SUPPLIER QUALITY AGREEMENT

concluded between

THE PURCHASER

Company:	GEVORKYAN, a.s.
Registered office:	Továrenská 504, 976 31 Vlkanová, Slovakia
Represented by:	Dipl.-Ing. Artur Gevorkyan, CoBD
Bank details:	CITIbank Europe plc, foreign bank branch
Account number in IBAN format:	SK6181300000002111610118
SWIFT:	CITISKBA
Company ID:	36017205
DUNS:	495004033
VAT ID:	SK 2020085606

Registered in the Commercial Register of the District Court in Banská Bystrica, Section: Sro, File number: 4101/S

hereinafter referred to as the "Customer"

and

SUPPLIER

Supplier:	.....
Registered office:	.....
Represented by (name and title):	.....
VAT ID:	.....

hereinafter referred to as the "Supplier".

I. Introductory provisions

This Agreement is a contractual stipulation of the terms and processes between the Customer and the Supplier that are necessary to maintain final-customer satisfaction, achieve set objectives, and, ultimately, enable continuous improvement of mutual cooperation. The quality of the Supplier's deliveries directly impacts the quality and reliability of the Customer's products. For this reason, the Customer requires high quality and reliability of the products and services provided by the Supplier, while continuously enhancing competitiveness through the use of all possible means, state-of-the-art technologies, and production facilities, as well as continuously improving processes and reducing (e.g., shortening times) non-value-adding activities. The Supplier is responsible for the quality of all its deliveries. This Agreement applies to all products and services provided by the Supplier under the contractual relationships concluded with the Customer. This Agreement consists of binding general requirements for the Supplier.

II.Protection of trade secrets

Both the Supplier and the Customer undertake to maintain confidentiality regarding information obtained within the framework of the contractual relationship with the Customer. Confidentiality means not disclosing the information obtained to third parties without the written consent of the other party. This provision does not apply to information that is necessary to secure the contractual relationship with the Supplier's subcontractors, whose participation is necessary for the delivery of the contractual product or service, and to the final customer to whom the product, which includes the Supplier's product or service, is or will be delivered. The Customer accepts reasonable information restrictions on the part of the Supplier to protect its trade secrets and intellectual property, provided that the reliability and competence of the Supplier is demonstrated in another form. When expressing legitimate concerns and/or problems, the Supplier shall be prepared to provide sufficient information to eliminate these problems, remove the cause of the legitimate concern, and resolve the situation that has arisen.

III. Protection of the Supplier's property

The Supplier undertakes to take measures to protect the Supplier's property, in particular, but not exclusively, against damage, deterioration and theft. The Customer's property shall be properly marked to prevent loss or confusion. The Supplier is obliged to report any loss or damage immediately, within 24 hours at the latest. In the event of loss, theft, damage or deterioration, the Customer is entitled to claim compensation. This provision does not apply to the permitted scrap rate according to IATF 16949.

IV.Basic requirements and objectives for Suppliers

The basic requirements and objectives for Suppliers set target values for the Supplier for the given period for individual areas of requirements. The following basic requirements apply to the individual areas listed below:

1) Zero defects rate

The Customer requires its Suppliers to set a zero defects rate target, i.e. the Supplier is obliged to set the following targets: no complaints about the delivery of goods or services, including partial, delayed or incorrect deliveries, and no complaints about goods or services.

2) Compliance with delivery deadlines

The Supplier shall meet the delivery deadlines specified in the orders. In the event of failure to meet a deadline and/or partial deliveries, the Supplier may be charged for demonstrable losses and reasonable costs incurred as a result of the delay. The Supplier shall ensure secure storage to prevent the product from damage and shall package the product in accordance with the Customer's requirements. In the case of non-standard packaging, the Supplier shall document the Customer's specific requirements in the relevant documentation. Products shall be marked with standardised labels or another suitable method that ensures FIFO management and traceability. The Customer may require the use of EDI/ASN systems. Certifications

3) Certifications

The Supplier shall have a quality management system in place and maintained in accordance with the ISO 9001 standard in its current version, and shall aim for a zero non-conformity strategy. The Supplier undertakes to develop its quality management system with the aim of achieving compliance with the IATF 16949 standard in its current valid version (certification of the quality management system according to IATF 16949 is highly recommended).

