

General requirements of RETIA, a.s. for co-operators / suppliers

(hereinafter referred to as the "requirements")

1. Introduction

- **Purpose:** To define the requirements that the supplier undertakes to meet. Delivery of a faultless (OK) product/service is required in accordance with the requirements of the Order/Contract and the related submitted documentation as amended.
- **Scope:** all products/services for which RETIA a.s. has issued an order/contract and which the supplier has accepted and undertaken to perform.

2. Quality requirements

- **Norms and standards:** The supplier undertakes to comply with all relevant norms and standards and to be certified at least in the content of ISO 9001 – Quality Management Systems – Requirements.

In addition to the above, they must respect and accept our Code of Ethics, or prove their Code of Ethics, which must be identical in its content. If necessary, the supplier is asked to supplement the certifications with other certifications than those mentioned above, based on secondary requirements (e.g. ISO14001 – Environmental Management, ČSN EN ISO/IEC 27001 – Information Security Management Systems

- Products must always be delivered in packaging material that is consistent with the character and value. Providing a suitable packaging solution is always the responsibility of the supplier/co-operator, but in some cases, we reserve the right to approve it in advance through the contact details of the purchasing department. Ensuring adequate packaging is key to maintaining the integrity of the quality and durability of the product during transport, storage and delivery to production, reflecting its prestige and price position.
- Stainless steel products must be prevented from unwanted contamination, in particular by avoiding contamination of the surface by carbonaceous materials as much as possible. Cleaning of these materials with the help of chemical products must be approved in advance by RETIA a.s.
- For products that are sensitive to electrostatic discharge (ESD) and are subject to a special handling regime, it is necessary to use packaging material that allows them to be safely logistically or production handling according to appropriate standard.
- **Product specifications:** A detailed description of the technical and quality specifications of the product/service is always supplied as part of the order/contract, in any case, however, it is assumed at least that the product fulfils the standard requirements based on the related generally applicable regulations and standards.

The delivery of an EC Declaration of Conformity with legislative requirements is required, which, depending on the nature of the of the product supplied, it is subject to, inter alia:

- Government Regulation of CZ No. 118/2016 Coll., (Directive 2014/35/EU – LVD) on the assessment of conformity of electrical equipment intended for use within certain voltage limits when made available on the market, as amended.
- Government Regulation of CZ No. 117/2016 Coll., (Directive 2014/30/EU – EMC) on the assessment of conformity of products in terms of electromagnetic compatibility when they are made available on the market, as amended.
- Government Regulation of CZ No. 481/2012 Coll., (Directive 2011/65/EU – RoHS) on the restriction of the use of hazardous substances in electrical and electronic equipment, as amended.
- Government Regulation of CZ No. 176/2008 Coll. (Directive 2006/42/EC Machinery), as amended, on technical requirements for machinery, as amended.
- It is required to submit a declaration of compliance with Regulation (EC) No. 1907/2006 of the European Parliament and of the Council – REACH on the Registration, Evaluation, Authorisation and Restriction of Chemicals
- Compliance with CZ Act No. 542/2020 Coll., on end-of-life products (Directive 2012/19/EU ("WEEE Directive") is required

- **Quality control:** It is the supplier's duty to perform at least a visual and dimensional or other non-destructive final inspection of the product just before shipment. Previous process (interoperational, production, material and other) checks must be carried out in advance of the next step of production so that there are no unnecessary delays, and the production of a non-conforming product/scrape is avoided, at the same time there must be no delay in the planned delivery of the product to RETIA a.s. The procedures and frequency of quality checks that must be carried out by the supplier are either standard in the form of an internal requirement of the supplier, a requirement based on the relevant related standard or from the documentation for the given product delivered when placing the order or signing the contract, or the company may set requirements for procedures and frequency of checks RETIA a.s. as part of the product delivery.

3. Documentation and traceability

- **Quality Records:** The supplier must keep and keep records of all quality checks and tests for a minimum of 5 years after production has ended. RETIA a.s. may require a standard measurement or other protocol that the supplier must have available before shipping the product.
- **Traceability:** Every shipment must be traceable back to the production batch. If the structure of the product allows it, it's clear and unmistakable identification/marketing of the product must be carried out, which will be legible/traceable throughout the production process. If the identification is removed during processing or production/assembly of the product, or if its visibility is not ensured, it must first be transferred to the visible part.

4. Audits and inspections

- **Right to audit:** RETIA a.s. has the right to conduct audits at the supplier to verify compliance with quality requirements.
- **Inspection:** The supplier must allow inspection of manufacturing processes and products.
- **Supplier evaluation:** As part of internal requirements, supplier quality performs in cooperation with the purchasing department of RETIA a.s. Initial Assessment of Supplier Suitability ("Assessment") and Supplier Audit ("Supplier Audit"). Furthermore, the purchasing department of RETIA a.s. evaluates suppliers according to criteria. These criteria are based on the purchasing requirements for the supplier, which are divided into the following categories: A - Approved Supplier, B - Approved Supplier with Warning, and C - Unapproved Supplier. If the supplier category is reduced (e.g. deterioration in the quality of deliveries, non-compliance with requirements by RETIA a.s., etc.), the purchasing department informs about this supplier and requests a remedy from the supplier. Supplier evaluation takes place at least once a year, always after the financial statement of the previous year, when the evaluation is retrospective. If the supplier is evaluated in category A, he is not primarily informed. For more detailed information about supplier evaluation, it is possible to contact the purchasing department of RETIA a.s.

