
- Postal address
- Place of unloading, if necessary

Supplier, sender:

- Company name
- Postal address

Number of delivery note:

- Plain text

Delivery data:

- Incoterms (last version)
- weight (gross) [kg]
- weight (net) [kg]
- Type of Packaging

Additional data:

- Ordering number/position, including creation date, account assignment by Honsa Ltd.
- Delivery plan number and delivery date, including creation date, account assignment by Honsa Ltd.

Contact person:

- Name & Phone number

Delivery text:

- Material number of Honsa Ltd.
- Material number of supplier
- Name of the article
- Quantity, including quantity unit in ordered and standard execution

Attention: If delivery is realized in serial meter but the ordering was given in square meter, both of the quantity units have to be specified!

- Cargo types, including quantity of the cargos.

Additional information for incoming goods

- Explanatory notes

3.1.2 Waybill/CMR

No special regulations

3.1.3 Product transport label

The product transport labels have to be fixed on every package item according to VDA 4902.

To fix the product of the transport label:

- Packages: The transport label has to be apparent and able for scanning.
- Pallets with packages: collective VDA label for all packages. For packages please note, for each of them has to be fixed one single label.
- Rolled goods: VDA label has to be fixed on the top part or on the side part of the roll.
- Delivery in pallet cages: VDA transport label has to be placed on the pallet cage. More diverse articles for one single pallet cage have to be coordinated with Honsa's disposition managers!

Please

use separate VDA transport labels.

3.2 Required system information

3.2.1 Ordering and logistic information from the supplier

In the questionnaire there will be demanded diverse information about the company and the product. The questionnaire has to be filled, signed and sent back to its requester.

The requirements described above have to be fulfilled by every suppliers of Honsa Ltd, or rather, every relevant information has to be given by supplier, before the series delivery starts! The supplier can only refer to the lack of (logistics) specifications if he signed that in time, in written form.

3.3 General purchase and delivery conditions

3.3.1 FIFO (First in, first out)

Compliance with FIFO is a basic requirement.

3.3.2 Reception of incoming goods

Delivery is only possible at the following arrival times:

Mo.-Fr: 6.00 – 14:00

Unloading at other delivery times must be booked at least 1 working day IN ADVANCE!

The arrival of trucks must be announced at least 1 working day in advance, when trucks can book a time slot for arrival, loading/unloading and departure. In the event of non-arrival at the booked times or a delay of more than 15% at the booked time, Honsa Ltd. will not reimburse the waiting time incurred, but may charge any additional costs incurred by Honsa Ltd. to the shipper/supplier on the basis of the cost table published in the GTC.

In addition, Honsa Ltd shall also be entitled to charge the supplier for any production downtime and other costs resulting from delays in deliveries on the basis of the cost table set out in the GTC.

3.3.3 Confirmation of delivery plan or release order

If the supplier does not respond to the received recalled/ordered quantity within 2 (two) working days, the order shall be considered accepted by the supplier at the end of the 2nd working day. Within this two-day period, Honsa may cancel the order free of charge until Honsa receives confirmation from the supplier.

If the supplier is unable to meet the deadline or quantity, further actions must be agreed with the competent purchaser, within the above specified deadline (2 working days).

3.3.4 Deviations from the delivery plan

Please note the following limits:

Overdelivery: no overdelivery allowed, unless agreed before

Underdelivery: no underdelivery allowed, unless agreed before

Early delivery: not allowed. Timely consultation needed,

Delayed delivery: not allowed: Supplier may be charged with process costs as consequence

Delivery beyond goods incoming times: allowed only, if there is a written agreement with the dispatcher or the department for logistics of the factory, and if the agreement has been confirmed.

3.3.5 Packaging materials

As a rule of thumb, the packaging materials are exchanged on delivery at a ratio of 1:1 or a materials account must be kept and agreed on a monthly/annual basis.

If the goods come with containers, supplier has to coordinate their return transport with Honsa's dispatcher.

The return transport will be commissioned by the supplier.

3.3.6 Complaints

Reclaimed goods will be returned at the expenses of the supplier. The reclaimed materials can be sorted or scrapped; expenses will be covered always by the supplier!

The dispatcher of Honsa Ltd. needs to be informed about the complaint immediately after its reception. The original ordering has to be followed by an instant supplementary delivery. Exceptions are allowed only on base of agreements with Honsa's dispatcher!

Honsa Ltd. reserves the right, to appoint an external supplier, if the sorting of goods has not been processed in a sufficient quality, the costs of which are borne by the supplier.

The supplier of the product affected by the complaint is responsible for additional damages resulting from the complaint.

3.3.7 Price, delivery and payment conditions

All conditions are described in the GTC and the nomination letter. In case of delivery plans they will be not printed. Any modifications or deviations have to be arranged with Honsa's department of purchase.