Suppliers providing surface treatments are required to be certified according to DIN EN ISO 14001:2015 or to have undergone validation according to EMAS (Eco-Management and Audit Scheme), which focuses on environmental management and auditing.

The Supplier shall regularly provide the Customer with a current copy of the certificates for the above standards (including changes) no later than on the date of their expiry and information about any withdrawal of the certificate or the initiation of the process for withdrawing the certificate without waiting for the Customer to request it.

4) Specific Customer requirements

The Supplier undertakes to identify, record and continuously fulfil the specific requirements of the Customer and/or the specific requirements of the final customer and to ensure their implementation in processes and documentation.

5) Supplier evaluation

The Customer expects its Suppliers to fulfil 100% of deliveries in the required quantity, quality, deadlines and according to other agreed conditions. The Supplier strives for zero non-conformities with the Customer in all aspects. The Customer monitors and evaluates the following KPIs: PPM, OTD, completeness of deliveries, 8D timeliness, audit results, personnel and technical support, contingency plan. The Supplier shall provide the Customer with the evaluation results and targets for the next period once a year, or immediately in the event of a downgraded rating. Based on the rating, the Supplier shall take immediate measures to improve the rating. In the event of long-term, repeated, or serious problems, the Customer has the right to remove the Supplier from the list of approved suppliers.

Supplier evaluation and relevant required actions:

A – Maximum satisfaction with the Supplier
Required action: No action required.

B – partial satisfaction with the Supplier
status: anticipated or minor deficiencies in deliveries that do not compromise quality
Required actions: Monitoring + CAPA.

C – dissatisfaction with the Supplier
status: Supplier does not guarantee fulfilment of Customer requirements
Required actions: monitoring + CAPA + action plan
Risk: The Customer may suspend orders and remove the Supplier from the list of approved suppliers if satisfactory corrective action is not taken within reasonable time.

6) Audits at the Supplier

The Supplier undertakes to allow the Customer or the final customer to carry out an audit free of charge in order to ensure deliveries, product and service quality and the Customer's requirements. After prior mutual agreement on the date, the audit may be performed as a system, process, or product audit, or may focus only on a specific issue, or may be a self-audit. The Supplier shall allow access to the Supplier's workplaces related to production for the Customer and access to related documentation.

The Supplier shall ensure the presence and cooperation of the responsible person(s) and suitable office space for the successful performance of the audit. If the Customer assesses that corrective measures

are necessary, the Supplier undertakes to immediately (or as agreed with the Customer) prepare and provide the Customer with a plan of corrective measures and implement it according to a schedule agreed with the Customer.

The Supplier shall perform at least one audit of the production process and one product audit per year for each product supplied to the Customer, unless the Customer waives this requirement in writing.

If the product contains the special "CC" mark, the Supplier shall, without being requested to do so by the Customer, provide proof of an audit for each such product in accordance with the eligibility requirements specified in the "Catalogue of Requirements for Keeping Records on D/TLD Parts".

The Supplier undertakes to ensure full cooperation with the audit request at its subcontractor under the same conditions and to the same extent as if the audit were performed at the Supplier.

7) Product approval process

Product approval shall be carried out in accordance with PPAP or VDA 2, as amended. For product approval, the Supplier shall submit (unless otherwise agreed with the Customer's purchasing department): a protocol with specifications and measured values, which usually includes verification of:

- a protocol with specifications and measured values, which usually includes verification of:
  - the appearance of the product surface,
  - the appearance of the product surface,
  - the mechanical properties of the product,
  - the chemical composition of the product,
- product samples in the quantity specified in the order. – If it is uneconomical and impractical to produce and deliver product samples separately, they will be taken from the first series delivery produced at the Customer's premises. This is only valid with the written approval of the Customer's purchasing department.
- material data sheet (chemical composition of the material – content of individual elements) of the product or information about entering product data in IMDS,
- any other requirements specified by the Customer's purchasing department. If the products are manufactured using multiple tools, multiple moulds, etc., then the protocol shall contain the verification results from each position/location of the tool or mould, etc. Product samples shall also be submitted from each position/location of the tool or mould, etc. (including the marking of positions on individual samples).

