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### **1. General requirements**

The present specification defines additional requirements imposed by FA Krosno to the Suppliers who provide or are willing to provide their products to FA Krosno.

It is recommended that Suppliers of direct production materials should be certified by a third party for compliance with the IATF 16949<sup>A</sup> technical specification. The minimum requirement for quality management system is possessing by the Supplier ISO 9001<sup>A</sup> together with the implemented minimum requirements according to „Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers<sup>A,B\*</sup>” with target certification for compliance with IATF 16949<sup>A</sup>. The Supplier without IATF 16949<sup>A</sup> certificate is obliged to present a schedule for the implementation and certification of the IATF 16949<sup>A</sup> technical specification.

It is recommended to have a certificate confirming compliance with the ISO 14001<sup>A</sup> standard.

The Supplier is required to immediate notification about every change in status of certification (e.g. uncompleted audits, loss of certificate validity, changes in the scope of certification, abandonment of recertification, cancellation or expiration of the certificate).

The supplier should appoint a **Product Safety & Conformity Representative** in the case <D> safety characteristics present and if required by FA Krosno or the customer of FA Krosno. The supplier must send the data of the Product Safety and Compliance Representative (name, telephone number, e-mail address and certificate confirming the training completed) to the following address: [zakupy@fakrosno.pl](mailto:zakupy@fakrosno.pl) or [purchasing@fakrosno.pl](mailto:purchasing@fakrosno.pl).

#### **1.1 Financial responsibility.**

The supplier commits to have insurance (**Accurate Records is required**) for the products delivered to FA Krosno in the event of a complaint and to cover the costs of the complaint.

#### **1.2 Intellectual property.**

Intellectual property includes: patents, trademarks, copyrights, trade secrets and all other forms of intangible property arising from creative and innovative endeavors. All employees are expected to get acquainted with the various forms of intellectual property and their implications. Employees are obliged to protect intellectual property and refrain from unauthorized use, disclosure or reproduction of such assets.

#### **1.3 Patents requirements.**

In case of usage: parts, processes, materials, etc. protected by patent's right, there is required to inform FA Krosno about it prior to the development stage.

#### **1.4 Counterfeit parts.**

FA Krosno strictly prohibits the use, purchase, sale, or distribution of counterfeit parts within its operations. Counterfeit parts are defined as unauthorized or imitation components that have been misrepresented as genuine or sourced from an approved supplier.

Suppliers are required to report any suspicions or evidence of counterfeit parts promptly.

A - Najnowsza obowiązująca edycja.

B - Link to Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers<sup>A</sup>: <https://www.iatfglobaloversight.org/wp-content/uploads/2016/12/Minimum-Automotive-Quality-Management-System-Requirements-for-Sub-tier-suppliers-2ndEd-rev2.pdf>



## **FA KROSNO – Specific Requirements for Suppliers**

### **1.5 Supervision of the Customer property.**

Equipment and tooling owned by the FA KROSNO should be kept in proper condition suitable for use in the production process. It should also be permanently marked by nameplate as property of the Customer.

### **1.6 Requirements for Process Capacity.**

All Suppliers must have an adequate process capacity with additional safety stock of 15% above the quoted annual demand. If required, the Supplier should provide to FA Krosno Purchasing Department current process capacity results.

### **1.7 Cost reduction requirements.**

Supplier should use instruments to improve its productivity such as Lean Manufacturing or similar. Effects of improvements are shared between the Supplier and FA Krosno in form of price discounts. Discounts will be a subject of contract agreement.

### **1.8 Confidentiality, data Protection and data Security.**

Suppliers should protect our confidential information by keeping it secure (whether in paper, electronic or other media.) Suppliers who have been given access to confidential information as part of the business relationship should not share this information with anyone unless authorized to do so by FA Krosno, even after our business relationship ends. If a supplier believes it has been given access to FA Krosno's or any other third party's confidential information in error, the supplier should immediately notify its contact at FA Krosno and refrain from further distribution of the information. Similarly, a supplier should not share with anyone at FA Krosno information related to any other company if the supplier is under a contractual or legal obligation not to share the information. Suppliers should respect valid intellectual property rights.