3.3.8 Extraordinary transport

In case of extraordinary transports undertaken by Honsa Ltd., its expenses need to be clarified with the dispatcher before the tour starts.

Honsa Ltd. reserves the right, to arrange extra transport tours by himself.

Extra transport tours arranged by supplier on demand of Honsa Ltd. can be processed only after written confirmation of Honsa's dispatcher.

Costs and expenses of extra transport tours have to be paid after the polluter pays principle!

Supplier is obliged to register all expenses of extra transport tours occurring in case of complaints, underdelivery situation of a particular delivery item. He is furthermore obliged, to submit it for Honsa Ltd, if required.

The same rule affects supplier's actual status in possible OEM portals, if this is important and indispensable due to product quality and providing the delivery obligation.

3.3.9 Additional expenses

Every deviation from the defined limits of the delivery plan or of the ordering (underdelivery, overdelivery, delayed or early delivery) results additional expenses, which have to be regulated with consensus.

3.4 Safety Stocks

3.4.1 General Information's

Every supplier is obliged to provide supply for Honsa Ltd.

Losses of production or defective production have to be covered proportionally by own safety stocks. If it is necessary to keep a safety stock with the supplier, this requires a separate agreement.

3.4.2 Acceptance obligation of ordered goods

Acceptance obligation of Honsa Ltd affects all orderings, having been confirmed within ten working days after supplier's notice about the serial discontinuation.

3.4.3 Acceptance obligation of goods according to delivery plan

1) Production release:

This is the scheduled date to release all produced materials from the production. Before this date, production costs of the delivery plan will be paid out after jointly clarifying.

The production release can be granted maximally for 10 working days.

2) Material release:

This is the release date for material orderings, which are dedicated to ensure production. Before this date, prematerials of products will be paid after quantity data defined in the delivery plan.

The material release depends on the necessary material flow for each particular product, and it may take time ranging from a couple of days to a few weeks. The process will be however restricted to maximally four weeks.

Guidelines for suppliers – Honsa Ltd.

Quality Management System

4 Quality Management System

4.1 Supplier's quality management system

Supplier is obliged to apply a quality management system and to keep it continuously, which has to be certificated by EN ISO 9001:2015. Supplier is supposed to develop his quality management system with regard to the requirements of IATF 16.949:2016, ISO 14.001:2015 and ISO 45 001.

Special measures must be taken to ensure that the "zero defects strategy" and 100% delivery loyalty are guaranteed and constantly improved.

If supplier does not own a quality management system certified as described above, he has to submit an agenda for achievement the certification!

Supplier accepts that he might be audited by Honsa Ltd, and for this purpose, in the form of a potential analysis or a full VDA6.3 audit, he grants access to all relevant areas.

4.2 Subsupplier's quality management system

Supplier informs his own subsuppliers about agenda, resulted from the present contract they have to take over, and obliges them to comply with them.

Honsa Ltd. is entitled to request documentary proofs from supplier, which on the one hand attest that supplier has been convinced about the efficiency of his subsupplier's quality management system, and on the other hand – if necessary – thorough different applicable measurements testify the quality of his purchased parts.

4.3 Specifications for suppliers

Honsa Ltd. reserves the right, to arrange technical delivery conditions or specifications with its suppliers, to fix valid quality attributes for each product and to specify quality liability.

The supplier must ensure to meet the requirements of the OEMs (CSR) in terms of production and product.

4.4 Product safety officer

In case of deliveries, supplier is obliged to name his product safety officer (PSO) for the delivery to Honsa Ltd. If it is not specified by your side, we automatically consider the company's managing director as the PSO.

4.5 Documentation, Information

The obligation, to store documents of valid prescriptions and proofs is described in diverse customer standards. Unless different agreement, the obligation of storage takes 15 years from the last delivery on. Supplier is obliged to grant on Customer's demand access to these documents.

In case, if it is foreseeable that agreements, such like quality attributes, scheduled terms cannot be

adhered to, supplier is obliged to inform Honsa Ltd. about it. According to quick corrective action initialization, supplier is obliged to grant access to data and facts.

Before changes of the delivery goods, supplier is obliged to inform Honsa Ltd. in time, to make possible for Honsa to verify, whether modifications might be disadvantageous to it. Notifying obligation is regulated in the sampling provisions.

All product changes and modifications of the process chain have to be documented (part life).

4.6 International Material Data System

International Material Data System, shortly called IMDS, is both a requirement and a tool of the automobile industry, to register, manage and to store materials applied for the production of all vehicles.

All material information of IMDS is on base of the "List of pure substances". Substances from the VDA list for substances requiring declaration are part of IMDS, too.