Other requirements specified in PPAP (or VDA 2), which are not submitted for product approval, shall be processed and retained by the Supplier for possible inspection at the Customer's request. Parts intended for product approval shall be manufactured under full production conditions (production tools, methods and procedures, environment, machines, materials, etc.). The Supplier shall inform the Customer without delay and sufficiently in advance and submit the above requirements to the Customer's purchasing department before the first delivery or as part of the first delivery of each product, and furthermore in the following cases:

- when the Supplier's production is relocated to another site,
- when the Supplier's production conditions change (change in technology, production process, tools, etc.),

- in the event of an interruption in deliveries or production at the Supplier's premises lasting longer than 12 months,
- when there is a change in the subcontractor of the material (product).

The Supplier may not deliver any modified products, including but not limited to changes in materials, technology, subcontractors, without the prior written consent of the Customer. Any change in the product, process, tools, location, material, subcontractor, software, measuring instruments, etc. is subject to the Customer's written approval via a change request at least 30 days in advance. The management of temporary changes shall be time-limited, include additional checks and a return plan.

If requested by the Customer, the Supplier shall submit APQP, DFMEA, PFMEA, Flow Chart, and Control Plan. The control plan is mandatory for prototype/pre-series/series and shall be revised in the event of a change or significant non-conformity.

8) Special characteristics capability requirements

For special characteristics (critical "CC" and significant "SC") of the product and process, the Supplier shall demonstrate preliminary and continuous capability using appropriate PCIs such as Pp, Ppk/cp, CPK, according to the recommended methodology in QS 9000-SPC. For some situations, it is not appropriate to use basic PCIs such as Pp, Ppk / cp, CPK, and therefore it is necessary to always use the appropriate PCI for the given case. The Supplier shall submit the results upon request. SPC is required for special characteristics, except in cases where the use of SPC is ineffective or difficult (such cases are approved by the Customer after submission of a justification for the unsuitability of using SPC). Special characteristics shall meet the suitability criteria according to the following table:

Characteristic	Result	Result
Process that appears to be statistically stable (under control)		
"CC" PCI (Pp, Ppk)	≥ 2.00	The process meets the requirements for preliminary capability.
"SC" PCI (Pp, Ppk)	≥ 1.67	The process meets the requirements for preliminary suitability.
"CC" PCI (cp, cpk)	≥ 1.67	The process meets the requirements for permanent capability.
"SC" PCI (cp, cpk)	≥ 1.33	The process meets the requirements for continuous capability.

For "CC" characteristics, measures shall be implemented that are highly likely (and reliable) to detect non-conforming products and prevent them from being shipped to the Customer (automatic 100% inspection is recommended). If the criteria for special marks are not met, measures shall be implemented that are highly likely (and reliable) to detect non-compliant products and prevent them from being sent to the Customer. These measures shall remain in place until the permanent capability of the process has been demonstrated.

9) Inspection of delivered products

The Customer inspects the products from the Supplier in terms of compliance with deadlines, quantity, correct item, and obvious defects. The Supplier attaches Certificate 3.1 according to EN 1020 to each delivery, if requested by the Customer. This typically contains parameter specifications and measured values. The parameters specified in the certificate shall be measured by a person who is independent

of the manufacturing process. The parameters contained in the certificate are predetermined by the Customer or determined by mutual written agreement (e-mail). At least once a year, without being requested to do so by the Customer, the Supplier shall check all parameters of all products supplied to the Customer (re-qualification tests), or only selected parameters as agreed with the Customer. The results containing the parameter specifications and measured values shall be sent to the Customer without delay. The measurement of the parameters specified in the certificate shall be carried out by a person who is independent of the manufacturing process.