**1.9 Suppliers will provide their suppliers and sub-suppliers (along the entire supply chain to the source of production)** of the specific requirements of FA Krosno and final customers of FA Krosno, about which they will be informed each time a new project is launched.

Suppliers will continuously work to strengthen their sustainability efforts and increase the commitment of all stakeholders.

Specific requirements for suppliers should be confirmed on annex point 9 and send by e-mail: sklep@fakrosno.pl or purchasing@fakrosno.pl.

### **2. Human Rights**

#### **2.1 Forced Labor / Modern Slavery.**

Suppliers will not use any form of slave, forced, bonded, indentured or involuntary labor. Suppliers will not engage in human trafficking or exploitation or import goods tainted by slavery or human trafficking.

#### **2.2 Child Labor.**

Suppliers shall ensure that no underage labor has been used in the procurement, production or distribution of their goods or services. Suppliers will not employ children less than 14 years of age where local law allows. Suppliers shall ensure that legally young workers, under 18 years of age, are not permitted to perform hazardous work, overtime, or night shift work.

#### **2.3 Freedom of Association and Collective Bargaining.**

Suppliers shall recognize and respect the right to collective bargaining and the rights of employees to associate with any group, as permitted by law and in accordance with all applicable laws and regulations..

#### **2.4 Anti-Discrimination and Fair Treatment.**

Suppliers shall encourage a diverse workforce and treat employees with fairness, dignity and respect. There will be no unlawful discrimination, harassment or abuse of any kind. Suppliers should provide equal opportunity in all terms and conditions of employment without discrimination. Suppliers should develop and promote inclusive cultures where diversity is valued and celebrated, and everyone is able to contribute fully and reach their full potential.

#### **2.5 Women's rights.**

Provisions for maternity and parental leave will be in place to support women during pregnancy, childbirth, and the early stages of parenthood. Supplier shall ensure that women are not penalized for taking such leaves and that they can return to work with the same opportunities.

Equal pay for equal work shall be a fundamental principle. Supplier is committed to closing the gender pay gap and ensuring that women receive compensation that is fair and equitable compared to their male counterparts.

#### **2.6 Ethical Recruiting.**

Suppliers must not mislead or defraud potential workers about the nature of the work, ask workers to pay recruitment fees, and/or confiscate, destroy, conceal, and/or deny access to worker passports and other government-issued identity documents. All recruitment processes, including job postings, application procedures, and candidate evaluations, will be transparent and clearly communicated to potential candidates. Workers must receive a written contract or employment notification at the start of their recruitment in a language well understood by them, stating in a truthful, clear manner their rights and responsibilities. Suppliers will ensure that any variation to the engagement can only occur with prior notification and agreement of the employee.

#### **2.7 Land Rights and Forced Eviction.**

Suppliers should avoid forced eviction and the deprivation of land, forests and waters in the acquisition, development or other use of land, forests and waters.



## **FA KROSNO – Specific Requirements for Suppliers**

### **2.8 Wages and Benefits.**

Suppliers shall provide employees with compensation that includes wages, overtime pay, premium pay and benefits that meet or exceed the legal minimum standards. Suppliers shall pay employees equal pay for equal work without discrimination. Suppliers shall pay employees in a timely fashion and make no deductions from pay for disciplinary reasons.

### **2.9 Private or Public Security Forces.**

Suppliers should not commission or use private or public security forces to protect the business project if, due to a lack of training or control on the part of the company, the deployment of the security forces may lead to violations of human rights.

### **2.10 Working Hours.**

Suppliers shall comply with all applicable laws regulating hours of work, including the maximum number of working hours and overtime. Suppliers shall ensure workers have the holidays and rest hours required by local law.