In case of substances requiring declaration, maximally allowed quantity has to be observed. Due to these circumstances, supplier is obliged to register them in IMDS even in the development phase of the production. If the registration has been not proceeded, the initial sampling will be marked as "released only conditionally". Supplier will be charged with costs of re-sampling.

(<http://www.mdsystem.de/index.jsp>).

4.7 Environmental protection and official regulations, maintainability

In the production of the goods, materials needed to the production and production processes have to represent newest level of technical development to guarantee the most energy efficient way to produce. As well no pollution with hazardous materials & in general only minimum pollution or the reduction of it (ground, air, water, ...).

We expect from our suppliers, partners and their sub suppliers as well; to reduce their emissions, use renewable energy and **recycled or renewable primary products; if possible. (** previous Honsa's confirmation is necessary before changing any raw material)

Beyond this, supplier provides to observe all valid national and international legal acts and provisions.

The implementation of an energy management system is at the supplier's discretion. If the supplier is working with energy-intensive equipment, Honsa recommends achieving DIN EN ISO 50001 to improve its energy efficiency.

4.8 REACH (if required) and other data sheets

Supplier is furthermore obliged to follow the provisions of the EU directive 1907/2006 (REACH) about the registration of substances imported from non-EU countries.

Supplier confirms:

- that no of his products delivered for Honsa Ltd. contains substances, which are registered at the moment of the contract entering in the actual SVHC list;
- to check modifications of the SVHC list regularly, and
- to inform Honsa Ltd. immediately, if products to be delivered to Honsa might be affected by extension of the list.
- The supplier is obliged to inform Honsa of its own registration number (registration

number). If the supplier does not do so, it is assumed that the supplier has no material to register in the products supplied to Honsa. If Honsa receives a delivery/product that contains material to be registered, but the delivery is not accompanied by a registration number, the delivery is considered incomplete according to the applicable legislation (Civil Code, Art. Sixth Book - Law of Obligations, Part Two, Title X., Chapter XXIV., § 6:157).

4.8.1 Other Data Sheets

The supplier undertakes to submit to Honsa the safety and technical data sheet in accordance with Regulation (EC) 1907/2006. If the supplier does not propose to use a particular substance, he shall inform Honsa in writing and in good time. If Honsa is required to create a safety data sheet according to Article 37 of Regulation (EC) 1907/2006 and therefore needs information from the supplier on the substances supplied, the supplier is obliged to provide Honsa with the requested information within 30 days of the request.

4.9 Code of conduct

Supplier is obliged to observe human rights and to preserve ethic principles. All employees deserve protection from discrimination. Prohibition of child and forced labour is mandatory.

These provisions have to be followed both in the own company and the entire delivery chain.

For further details please see the valid GTC.

In addition, the supplier must ensure that it complies with the following guidelines:

- Ethical Recruitment
- Human trafficking
- Maintainability
- employer policies, such as corruption, privacy and data protection, whistle-blowing
- Diversity, equality and inclusion
- Rights of minorities and indigenous people
- Land, forest and water rights and eviction
- Use of private or public security forces
- Financial responsibility (with accurate records)
- Export controls and economic sanctions
- Decarbonization
- Animal protection
- Biodiversity
- Noise emissions

4.10 Quality planning

4.10.1 Development, design, traceability, serial capability

If the delivery contract includes development tasks to be fulfilled by supplier, the requirement specification will be fixed by parties in written form (for example.: TL). All specifications and data which supplier was given, have to be checked for integrity and accuracy from point of view of their application purpose. Honsa Ltd. has to be informed about every recognized lacks.

Supplier is obliged to use project management and preventive measurements of quality panning (FMEA etc.) even in the phase of planning. If required by Honsa Ltd., supplier has to grant access into single project steps.

Supplier creates a time schedule for the parts to be developed, with regard to the time schedule of customer.

Furthermore, in accordance with automotive requirements, the supplier must comply with the "quality assurance before series production" clauses of the current version of VDA IV k. or the specifications described in the "Advanced Product Quality Planning and Control Plan" (APQP), which Honsa shall provide upon request.

In order to ensure manufacturability and quality in time, the supplier checks manufacturability already in the bidding phase and the control concept for all specification features (drawing, customer requirement summary (Lastenheft)/ etc.) is checked and documented, both for pre-series and series.

In principle, for each delivery, the supplier must provide the article number and index by which it will deliver the product for that delivery. In addition to the agreed product and delivery indications, any product other than the agreed delivery status must be clearly and visibly marked, or such deliveries must be notified to the specified purchasing contact within 48 hours prior to delivery and can only be delivered after approval.

In addition, documentation on specific characteristics deemed legally and product safety relevant, as well as documentation on product-specific tools, machinery and equipment, must be kept for 15 years after the official end-of-life notification. These documents shall be made available to Honsa on request.

