

## Basic requirements on Linaset, a.s. suppliers

### 1. General requirements

#### 1.1 Quality system

Suppliers should have a quality system certified according to ČSN EN ISO 9001; any exceptions have to be agreed before the commencement of business relations. For supplies to the automotive industry is the intention, the supplier should be to meet IATF 16949 requirements.

#### 1.2 Trained staff

For the production of Linaset parts, suppliers are obliged to employ only properly trained workers, familiar with Linaset's specific requirements on parts, their quality and production process, labelling of package units and deliveries, etc.

#### 1.3 Supplier audits

Linaset is entitled to check whether supplier's quality management measures (in the stage of planning the quality of a "pre-batch" or in the stage of series deliveries of a "batch") ensure that Linaset requirements be met. As a standard, LINASET audits supplier's processes pursuant to VDA 6.3, and may also audit a product or a particular issue / problematic area. Linaset shall inform the supplier at least two weeks in advance on a planned audit and at least two days in advance on an unplanned audit (e.g. audit of a problematic area).

#### 1.4 Supplier evaluation

Linaset expects its suppliers to fulfil their deliveries at 100% in the required quantity, quality, times of delivery and other agreed on terms.

Linaset selects and subsequently evaluates suppliers by their ability to meet requirements on delivered products (quality of deliveries - PPM, timeliness and completeness of deliveries).

Target values of supplier evaluation criteria shall be updated by Linaset Purchasing Department at least once a year. Evaluation results will be regularly provided to suppliers who are responsible for adopting measures to improve the evaluation results. If a supplier is not classified as an A supplier upon the evaluation, i.e. is labelled as a B or even C supplier, they have to submit a cause analysis and description of adopted corrective measures within seven days. Linaset reserves the right to conduct an extraordinary supplier audit (see 2.3 above), inform its customers on the supplier's lever or to look for an alternative supplier.

Suppliers must have an efficient system of their own supplier's selection and evaluation.

#### 1.5 Supplier development

Upon request and mutual agreement, Linaset shall provide supplier's staff with technical support regarding required systematic methods in the form of a training at Linaset, provision of appropriate forms used at Linaset, etc. Supplier's development is measured by improvement of their evaluation results and cooperation improvement trend.

### 2. Qualitative requirements

#### 2.1 Control methods and measurements

3.1.1 Suppliers are obliged to use only suitable, sufficiently precise and regularly calibrated gauges for the quality control of parts in order to prove their compliance with the required quality.

3.1.2 Critical and functional dimensions (determined by the customer) must be regularly measured, documented and evaluated by suppliers and submitted upon request to a Linaset representative.

3.1.3 New product sampling - in case of products for an end customer from the automotive industry, suppliers must submit sampling according to PPAP of the required level - pursuant to client's written instructions. For these parts, suppliers must perform annual requalification. For other products, suppliers must submit three sets of samples, including a measurement report proving that dimensions stated in a drawing or material certificate have been fulfilled and that physical and chemical properties pursuant to a standard have been met (this scope may be reduced

upon a written agreement). The annual requalification requirement does not apply to other products.

Suppliers are fully responsible for the production process stability and repeatability of the quality of deliveries in compliance with sampling and agreed scope.

## 2.2 Complaint handling

Upon receiving a notice about the quality of a delivery or a complaint, the supplier is obliged to check immediately the quality of unfinished and finished products in order to prevent another delivery with the same defect. Furthermore, he must commence a complaint management process or low quality notification with the 8D method; he can also use his own form following the prescribed structure

- 0 - prepare for the 8D process initiation (define urgent corrective actions);
- 1 - establish a work team;
- 2 - describe the problem (WHAT, WHERE, WHEN, HOW MUCH?);
- 3 - define and implement short-term corrective actions;
- 4 - define and verify root causes and place of defect;
- 5 - define and verify corrective actions for the root causes;
- 6 - implement permanent corrective actions and monitor their effects;
- 7 - define preventive measures;
- 8 - recognize and appreciate your team's performance and success

or Linaset form provided immediately upon request.

The supplier is obliged to inform Linaset on the 8D report status in the following timeline:

- fulfilling points 0 – 4 within 24 hours;
- fulfilling the 8D report up to point 7 within 10 work days.

The supplier have to inform Linaset regularly (usually once a month, unless the Purchasing Department or initial TK Linaset determine otherwise) on the implementation of the remaining steps. A detailed analysis of the problem causes is a very important appendix to the 8D report. The 8D process can only be closed after planned actions have been implemented and their efficiency have been verified and reviewed. The 8D closure have to be approved by a TK Linaset employee.

If we do not receive written objections to these Basic requirements within 10 working days, we will take them as agreed by you.

Ivo Hasala, Business Director

Budišov nad Budišovkou



For supplier:

Name and Position in the Company, Company's Address:

Date and Signature:

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