## **3. Business Ethics**

FA Krosno expects suppliers and sub-suppliers to conduct business in an ethical, honest, transparent manner and in full compliance with all laws and regulations. Business ethics includes employees, consultants, independent contractors and other people with whom you have are cooperating. These rules should apply to every business decision in every area of the company and include:

### **3.1 Anti-Corruption and Anti-Bribery.**

Suppliers shall comply with all anti-corruption and anti-bribery laws, including the U.S. Foreign Corrupt Practices Act, as well as all local anti-corruption laws prohibiting commercial and governmental bribery. Specifically, no supplier can offer or accept any bribe, kickback, favor or anything of value; engage in any extortion or embezzlement; or use any improper influence when dealing with government officials or in any business arrangements in order to obtain an improper advantage. In addition, Suppliers are prohibited from providing or offering gifts to FA Krosno employees that could inappropriately influence FA Krosno's business decisions or gain an unfair advantage.

### **3.2 Fair Competition and Antitrust.**

Suppliers will operate honestly and ethically throughout the supply chain and in accordance with applicable law, including those laws pertaining to anti-competitive business practices.

### **3.3 Conflicts of Interest.**

Employees of FA Krosno should act in the best interest of the Company. Accordingly, FA Krosno employees should not have any financial interest or employment arrangement with a supplier that might conflict, or appear to conflict, with the employee's obligation to act in the best interest of FA Krosno. If a supplier employee has a family relation (spouse, child, parent, sibling, grandparent, mother- or father-in-law, sister- or brother in-law, grandchild, domestic partner) to a FA Krosno employee, or if the supplier has any other relationship with a FA Krosno employee that might represent a conflict of interest, the supplier should disclose this fact to FA Krosno.

### **3.4 Whistleblowing and protection against retaliation.**

Suppliers and Sub-suppliers must provide their employees and external entities possibility of reporting complaints, irregularities and violations of law. Information provided as a complaint or notification of irregularities or violations of law must be confidential and be protected against disclosure to unauthorized persons. The fact of their report cannot influence adversely affect the situation of the persons reporting them.

### **3.5 Export Controls, Trade and Economic Sanctions.**

No export-controlled item shall be shipped without the appropriate government licenses or authorizations to FA Krosno.

Suppliers should comply with applicable restrictions on the export or re-export of goods, software, services and technology, as well as with applicable restrictions on trade involving certain countries, regions, companies or entities and individuals.

In accordance with the CBAM (Carbon Border Adjustment Mechanism) regulation, suppliers outside the European Union must submit reports on the delivered parts to FA Krosno

## **4. Health and safety at work.**

Suppliers shall provide employees with a safe, respectful, clean and healthy work environment. Each supplier is responsible for integrating comprehensive health and safety management practices, appropriate personal protective equipment (PPE) and job-specific risk assessment, risk management, emergency preparedness and safety training into its business. Suppliers shall give their employees the right to refuse unsafe work and report unsafe or unhealthy working conditions. Each supplier will meet or exceed applicable laws and industry standards in this area. Suppliers will maintain a program to achieve continuous improvement in workplace safety. Suppliers will provide only products and services that are safe and in compliance with all applicable local and national laws.

## **5. Environmental Protection.**

Suppliers shall operate its facilities in compliance with all environmental laws, including laws and international treaties relating to waste disposal, emissions, discharges, and hazardous and toxic material handling. Suppliers shall manage, measure and minimize the environmental impact of their facilities and demonstrate continuous improvement in areas such as air emissions; waste reduction, recycling, recovery and management; water use and disposal; energy usage; and greenhouse gas emissions and put in place measures that drive forward the decarbonization of the entire value chain. Suppliers will look to conserve resources and protect the communities and environment that surround them.

### **5.1 Air Quality and Noise Pollution.**

Suppliers should routinely monitor and disclose, appropriately control, minimize, and to the extent possible, eliminate emissions contributing to air pollution, as required by and in accordance with applicable law. Suppliers should assess cumulative impacts of pollution sources at their facilities and mitigate their pollution levels accordingly. Where appropriate, suppliers should monitor and control the levels of industrial noise to avoid noise pollution.

### **5.2 Biodiversity.**

Suppliers should protect ecosystems, especially key biodiversity areas, impacted by their operations, and avoid illegal deforestation in accordance with international biodiversity regulations, including the IUCN Resolutions and Recommendations on Biodiversity. Where appropriate, suppliers should monitor and control their impact on soil quality to prevent soil erosion, nutrient degradation, subsidence and contamination. Suppliers should respect the five animal freedoms formalized by the World Organization for Animal Health (OIE) concerning animal welfare. No animal should be raised and killed for the single purpose of being used in an automotive product.