Traceability

The supplier undertakes to be able to trace all products supplied by him. In other words, if a defect is detected, either by him or the buyer, he must be able to identify and trace the defective items/product/charge/delivery date etc. At the request of Honsa, the products should be marked with the tooling and index of the product. In addition, the supplier must identify to which process data and control result a given batch belongs.

To enable the traceability of modifications, the supplier keeps a record of the life cycle of products, tools and other equipment in its register. For each modification, the product lifecycle shall record the description of the modification, the implementation date and the version designation.

Unless otherwise agreed, the supplier must carry out **product audits** once a year.

Before serial production, serial capability

Before starting delivery, you must complete the product and process approval by the deadline and content (as required, see PPAP) specified by Honsa. Series production can only start after

approval by Honsa, or if the supplier is a supplier designated by the customer, after approval by the OEM. If the supplier cannot demonstrate the conformity of the product by the deadline, he is obliged to assume the resulting additional costs and damages caused by him or his sub-supplier.

The supplier shall ensure that the quality of the products it supplies is guaranteed during transport and shall package the products accordingly. The packaging and the means of transport shall be agreed with Honsa in advance. The use of pre-agreed packaging must also be verified in the product and process procedure.

4.10.2 FMEA inspection planning

A system FMEA (Ko-FMEA) has to be made for parts, whose design supplier himself is responsible for.

A system FMEA process has to be performed for all parts.

Supplier's FMEA has to be prepared after Honsa's notice transparently. The FMEA performance has to rely on the valid edition of VDA Vol. 4.

Furthermore, supplier has to create a product guidance plan for the part. It has to represent the entire process from the incoming goods up to the shipment.

4.10.3 Capacity, deviation permit, subsuppliers, special characteristics

Supplier defines an inspection concept at his own responsibility, to comply objectives and specifications agreed before.

The fulfilment of relevant features has to be proven with suitable proceedings (Cp, Cpk values).

Process capability for series production is reached, if short term capability is $C_p > 1,67$ and the longterm capability is $C_{pk} > 1,33$.

Deviation permit

Deviations from the specification may only be made if the supplier sends Honsa the deviation authorisation document in good time and before delivery AND Honsa has approved this in writing and signed it.

Subsuppliers

The supplier is responsible for the sub-suppliers in the same way as if it had performed itself.

Special characteristics

Special Characteristics (CC/SC) require special attention, as deviations in these characteristics may affect product safety, product life, installability, function or quality within the production process, or may conflict with legal requirements. These are determined by Honsa and/or result from risk analyses performed by the supplier, e.g. drawing, product and/or process FMEA. These characteristics shall be specifically identified by the supplier in all documentation, e.g. drawing, FMEA, risk analysis, in all control plans. These characteristics shall be considered and monitored separately in all relevant design steps.

4.10.4 Samplings

Supplier is principally obliged, to collect information from Honsa Ltd. in time, and to perform on demand the initial sampling on schedule. The initial sampling has to comply with the provisions of VDA 2 (in exceptional cases of PPAP).

The delivery of the sample parts has to be proceeded in a packaging considered by supplier to be appropriate to protect the goods from damages. Initial samples have to be delivered free of charge and they are to be labelled as "initial sample".

The first sample shall be produced under series conditions (machine, /inspection/equipment, machining conditions) at the series production site. All characteristic test results shall be documented in the first sample report. Unless otherwise agreed, a minimum of 25 pieces/unit shall be measured, inspected and documented.

For the identification of features, the numbering in the first sample report must match the numbering approved by Honsa and currently shown on the drawing. Any deviation from the agreed specification that has not been demonstrated and/or identified during the approval process will result in a claim by Honsa.

When is the first notification/change report due?

For root causes, see VDA 2 (EMPB Level 2) or PPAP level 3.

The supplier is obliged to obtain Honsa's approval prior to product and process changes and to provide the related quality certificate. This applies in particular in the following cases:

- Changes to production materials or process (also applies to sub-suppliers)
- Change of sub-supplier
- Change in control process or equipment
- Change in the manufacturing site
- Change in the change of manufacturing process or change in the manufacturing plant

Exceptions may only be made in the following cases if approved in writing by Honsa or the OEM:

- Small batch (sample)
- Standard and catalogue items
- For approval from OEM (Honsa customer)

Any changes to the product and production processes must be documented by the supplier for each product. The first sample documentation shall be sent with the first samples in accordance with the PPF (PPAP) process. The scope of any other documentation must be agreed in time and in writing with Honsa's Quality Department. Incomplete pre-sample documentation will not be processed and will incur costs which will be passed on to the supplier.

The initial sampling test has to testify the

- measurement
- material
- and functional

properties of the product.