10) Identification and traceability

During production, the Supplier shall identify the product using appropriate means, applying a traceability system that allows products to be traced back (origin of materials and processing). The Customer requires the consistent application of the FIFO support system and the consistent separation of individual production batches/meltings (the Customer may waive this requirement only in cases where it does not affect the quality of the product).

11) Measurement system analysis

Measurement system analysis (MSA) is mandatory for the characteristics specified in the control plan (e.g. GR&R). The measuring instruments have valid calibration/verification with metrological traceability. External tests are performed by an IEC 17025 accredited or Customer-approved laboratory.

12) Control of non-conforming products, corrective and preventive actions

The Supplier shall ensure that any product that does not comply with the Customer's requirements is identified and controlled to prevent its unintended use or delivery to the Customer. The Supplier shall keep records of the nature of the non-conformities and of any corrective actions taken, including any exceptions granted. The Supplier's quality management system shall initiate an analysis of the causes and determine corrective and preventive actions resulting from product non-conformities to prevent recurrence.

The Supplier is fully responsible for responding immediately in the event of delivery of non-compliant products to the Customer or in the event that defective products from the Supplier cause a Customer complaint about the products (or a Customer notification of insufficient product quality) to the Customer. Immediate response includes replacement of the claimed delivery, sorting, extra work, testing, analysis, etc. The Customer will charge EUR 150 for each justified complaint for administrative costs incurred by the Customer. The Customer may also request reimbursement of demonstrable increased costs (including increased costs incurred by the Customer's Customer) related to the resolution of the non-compliant product in accordance with applicable legislation.

In the event of problems (complaints, non-conformities, notifications), the Supplier shall take appropriate immediate corrective measures. The Supplier shall respond to the complaint in writing within 24 hours at the latest in the form of a message (e-mail), which shall contain the following points:

- identification data relating to the Customer's complaint,
- description of the non-compliant condition,
- immediate measures (to limit damage),

- no later than 14 days after sending the complaint, the Supplier shall submit a written report (e-mail) containing further steps to resolve the issue, in particular:
  - the cause of the unsatisfactory condition
  - planned or implemented corrective measures (eliminating the cause).
  - In the event of a complaint, the Supplier is obliged to complete the 8D report, which is sent to them with the complaint. The 8D report shall be completed in full, including the Ishikawa diagram and 5WHY, which are part of the 8D report.

The Supplier shall have a defined problem-solving process that leads to the identification and elimination of the causes of problems. In the event of significant problems, the Customer may request the use of the 8D method as a form of problem-solving in the context of deficiencies in deliveries. The following steps are required as part of the 8D method:

0 - preparation for the start of the 8D process (define immediate emergency measures),

1 - assemble a working team,

2 - describe the problem (What? Where? When? How many?),

3 - develop and implement temporary measures to limit damage,

4 - define and confirm the root cause,

5 - determining and verifying corrective measures for the root causes,

6 - implementation of permanent corrective measures and verification of their effectiveness,

7 - establishing preventive measures,

8 - evaluating and assessing the performance and success of the team.

Upon receipt of a complaint in the event of a Customer request to use 8D, the Supplier is obliged to implement the first 3 steps of 8D within 24 hours and send an 8D report with steps 0 - 3 completed to the Customer's quality management department. The Supplier is obliged to provide information on the progress of the remaining steps at regular intervals (within 4-5 days). The Supplier shall submit the complete 8D report within 10 days at the latest, unless otherwise agreed with the quality management department depending on the nature of the problem being addressed.

13) Documents and records

The Supplier is obliged to keep documents and quality records in accordance with the requirements of VDA 1, "Management – Guidelines for the Documentation and Archiving of Quality Requirements and Records" and the relevant system regulations. The Customer reserves the right to inspect documents and records relating to the delivered products.