### **5.3 Water consumption.**

Suppliers should strive to reduce water consumption through responsible use of water resources, optimizing water-using production processes, implementing the principle of recycling water and collecting rain water supplies.

## **6. Environmental requirements.**

All parts and materials supplying to FA KROSNO, shall be in accordance with EU (directives 2000/53/UE and 2002/95/UE with later changes) requirements regarding to materials restricted and/or limited use.

In case the product, which is considered to be dangerous material is supplied to FA Krosno (FA Krosno must agree in writing), the Supplier is required to submit and update the Material Safety Data Sheet (MSDS) relating to the supplied product in language version of the country to which the product will be supplied. The Supplier will provide a written notice on safety recommendations that should be followed and on storage conditions and will commit to supplying their products in full compliance with Regulation (EC) No. 1907/2006 of the European Parliament and the Council as to Registration Evaluation Authorization and Restriction of Chemicals (REACH), as well as other requirements specified in detail in the orders and in the framework contract. The Supplier is responsible for marking the products and danger packaging in accordance with legal provisions of the country to which the product will be delivered.

The supplier must be able to prove that all process and product relevant environmental regulations are established and their impact on the organization is known.

FA Krosno requires suppliers that all supplied products are free of "conflict minerals". Suppliers should responsibly source raw materials and minerals used in their products by developing a management system that promotes supply chain traceability and transparency, and by implementing applicable due diligence measures. To facilitate an assessment of upstream supply chain compliance, Suppliers must be able to disclose supply chain mapping back to the primary origin associated with the products or services provided to FA Krosno, its subsidiaries and affiliates for products which contain tin, tungsten, tantalum, gold or any other material or derivative designated by the U.S. State Department as a "conflict mineral". More specifically, suppliers are required to undertake reasonable due diligence with their supply chains to assure that conflict minerals are being sourced from mines and smelters outside The Democratic Republic of the Congo ("DRC") or an adjoining country (collectively, the "Conflict Region") or, if sourced within the Conflict Region, from mines and smelters that have been certified by an independent third party as DRC conflict free. To the extent any supplier does not currently have this capability, such a supplier is required to disclose its future plans to do so. Suppliers shall make all disclosures to FA Krosno upon request within a timely manner.

**7. Quality requirements.**

**7.1 Requirements for approval of new parts for production.**

The process used for production parts approval is PPAP procedure acc. to AIAG<sup>A</sup> lub VDA\_2 (PPA)<sup>A</sup> or acc. to customer requirements FA Krosno. The choice of the kind of PPAP submission should be agreed at the beginning of the start of offer.

The PPAP samples and documentation should be marked with special label and sent to FA Krosno.

**PPAP - części do oceny**  
**The PPAP parts for evaluation**

**Osoba kontaktowa:**  
*Contact person:* \_\_\_\_\_  
 telefon / phone: \_\_\_\_\_  
**adres:** \_\_\_\_\_ ul. gen. L. Okuli  
**address:** \_\_\_\_\_ 38 - 400 Krc  
 \_\_\_\_\_ Poland

**Numer części:**  
*Part number:* \_\_\_\_\_  
**Nazwa części:**  
*Part name:* \_\_\_\_\_  
**Numer rysunku:** \_\_\_\_\_

There is not allowed to deliver production parts or material used for serial production to FA Krosno prior and without written approval of PSW (Part Submission Warrant) by FA Krosno Purchasing Department.

If the PPAP level is not defined in PPAP request, the level 3 is required.

The PSW approval is not a green light for deliveries – this can occur only if agreed with the FA Krosno Purchasing Department, and based on Purchase Orders sent by FA Krosno.

**7.2 IMDS/REACH**

It is requirement that each of Suppliers should provide (for FA Krosno acceptance) IMDS report for delivered products.

The supplier is obliged to submit a declaration of compliance with the requirements of REACH and ROHS - annex 19.