If a purchased part consists of more components, these parts have to be tested after the criteria above. The test results have to be documented for Honsa Ltd.

If supplier himself is unable to perform the sampling test, the test of diverse features has to be completed by external actors (for example material analyses).

Suppliers are principally obliged to perform an internal product release and the document it in a product life attached to the documents of the initial sampling.

The documentation has to be performed in initial sampling forms according to VDA (or rather AIAG - PPAP).

EMPB (PPAP) forms have to contain at least the following documents:

- EMPB/PSW cover sheet
- Data sheets of material test results
- Technical data sheet
- Safety data sheet if prescribed
- List of substances in purchased parts
- Part life
- Measurement report
- IMDS data
- Capacity analysis
- Process capability tests (Cp, Cpk)
- A complete legal statement filled out and sent back to Honsa Ltd, which gives supplier's statement about the compliance of his delivered products with all valid legal provisions.

EMPB (PPAP) forms will be accepted only, if they are completely filled.

In case, if the forms have not been filled, or an incomplete sampling has been performed, supplier is obliged to perform a re-sampling process.

4.10.5 Quality agreement

To reach the desired zero fault tolerance in delivery quality (it means: product and logistic quality) together with our suppliers, we rely on ppm intervention limits to be agreed and observed.

The PPM-values are resulted from the quantity of defectively delivered parts (for example parts, which led to faults during production process due to violation of collateral obligations, such like logistic mistakes), which have to be registered in the production factories and to be published in form of a complaint investigation report.

Special agreements to particular parts/position numbers, defined for example in specification sheets, do not affect this contract and they need a separate agreement.

If a supplier is placed in "Business on HOLD" status by a car manufacturer, it must inform Honsa immediately in writing and will continue to send information even if this status is terminated. Should Honsa be placed in this status by the supplier, the supplier causing the damage will be liable for the full damage.

The supplier is responsible for its sub-suppliers and shall pass on its quality requirements contained in this manual to its subcontractors. Upon request, it shall inform Honsa of the identity of its sub-suppliers.

The Supplier shall allow Honsa or Honsa's customers to verify compliance with these quality requirements at the Supplier's manufacturing site in an audit at a pre-agreed time. For this reason, the supplier shall allow the inspection of the production, documentation and ensure that an adequate number of qualified personnel is available. The supplier shall be obliged to optimise any objections identified and documented during such a visit/audit within the time limit specified.

The following target agreement is valid for early faults and delivery mistakes:

Points of supplier evaluation	PPM
--------------------------------------	------------

10	0-100ppm
8	101-400ppm
6	401-2000 ppm
4	2001-5000 ppm
2	5001-10000 ppm
0	10001 ppm and higher

Generally, this target agreement is valid for all delivered materials. If new materials will be involved in the delivery, they have to be also integrated into this agreement.

Parties have to agree about any kind of modifications of this approach separately

The supplier should aim to achieve 0 PPM.

Supplier evaluation

Honsa Ltd. evaluates the supplier's performance twice a year. This is based on the scores they receive at the beginning of the year + a text supplement on their performance.

In the case of a "B" or "C" assessment, we expect our suppliers to study the indicators of the submitted assessment, carry out an analysis, take measures for continuous improvement and communicate them to Honsa Ltd., and send back to us an analysis of their efficiency. In the case of a "B" or "C" assessment, the letter/assessment will describe exactly what expectations are to be met and by what deadline, as the two examples below show:

Dear Ladies and Gentlemen!

We would like to forward the results of the supplier assessment for the 2nd half of 2023.

According to our supplier assessment and our requirements, your result is as follows:

"Supplier B"

This result should be improved through continuous improvement processes. Please review your internal processes in which you scored lower. In addition, please identify your actions on these processes and inform us of these in the form of an action plan.

Please send us back your action plan in PDF format, including at least the following points:

- Remedial actions,
- The person responsible for the improvements,
- The actions to be taken, including the following.

Please note that the minimum requirement in the automotive industry is ISO 9001:2015 certification. The ultimate goal is to achieve IATF 16949:2016 certification.

Please note that ISO 14001:2015 certification is also strongly recommended.

Please return the action plan by e-mail to us by XX.XX.XXXX.

Ladies and Gentlemen!

We would like to forward the results of the supplier assessment for the 2nd half of 2023.

According to our supplier assessment and our requirements, your result is as follows:

Supplier "C"

This result should be improved through continuous improvement processes. Please review your internal processes in which you scored lower. In addition, please identify your actions on these processes and inform us of these in the form of an action plan.

Please send us back your action plan in PDF format, including at least the following points:

- Remedial actions,
- The person responsible for the improvements,
- The actions to be taken, including the following.