5. Nonconformance management

- **Disagreements:**
 - A) *With the co-operator/supplier RETIA a.s.* If a non-conformity is detected, the supplier demonstrably and without undue delay informs RETIA a.s. Only in some specific cases, based on a precise analysis of the non-conformity by the supplier, the part can be checked by a designer/technologist of RETIA as and after the check, the supplier will be told whether a deviation can be requested, or if the part must be repaired or remanufactured so that the non-conformity is excluded. A non-conforming product can only be supplied with a deviation, which must be approved in advance before the product is delivered to RETIA a.s.
 - B) *at the customer RETIA a.s.* When a discrepancy is detected (the company RETIA a.s. or a cooperator) informs the supplier/cooperator demonstrably and without unnecessary delays, the latter is obliged to ensure rectification.
- **Corrective actions:** The supplier must implement corrective actions to eliminate the causes of nonconformities. It is necessary to keep records of them, including the implementation of corrective

measures, verification and their implementation in practice. It is always about avoiding disagreements on the part of the supplier/co-operator. If the same mistake or a larger number of errors are repeated in a short period of time (e.g. more than 15 recognized non-conformities (complaints) in 30 calendar days, or more than 75% of parts from the order), a crisis remedy plan (KPN) must be automatically created by the supplier within 72 hours, which must be approved by RETIA a.s. and which will aim to reduce further complaints to a minimum. The condition for successful acceptance of KPN by RETIA a.s. is the exact specification of the part, order number, specification of the discrepancy, its cause, short-term and long-term corrective measures and subsequent verification. Until verification, RETIA a.s. is subject to increased supervision of the supplier/co-operator with which the supplier agrees. In such a case, additional costs associated with the increase in RETIA a.s. efforts of CZK 1400 per hour may be charged.

6. Change management

- **Notification of changes:** The supplier must inform the customer of any changes in the production process, materials, or specifications.
- **Approval of changes:** All changes must be approved in advance by the customer/supplier. Approval/rejection must be made in writing no later than 72 hours after receipt of the change. If there is no negative information from the supplier that it does not accept the change, it is considered that it agrees with the change and will implement it under the conditions of the previous assignment.

7. Training and qualification

- **Employee training:** The contractor must ensure that all employees are properly trained and qualified for their roles. All this information must be verifiably secured and documented.
- **Continuous improvement:** The supplier must demonstrate a commitment to continuous quality improvement. Conclusive records must be provided.

8. Warranties and Liability

- **Guarantees:** In the event of a claim/non-conformity, we are unreservedly entitled to claim legal claims. The minimum warranty period is 12 months from the transfer of risk (handover of the complete product to the final customer). The supplier/co-operator is obliged to pay all costs necessary for the purposes of additional performance, in particular the costs of transport, travel expenses, labour costs and material costs and the related costs of assembly/disassembly of the claimed part (non-conformity). At the same time, please note that as part of the issuance of the complaint protocol (non-conformity) and its confirmation of recognition of the defect by the supplier, we may charge a processing fee of CZK 1400 excluding VAT. Invoicing then takes place monthly/quarterly, by reducing the amount of invoicing for the order.
- We reserve the right to check the delivered goods for possible deficiencies before delivery to RETIA a.s. (so-called inspection day or pre-acceptance of the device/part). We are entitled to inspect the delivered goods as part of our normal business activities. A record of the deficiencies found is made. Upon receipt of our telephone/written notification (letter/e-mail) of defects/non-conformities, the period for remedying the defects begins. Warranty claims will be suspended until the supplier rejects our claims or declares that the deficiency has been remedied or otherwise refuses to continue to act on our claims. Further legal steps regarding the resolution of the complaint may then be resolved in court.
- **Product liability:** The supplier is liable for all claims made by third parties for personal injury or material damage caused by the defective product supplied by him and is obliged to indemnify us for any resulting liability. If we are obliged to file a complaint about a product by a 3rd person (end customer) due to a defect in a product supplied by the supplier/cooperator, the supplier will bear all costs associated with the recall action.
- The supplier is obliged to have product liability insurance with adequate coverage at its own expense. The supplier is obliged to send a copy of the scope of coverage of insurance risks from liability insurance at any time upon request.

9. Communication and cooperation

- **Communication channels:** Within the resolution of non-conformities/complaints to RETIA a.s. from the supplier/co-operator, the primary channel is e-mail: neshody@retia.cz. From RETIA, it is a supplier quality worker with the @retia.cz e-mail domain.
- The supplier is obliged to provide an official and up-to-date communication channel (e-mail, phone number) for resolving non-conformities/complaints
- **Cooperation:** RETIA a.s. supports open and transparent cooperation to ensure high quality.

10. Final provisions

- **Validity and effectiveness:** The effective date and validity date of the requirements is the same as the date of confirmation of the order/contract. This document is valid only in the Czech language. In the event of any discrepancies between this version and versions in other languages, the Czech version shall always prevail.
- **Termination of the request:** Termination is possible provided that the request for termination is delivered in writing/by e-mail. The notice period is 3 months. However, the notice is without prejudice to the rights and obligations arising from the relationship prior to the notice (during the validity of the order/contract).
- **Changes to requirements:** In connection with changes, requirements and developments within supplier-customer relationships, these requirements may be modified or changed. However, changes will always be applied after the completion of the current order/order. The customer will be informed about the change through a new order/contract.

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