**7.3 Requirements for modifications and re-works.**

All the reworked operations shall be included, and described in process flow diagram, control plan and PFMEA, it shall be showed at PPAP documentations. All reworked parts must be checked acc to the Product Tests and Validation Plan. If any rework operation, or any other action not included in PPAP will be made - it will be taken as unauthorized change with all the consequences.

If it is impossible to modify or/and repair the products, the supplier will consider the possibility of recycling non-compliant parts.



### 7.4 Requirements for Statistical Process Control (SPC).

Each supplier is obliged to keep following process capability:

short term process / machine capability:

Ppk/Cmk  $\geq 1,67$  for important characteristics

Ppk/Cmk  $\geq 2,00$  for safety relevant characteristics

long term process / machine capability

Cpk  $\geq 1,33$  for important characteristics

Cpk  $\geq 1,67$  for safety relevant characteristics

Statistical process control should be developed and carried out based on the AIAG SPC<sup>A</sup> or VDA\_4<sup>A</sup>.

Symbols of characteristics used in FA Krosno:

Importance class	Symbol	Consequences for the product
Safety	<DP 01> Legal requirement	features of product or process parameter for which the non-conformity poses the risks relating to compliance with legal requirements or risk regarding product safety or safety-related functions ;
	<DC 01> Customer requirement	usually, parts affecting safety are components of the vehicle which are subject to specific regulations or legal requirements, and have active or passive impact on vehicle safety and user (ie. the braking system)
	<D 01> FA Krosno requirement	
Important	<C+> Customer requirement	product features or process parameters for which failure to meet the requirements poses a risk to the assembly and further functioning of the product at the customer's site ;
	<+> FA Krosno requirement	important characteristics have an impact on customer satisfaction.
Indicative	<IND>	Features of product or process parameter which is for information only;  used as the basic criterion for assessing the functionality of product (ie. tooling);  indicative characteristics are not special characteristics according to automotive standards (IATF 16949; VDA).
Secondary	No symbol	only the fault of minor importance

**If the required characteristic index is not met, the supplier must implement 100% control for this characteristic.**

### 7.5 Measurement System Analysis (MSA).

The Supplier will ensure the reliability of the inspection and testing results, the efficiency of the control and measurement resources used and will carry out the analysis of the measurement system used to control the product characteristics and process characteristics that affect quality in accordance with the current AIAG MSA<sup>A</sup> or VDA\_5<sup>A</sup> manual.



## FA KROSNO – Specific Requirements for Suppliers

### 7.6 Requirements for change management.

Making non-authorized modifications / changes in processes and materials without written FA Krosno approval is not allowed. All modifications / changes must be reported in written form to the FA Krosno, take into account the time needed to analyze their impact on the product and time to make decide on approval.

Modifications / changes:

- engineering change(s)
- tooling: Transfer, Replacement, Refurbishment, or additional
- correction of discrepancy
- change to optional construction or material
- sub-supplier or material source change
- change in part processing
- parts produced at additional location
- other -- please specify

Modification / change will not be introduced without prior formal approval of the product (PPAP) by representative of FA Krosno. FA Krosno may waive the right to conduct a formal approval of the product by communicating the decision about it to the Supplier in written form. The Supplier is required to implement a proper change management system in order to ensure that the process is performed based on the current level of change (drawings, specifications, process documentation, ect.).

Products manufactured after introducing modification / change should be specially marked with label for easy identification.

### **Części wyprodukowane po wdrożonej zmianie** **The parts produced after the implemented change**

**Osoba kontaktowa:**

Contact person: \_\_\_\_\_

telefon / phone \_\_\_\_\_

adres: \_\_\_\_\_

ul. Gen. L. Okuli

address: \_\_\_\_\_

38-400 Krośnice

Poland

**Numer części:**

Part number: \_\_\_\_\_

**Nazwa części:**

Part name: \_\_\_\_\_

**Numer rysunki:**

Drawing number: \_\_\_\_\_

ostatnia edycja rysunku: \_\_\_\_\_

Products that do not meet the requirements of FA Krosno may be delivered only after receiving written confirmation (e-mail is allowed) from the FA Krosno representative.