In addition, we expect the supplier to set up a firewall on its own premises (100% control), which must be maintained until the root causes of the nonconformities have been resolved and the countermeasures have been enforced.

During the 100% inspection, the performance of the firewall must be continuously monitored and regularly reported.

If further events occur during this period, we reserve the right to introduce a third party audit, the cost of which will be passed on to the supplier.

Please note that the minimum requirement in the automotive industry is ISO 9001:2015 certification. The ultimate goal is to achieve IATF 16949:2016 certification.

Please note that ISO 14001:2015 certification is also strongly recommended.

Please return the action plan by e-mail to us by XX.XX.XXXX.

After the supplier's evaluation, the supplier is obliged to present, without prompting, the corrective actions to be taken by the supplier and, within the framework of preventive risk management and continuous improvement, the supplier regularly analyses and documents the findings, recalls, product audits, end-user complaints (field complaints)/repairs, complaints and implements effective actions, which are submitted to Honsa Ltd.

The supplier develops and regularly checks a contingency plan for critical equipment and tools.

4.10.6 Requalification

Supplier undertakes to perform the requalification process of products delivered by him once in a year.

During requalification process, customer-specific requirements have to be complied and proven.

At least once in a year, all parts of a product serial with their part components have to be inspected after their measurement, material and functionality. The inspection has to proof the compliance with the quality requirements.

It is possible to deviate from his volume, if for initial sampling, in supplier's production guidance plan there was a different volume defined and agreed.

The results have to be documented and to be made accessible for Honsa Ltd in time and unasked. Documents and proofs to be submitted are as follows: EMPB/PWS cover sheet, receipt form. If there are deviations to be processed, Honsa Ltd. has to be notified about them immediately. The further procedure method has to be fixed.

Requalification costs have to be defined in the initial offer.

4.10.7 Communication

For products commissioned by Honsa, communication with the customer can only take place via Honsa. Direct negotiations between the supplier and the buyer are only possible with the prior written authorisation of Honsa.

The supplier shall communicate in a timely and open manner if it is foreseeable that the agreed targets, quality indicators, deadlines or quantities cannot be met by the supplier. This also applies if the supplier has noticed the deviations after the product has been manufactured or delivered.

4.11 Incoming goods inspection

If necessary, Honsa Ltd. performs an inspection of incoming goods from supplier, to check their compliance with quantity and identity. Beyond this, Honsa has not to perform inspections and has no reclaim obligation.

The supplier shall note of any defects or product warranty claims without delay, but within 48 hours at the latest.

4.12 Delivery problems

If due to production faults or other events there are delivery time delays or the delivery quantity cannot be fulfilled, supplier has to notify Honsa Ltd. about it immediately.

Furthermore, supplier has to take measurements to find a problem solution in time.

4.13 Quality problems

In case of defective material or part delivery, which supplier is undoubtedly liable for, supplier is obliged to take the necessary measurements to repair the fault.

Supplier has to react within one working day, not to endanger Honsa's production. If there is no reply, reaction within this time frame, Honsa – acting as supplier – will initialize improvement measurements, whose costs supplier will be charged with.

In case of defective deliveries, supplier is obliged to care for remedy (supplementary delivery, sorting and reworking).

Honsa Ltd. expects his suppliers to refund or to satisfy costs and expenses of faults caused by defective supply products.

Unless differently agreed, supplier is obliged to produce 8D reports for audit report

Hereby is the following time schedule (calendar days) above to observe for the processing:

D1-3	Response within 24 hours (to protect the buyer, firewall sorting, etc., the supplier must ensure)
D4	Response within 4 days
D5	Response within 7 days
D8	Response within 20 days

Requirements of the failure analysis (both for roots and fault detection):

- Ishikawa + 5why
- to verify the root cause
- the efficiency of the actions must be also validated.

The costs incurred by Honsa are invoiced as follows:

COSTS PRODUCTION INTERNAL EXTRA	Labour rate per hour in €
Logistic Department / Internal Organisation	22,80
Logistic Department / External Organisation	29,80
Special Transport	
Machine downtime	35,00
Employee downtime	18,80
Tool change	500,00
Internal Production Planning	22,80
Organisation (Management / Sales / PM)	44,40
Sorting external employee	18,80
Incoming inspection	18,80
SCM	250,00

4.14 Supplier audits

Supplier has to accept before the first delivery ordering that he might be audited by Honsa Ltd, and for this purpose he grants unrestricted access to all relevant area in form of a potential analysis or a complete VDA 6.3 audits.

If Supplier does own a certification of the IATF 16949:2016 standard, he hereby authorizes Honsa Ltd. to let perform an internal system audit through SQA.

In case of quality problems during the series delivery, Honsa Ltd. is any time entitled to perform a supplier audit at agreed time and date.