14) Contingency plans

The Supplier, whose products or services contribute to products for automotive Customers, has developed and regularly tests contingency plans (for power/IT failures, natural disasters, epidemics, logistics, cyber incidents, capacity shocks, etc.). They keep records of tests; upon activation, they notify the Customer immediately, within 24 hours at the latest, including an estimate of the impact on deliveries and a recovery plan.

15) Safety and environmental protection

The Supplier shall comply with all legal requirements relating to the environment (in particular EU Directive 2000/53/EC as amended, RoHS, REACH and GADSL), health and safety at work applicable in the countries where the product is manufactured, and shall endeavour to prevent any negative impact on people and the environment. The Supplier shall continuously improve its processes in accordance with ESG standards. Valid ISO 14001 certification is highly recommended.

The Supplier shall provide, upon request, free of charge and without delay, confirmations, declarations of conformity and certifications, including but not limited to: RoHS, REACH, SVHC, CMRT, EMRT, carbon footprint calculation, or other documents proving compliance with applicable legislation.

The Supplier shall ensure that all its subcontractors involved in the manufacture of the product or provision of services to the Customer comply with the same safety, environmental and ethical standards as the Supplier itself.

16) Code of Ethics and Compliance with Legal Regulations

The Supplier shall comply with all applicable laws and regulations, as well as the Customer's Code of Ethics, which is published at www.gevorkyan.sk, and shall impose this obligation on its subcontractors involved in the production of the product or provision of the service for the Customer. Any violation of this provision may result in the immediate termination of the cooperation.

V. Final provisions

The Supplier is responsible for delivering the required parts in the required quantity, quality, and time. The Supplier shall transfer the Customer's requirements to its subcontractors who are involved in the product delivered to the Customer, if this is contractually stipulated. This agreement is valid without time limitation until it is amended. The validity of this agreement may be terminated 3 months after written notification of withdrawal from this agreement. However, this agreement shall remain valid for all deliveries based on purchase contracts concluded before the termination of this agreement. If any provision of this agreement is found to conflict with any applicable law, only that provision shall become invalid, and the remainder of the agreement shall remain in full force and effect. All amendments and additions to this agreement shall be made in writing and are subject to the written consent of both parties.

Date	Date .....
In	In .....
.....	.....
Dipl. Ing. Artur Gevorkyan	(name)
Chairman of the Board	(position)
Customer – GEVORKYAN, a.s.	Supplier – (name)

Abbreviations and terms

APQP	Advanced process quality plan	modern product quality planning
CAPA	Corrective and preventive actions	corrective and preventive measures
cp, CPK	Process capability index	indices of the permanent capability of a production process or product (for the evaluated characteristic).
EDI/ASN	Electronic Data Interchange/Advance Shipping Notice	standardized electronic message notifying customers of pending shipment details
FIFO	First-in-first-out	First in, first out – a system for organising the receipt and issue of products, ensuring that products received with the oldest date are issued first.
GR&R	Gage repeatability and reproducibility	Repeatability and reproducibility of measurement systems
IMDS	International material data system	International material data system FMEA – (Failure Mode and Effects Analysis) Analysis of failure modes and effects.
PCI	Process Capability Indices	Process capability index
Pp, Ppk	Process potential	indices of preliminary capability of the manufacturing process or product (for the evaluated characteristic).
SPC	Statistical process control	statistical regulation (control) of the process.

Related documents

ISO 9001	Quality management systems - Requirements
TS 16949	Quality management systems - Particular requirements for organisations supplying production and service parts for the automotive industry
APQP	Advanced Product Quality Planning and Control Plan according to QS 9000
PPAP	Production Part Approval Process according to QS 9000 MSA Measurement System Analysis according to QS 9000 SPC Statistical Process Control according to QS 9000
VDA 1	Verification - Guideline for the Documentation and Archiving of Quality Requirements and Records
VDA 2	Quality assurance of deliveries
VDA 4.3	Quality assurance prior to series production - Project planning
VDA 5	Control process capability