### **7.7 Audit requirements.**

FA Krosno reserves the rights to make process / product audit (acc to VDA6.3) at Supplier production site at any agreed by both sites time. In case of a complaint, the audit may be performed in the same week as the complaint.

The same rights are reserved for FA Krosno Customers, if it will be required, the audit can be carried out together with the customer of FA Krosno with FA Krosno representative presence.

### **7.8 Complaint for parts requirements.**

In case of the problem reporting - FA Krosno requires from Supplier respect the following deadlines. All answers must be sent using the 8D report in accordance with the FA Krosno appendix or on the supplier's form with the consent of FA Krosno.

a) Step D1 to D3 within 24h (one work day). In these steps FA Krosno requires:

- containment action plan for securing production in FA Krosno,
- details about the certified delivery,
- disposition with a suspect or defective parts,
- **if necessary, FA Krosno has the right to request/order the selection of suspicious or non-compliant batches in Krosno by the supplier immediately after their detection** in order to secure the continuity of production at FA Krosno and at FA Krosno's customers. **In the case of a repeated complaints** (there was a defective part in the certified delivery; after introducing corrective actions the complaint was repeated; the same defect occurred on a similar product) **sorting is needed**.

b) Step D4 and D5 within 14 calendar days, method 5WHY must be used, Ishikawy should be used for repeated complaints and for complaints about safety characteristics.

c) Step D6 to D8 within 30 days after finishing corrective actions.

If Supplier will not respond in a requested time, FA KROSNO will take immediate action: sorting suspect / defective parts at the supplier's expense. Other costs related to the complaint, such as: internal analysis of the problem, downtime of production lines will also be transferred to the supplier.

After the sorting activity is finished the NOK parts will be quarantined and made available for you to collect within 72 hours after sorting is being finished. The supplier is obliged to arrange collection of the NOK parts. If the NOK parts are still within our possession after 72 hours, the stock will be scrapped at the expense of the supplier.

**The supplier is obliged to implement 100% control until corrective actions are implemented and positively verified.**

### **7.9 Continuous improvement requirements.**

FA Krosno requires to have a plan for continuous improvement process. Qualitative indicators should be adequate to the production process. They should be effectively used, analyzed and monitored. It is required to keep indicators for:

- delivery on time,
- quantity of complaints,
- required annual PPM level will be agreed with the Supplier at the start of the project / signing the contract. The PPM indicator includes all defective parts, including the defective parts found during selection in FA Krosno.

## FA KROSNO – Specific Requirements for Suppliers

The Supplier is required to pursue “zero defect” strategy in relation to supplies and improve their processes in order to maintain the level of quality of deliveries mutually determined by FA Krosno and the Supplier. As part of this strategy, a Supplier that has not reached the agreed target ppm in a given year, will be required to implement an Action Plan (PDCA) until 31 January of the next year and submit it to FA Krosno.

In case the Supplier does not meet the agreed quality and logistic targets, a four-level procedure of escalation of actions is initiated by FA Krosno. First and second level of escalations process is initiated by SQE. Third and fourth level of escalation is initiated by Purchasing and Supplier Development Manager. Placement of the Supplier on escalation levels 2, 3 and 4 has to be treated as assignment of special status according to IATF 16949. In each case the Supplier is informed about the escalation actions undertaken against him and about his transfer to a higher/lower level. The Supplier should sign and return the escalation form. The Supplier is responsible to inform his Certification Body about special status received from FA Krosno.

Escalation actions levels:

**Level 1:** The trend of the „ppm of deliveries” indicator, calculated cumulatively over the last three months, shows an increasing trend and/or the timeliness indicator of deliveries below 94% and/or the number of complaints cumulatively above 5. Additionally, the escalation process can be activated in case of: repeated logistic complaints, quality complaints, disturbances at the FA KROSNO customer, late submission of the 8D report, contact problems, periodic evaluation at level „C”, occurrence of special/premium transports etc. The decision is taken by the team performing the summary analysis of a given month. Supplier defines and submit a corrective action plan.