Supplier grants access for Honsa Ltd during the audit to any necessary product-specific production units, and he grants further access into all relevant documents. Honsa Ltd. is obliged to keep all documents he became familiar with, completely secret from third persons.

If due to product quality and delivery obligation safety it is additionally necessary and unavoidable to be familiar with supplier's status at the actual OEM, after consultation with Honsa Ltd., supplier is obliged to disclose it.

5 Value management

We, at Honsa Ltd., are a medium-sized company in the automobile industry. We recognize that all our suppliers and partners have an influence on our company. We also acknowledge that our responsibilities and liabilities extend beyond our own activities to our suppliers as well.

We, of course, try to keep and maintain an open, fair and transparent relationship with our suppliers and partners.

Requirements for our suppliers:

Our future decisions, to select our partners and suppliers, will be in the future partially depend on their contributions for human rights, health, social responsibility, environment protection and safety and other areas of business responsibility.

Our goal is to make our suppliers familiar with these standards, which are supposed to be followed and exerted by them.

Long termed we expect our most important suppliers and partners to apply the following standards and principles:

- Payment of salary amount which are sufficient for livelihood, and restriction of obligatory working hours for all employees;
- Support and promotion of economical thinking and acting, fairness in communication with each other, customers and market competitors;
- Constructive and sinful development of safe products, complying with the newest technical conditions, produced with regard to environment protection;
- Use of necessary raw resources, additives and energy sources with regard to environment protection and resource saving;
- Compliance with moral concepts;
- Compliance with ethic values and the principle of equality, rejection of child and forced labour;
- Clean, safe workplaces and working conditions;
- Providing of safety at the workplace and guarantee of entrusted and produced data, compliance with the Conflict minerals reporting;
- Positive cooperation with authorities, institutions;
- Social competence and responsibility by contacting employees, customers, suppliers, authorities, municipal and national instances, family;
- Prohibition of corruption, bribery and blackmail, compliance with valid legal acts and provisions;
- Compliance with requirements for working safety and health protection;

All these kinds of information and documents has to be archive (chronicle). National or international rules following, but minimum for 5 years.

6 Conflict Minerals Reporting

We hereby inform you about Conflict Minerals policy of the U.S. Securities & Exchange Commission („SEC“).

Producing factories have to declare, whether they use conflict minerals for their production process or function of the produced and delivered goods, which means direct or indirect support and financing of armed groups in the Democratic Republic of Congo and its neighbour countries. Minerals affected by these regulations (called also as 3TG) are as follows:

Columbit-Tantalit (Coltan) and the derivate Tantal, Cassiterit and its derivate: tin; Wolframit with the derivate Wolfram; and gold. Please find additional information to conflict minerals and their legal provisions under:

<http://conflictminerals.aiag.org/>.

To meet these requirements, both Honsa Ltd. and all of its suppliers have to prepare information about use of conflict minerals in the entire delivery chain.

Reporting:

- The only accepted option of conflict mineral reporting are as follows:
 - Filling and provision of data about the web based iPoint Conflict Minerals Platform (iPCMP or CDX)
- iPCMP/CDX was taken over by automobile manufacturers widely, and this is one of the favoured reporting method. The iPCMP/CDX basic licence, fitted for reporting functions of suppliers, is free of charges. Thus, we recommend you to apply this reporting method and to encourage your subsuppliers to do the same.

All reports submitted in a different format than iPCMP/CDX or CMRT have to be rejected. (the current CMRT path: <https://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/?>)
- Please send your **annual** CMRT to the following e-mail address: info@honsa-kft.com email address

7 Commitment and extent

This Guidelines for suppliers shall enter into force on the date of signature by the Partners, for an indefinite period.

If the Guidelines for suppliers concluded under the terms of a distance contract, HONSA Ltd. shall send the Guidelines for suppliers, who shall accept the contents of the Guidelines for suppliers as a binding document unless it notifies the Supplier to the contrary within 8 days. It shall become part of all supply/framework agreements between HONSA Ltd. and the Partners that have been concluded after the effective date.

HONSA Ltd. The provisions of the Guidelines for suppliers shall supersede and prevail over the provisions of the General Terms and Conditions.

The provisions of the Guidelines for suppliers shall apply to all deliveries made under the Guidelines for suppliers until the contractual performance of these individual legal relationships or, in the event of defective performance, until the claims arising from these legal relationships have been settled.