**Level 2: SPECIAL STATUS:** The trend of „ppm of deliveries” indicator, calculated cumulatively over the last six months, continuously shows increasing trend and/or delivery performance indicator cumulatively below 90% and/or the number of complaints cumulatively over 7 and/or corrective action plan has not been submitted or actions identified in the plan are ineffective (new disruptions and problems continue and/or appear) and/or no escalation signatures level 1.

The supplier is obliged to implement:

- in case of quality indicators: 100% control of products delivered to FA KROSNO, additional marking of individual and collective packaging with extra label “100% control”
- in case of logistic indicators, FA KROSNO reserves the right to individual determination of corrective actions for the supplier.

Results of actions undertaken are discussed by the Supplier representatives during the visit at FA KROSNO.

**Level 3: NEW BUSINESS HOLD:** Undertaken actions are ineffective, indicators still do not meet the established targets, and the corrective actions as well as the established 100% control are ineffective.

The Supplier is obliged to implement, at their own cost:

- in case of quality indicators: additional 100% control to be performed by an outsourced company
- in case of logistic indicators: individually determined by FA KROSNO actions.

The representatives of FA KROSNO conduct an audit at the supplier’s site in order to verify the actions. A procedure of searching an alternative source is initiated for the products delivered by the supplier under the escalation action. Requested for quotes and orders to the supplier for new projects are stopped.

**Level 4: ALL BUSINESS HOLD:** Despite actions being taken as described on levels of escalation from 1 to 3, logistic and quality indicators still demonstrate a negative trend. Decision is made to change the supplier for pending projects.

**Deescalation:** A Supplier can be moved from a higher to a lower level if actions taken at each level are effective. After a successful and permanent implementation of corrective actions by the Supplier, escalation actions may be discontinued (positive trend – not shorter than 3 months).

### **7.10 Annual re-qualification requirements.**

FA Krosno suppliers are obliged to perform re-qualification for their products with frequency 1/year without additional costs. It is a process connected with quality checks to confirm that goods meet technical requirements. It is not a PPAP validation process. Supplier is obliged to keep re-qualification documentation and send it to FA Krosno on demand.

### **7.11 Delivery requirements.**

FA Krosno requires 100% deliveries on time and with agreed quantity – OTIF (On Time In Full order lines) - according to orders and corresponding schedules.

The Supplier will ensure that all products will be packaged and marked in accordance with the product specification. Packing specification shall be agreed by the Parties prior to the approval of the product for serial production. In case of product which losing their properties with passing of time expiry date shall be marked on packaging. In case of specific storage conditions Supplier provides proper information on packaging.

The Supplier is responsible for the quality of the delivered parts and acknowledges that FA Krosno does not control the quality of all batches of delivered parts. The Supplier is required to attach to each delivery all documents, material labels on the delivery units and certificate 3.1 in accordance with DIN EN 10204 and accordance with arrangements from development phase.

### **7.12 Record retention.**

The minimum storage period for technical documentation corresponds to the period in which the product is produced plus one calendar year. The remaining records should be stored for min. 3 years, except that for parts containing characteristics related to safety or legal requirements, this period is min. 15 years. The Supplier upon request of FA Krosno will provide access to documentation regarding the design and development, production process and quality control of the product. The period of record retention may change depending on the requirements of FA Krosno customer.

## **8 Changes register.**

### **1) February 2007**

Ordinal changes

### **2) April 2012**

Points added: 5, 6, 7 and 18 – renumbering of remaining points

P12 – clarified the requirements for indicators to track

P13 – clarified the requirements for the obligation to inform the Supplier staff about the existing complaints

P15 – Information added: unless otherwise specified in terms of the contract

### **3) May 2015**

P1 – changed information regarding revision of reference documents: the latest revision

P5 – changed requirements for process / machine short-term and long-term capability for safety and important characteristics; Points added: P5.2 and P5.3

P14 – redrafted requirement

P18 – changed: ISO/TS 16949:2009 → ISO/TS 16949 latest revision

### **4) August 2016**

P3 – added: according to AIAG, latest revision

### 5) July 2018

- P1 – corrected : IATF 16949 \*/A
- P8 – redrafted requirement
- P9 – redrafted requirement
- P11 – redrafted requirement: (...) according to orders and corresponding schedules.
- P12 – redrafted requirement: (...) to monitor, and effectively analyze other indicators(...).
- P13 – redrafted requirement: (...)the proven costs (...)
- P15 – redrafted requirement: (...) efficiency of this process 2% year to year(...)
- P18 – redrafted requirement: IATF16949, points added: 18.1

### 6) December 2020

- P1 – added points – 1.1, 1.2, 1.4, 1.5, 1.6
- P2 – added requirement in case of supplying material deemed as hazardous and added requirement „Conflict Minerals”
- P3 – added the requirement to mark PPAP samples with a special label
- P4 – added information that parts after rework and correction must be validated acc to TESTING AND PRODUCT VALIDATION PLAN.
- P5 – point 5.3 was changed
- P6 – added the requirement to mark customer property with a nameplate
- P7 – the wording was redrafted: from recommended to required
- P9 – added the requirement that all modifications / changes must be reported in writing to FA KROSNO, taking into account the time needed to analyze their impact on the product.
- P10 – a information has been added that in the event of a received complaint, the audit may be performed in the same week as the reported complaint
- P11 – the name of the point was changed, a information was added to introduce the expiry date of the product for products losing their properties over time and special storage conditions. An obligation has been introduced to provide a 3.1 certificate in accordance with DIN EN 10204 for each delivery.
- P12 – the requirement for the PPM level was changed, if the PPM level was not achieved the supplier must to introduce a Actions Plan. Added point concerning a four-level escalation.
- P13 – new 8D report form introduced, added provisions on the possibility of starting the selection at the supplier's expense if the supplier does not respond within the required time and a provision on handling the rejected product.
- P14 – change of point from Annual re-qualification requirements to Measurement System Analysis
- P15 – change of point from Cost reduction requirements to Record retention
- P16 – change of point from Human Rights requirements to Annual re-qualification requirements
- P17 - change of point from Patents requirements to Cost reduction requirements
- P18 – change of point from Other technical requirements to Human Rights requirements
- P19 – change of point from Changes register to Patents requirements
- P20 – added point Confidentiality
- P21 – moved from point 19 Changes register

### 7) March 2022

- P1 – added a provision on the PSCR requirement for suppliers
- P2 – added provision to Environmental requirements about introducing the requirements for the Code of Conduct
- P18 – change of point from Human Rights requirements to Human Rights requirements and work conditions.
- P19 – change of point from Patents requirements to Health and Safety
- P20 - change of point from Confidentiality to Patents requirements
- P21 – change of point from Changes register to Business Ethics
- P22 – added point Confidentiality
- P23 – added point
- P24 – moved from point 21 Changes register

### 8) July 2022

- P7 - added the requirement to submit a declaration of compliance with REACH and ROHS requirements - annex 19

### 9) February 2024

- Changing the structure of Specific Requirements for Suppliers.

**9 Potwierdzenie zapoznania się z wymaganiami FA Krosno**

**FA Krosno S.A.**

ul. Franciszka Klimczaka 1

02-797 Warszawa



**Zakład Produkcyjny Krosno**

ul. gen. L. Okulickiego 9

38-400 Krosno

\_\_\_\_\_  
Nazwa dostawcy / Supplier name

\_\_\_\_\_  
Adres dostawcy / Supplier address

\_\_\_\_\_  
Adres dostawcy / Supplier address

\_\_\_\_\_  
Adres dostawcy / Supplier address

## **Potwierdzenie / Acknowledgment**

Niniejszy potwierdzamy otrzymanie  
*We hereby confirm the receipt of*

**FA KROSNO – SPECYFICZNE WYMAGANIA dla DOSTAWCÓW**  
edycja 10. Luty 2024  
*FA KROSNO – Specific Requirements for Suppliers*  
*edition 10. February 2024*

i deklarujemy, że będziemy postępować zgodnie z zapisami w Specyficznych  
Wymagania dla Dostawców.  
*and we declare that we will follow the provisions in Specific Requirements for*  
*Suppliers.*

Data  
Date

Imię i Nazwisko osoby upoważnionej  
Name and Surname of authorized person

Podpis osoby upoważnionej  
Signature of authorized person