7.1. Violation of the provisions of the manual

It is a violation of the provisions of the manual in particular, but not exclusively, if the supplier:

- (a) does not comply with the requirements of this manual
- (b) refuses to provide the information specified in the manual
- (c) refuses to carry out an audit as required by the manual
- (d) fails to comply with its obligation to cooperate

Honsa shall be entitled to enforce the provisions of the Manual against the Supplier in the following ways, among others:

- Refuse to take delivery of the products supplied until the supplier has fulfilled its obligation to cooperate and has demonstrated that it complies with the requirements of the Manual, at the same time, if required by a previous audit, presenting to Honsa concrete action plans to avoid the errors identified in the previous audit.
- HONSA Ltd. shall set a deadline for the Supplier to comply with the provisions of the Supplier's Manual or to eliminate the audit deviations. After the expiry of the time limit without result, HONSA Ltd. shall be entitled to withdraw from the Supply Contract or from the Supply in whole or in part.
- The Supplier shall compensate HONSA Ltd. for the costs and any damage caused to HONSA Ltd. by the ineffective expiry of the above deadline. These costs shall be in particular, but not exclusively, additional expenses incurred in the acceptance of the goods, additional expenses incurred in the sorting of the goods, which may be costs incurred by HONSA Ltd. in the scope of its own operations or costs charged by a third party commissioned by HONSA Ltd.

If Honsa is unable to take delivery of the Products due to the Supplier's conduct, the Supplier shall be in default of contractual performance. The Supplier shall also be in default of contractual performance if the non-conformity arises because the Supplier has qualified the Product as being free from defects and safe in accordance with the provisions of the Supplier's manual, but the Product is subsequently found not to meet these criteria.

If, despite agreement, the Supplier orders materials from sub-suppliers that are not approved by Honsa Ltd., Honsa Ltd. may demand that the Supplier only purchases from suppliers approved by Honsa Ltd. when making deliveries to Honsa. Honsa Ltd. may terminate the supply/framework agreement with 30 days' notice within 6 days of becoming aware that the Supplier is using performance assistants not pre-approved by Honsa Ltd.

The Supplier shall be liable for all damages arising from the fact that it has worked with a performance assistant for HONSA Ltd. which has not been approved in advance by HONSA Ltd.

8 Other documentation, guidelines, agreements, contracts

The provisions of this Guidelines for suppliers may be amended only in writing and by mutual agreement. Honsa will accept the amendment if the Supplier does not object within 8 days of notification of the amendment.

Other applicable standards, guidelines

The documents listed below also apply with the corresponding valid edition:

- ISO 9001
- IATF 16949
- ISO 140001
- VDA books

9 Insurances

The Supplier is obliged to have damage and liability insurance, which provides adequate cover for any damage that may occur in the performance of individual orders. The Supplier shall present its insurance policy to HONSA Ltd. upon request. If the Supplier is obliged to use insurance cover for third parties, it shall inform HONSA Ltd. immediately in writing, specifying the amount of cover still available.

10 Applicable law, jurisdiction

- (1) When interpreting the provisions of this Guidelines of suppliers, the Hungarian text shall prevail, and shall be interpreted according to the general meaning of the words of the Hungarian language and the grammatical rules of the Hungarian language.
- (2) The legal relationship of the contracting parties shall be governed by the laws of Hungary, Hungarian law shall prevail.
- (3) In the event of a dispute, the parties submit to the exclusive jurisdiction of the District Court of Pécs, the Regional Court of Pécs.

As a general rule, Hungarian jurisdiction shall prevail.

11 Others

Beyond this, we expect our suppliers and partners:

To grant all relevant information for Honsa Ltd. and its representatives properly, to cooperate with them and to make necessary efforts to provide that the own suppliers and partners do the same.

Suppliers and partners have to be informed and to proof that required standards described above will be applied by them.

Beyond this we expect from our suppliers and partners to support the Universal Declaration of Human Rights of the UNO, which gives the definition for “all common ideals of people and nations, which have to be reached”.

Further details of our expectations with regard to the points mentioned above, please find in the directives for respecting of human rights and for complying working conditions.

Principles for cooperation:

We recognize the necessity of cooperation with our suppliers to achieve these standards and requirements. For this purpose, we intend to cooperate with our suppliers and partners as follows:

- We will openly and intensively cooperate with our suppliers and partners to reach these standards.
- We will support suppliers and partners, if they detect areas, in which these standards cannot be or cannot be yet reached. If they work on improving of conditions, if needed, we will support them in that.
- We will concentrate on parts of the supply chain, which may be the most sinfully realizable both for Honsa Ltd. and the suppliers and partners, by regarding the compliance and providing of possible resources.
- We will take care by selecting our partners and suppliers about the principles described above, and we also will take into account existing circumstances.

Furthermore, Honsa’s GTC and Honsa’s Code of conduct is mandatory for cooperation.

Whistleblowing/Compliance:

All kind of grievance can be reported free of drawbacks via the following Hotline: (tel. +36 (72) 421 - 216).

Alternatively, via e-mail: compliance@honsa-kft.com.

Anonymous reporting is as well possible.