



HAJDU Hajdúsági Ipari Zártkörűen Működő Részvénytársaság

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Supplier Manual

3rd Edition

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The electronic version of the manual is available on the website of HAJDU Hajdúsági Ipari Zrt, www.hajdurt.hu.

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1 PREAMBLE

1.1 Purpose

HAJDU Hajdúsági Ipari Zrt (hereinafter: HAJDU) operates an Integrated Management System certified to the ISO 9001:2015 and ISO 14001:2015 standards, and monitors the supplier activities of companies providing products and services to it on the basis of this system. The purpose of this Supplier Manual is to lay down HAJDU's expectations regarding the activities of its suppliers, thereby promoting the activities of its suppliers and the development of mutually beneficial relationships.

1.2 Scope

The scope of the Supplier Manual extends to Suppliers providing products to be incorporated into finished products or services to HAJDU. The expectations and requirements included in the Manual ensure that the supplies are received:

- in a consistent quality and quantity, as determined in the relevant contract or agreement,
- in good physical condition, free of damages,
- with minimal impact on the environment
- by the deadline specified in the contract or agreement

thereby ensuring the security of HAJDU's planned manufacturing process.

Unless the Parties agree otherwise in writing, the terms and conditions set forth in this Manual shall apply to all transactions in which HAJDU orders or purchases a product or service. Accordingly, whenever a contract with a supplier contains reference to this Manual, the Manual shall become part of that contract.

If the Supplier wishes to provide a product or service to HAJDU under conditions that derogate from a provision hereof, this must be stated in writing on the Supplier Agreement Form duly signed by both Parties via their authorised representatives. The Supplier Agreement must clearly indicate the relevant provision from which the Parties wish to derogate, along with the essence, manner and reason of the derogation.

If HAJDU changes the Supplier Manual, HAJDU shall notify the Supplier electronically, as well as publish the amended document on its website. If the Supplier fails to notify HAJDU in writing of its objection to the amendment within 1 week of the above notification, the change shall be deemed accepted.

1.3 LIST OF ABBREVIATIONS, DEFINITION OF TERMS

Abbreviation, term	Full description
HAJDU	HAJDU Hajdúsági Ipari Zártkörűen Működő Részvénytársaság.
IMS	Integrated Management System
Supplier	A business or other person or organisation having legal personality that supplies products or provides services to HAJDU.
supply	the supply of products or provision of services to HAJDU subject to pre-determined quality, quantity, deadline related, environmental or other requirements.

2 RELEASE (APPROVAL) OF A SUPPLIER

Based on its procedures under the IMS, HAJDU may not order products and/or services but from an approved Supplier. If a new Supplier wishes to supply to HAJDU, it must undergo the supplier approval process, on the basis whereof they may be added to the approved supplier list. The approval process consists of the following sub-processes, of which one or more must be completed, based on the decision of the quality management and procurement:

- a) Supplier questionnaire survey,
- b) Sample testing,
- c) Manufacturing process inspection (supplier audit, supply capability assessment),
- d) Evaluation of former experiences related to the supply of similar products,
- e) Evaluation of the supply experiences of other customers,
- f) Assessment of former supplies, for former suppliers

The questionnaire concerning the assessment of the supplier's quality and environmental performance is included in **Annex 1**. The Supplier's quality and environmental performance is assessed based on sub-processes a) to f). Based on a positive decision, the Supplier may be added to the approved supplier list, which is a precondition of future orders.

In the supplier approval process, it is an advantage if the Supplier has a certificate issued by an accredited certification body concerning compliance with the **ISO 9001, ISO 14001** standards in force. If this is unavailable, more thorough inspections may be required during the approval process, subject to the nature of the products and/or services to be supplied.

2.1 Planning of products and services

As regards the planning of (or changes to) products or services to be developed for it, HAJDU expects its suppliers to agree in writing on the following in advance:

- Plan for meeting or exceeding the customer's (internal or external) expectations.
- Description of all possible and actual risks that affect the quality of supplies.
- Adherence to and continuous improvement of all minimum capability requirements related to significant features of the product or service.
- HAJDU may agree with suppliers on the marking of special features, and the design and use of their symbols, which the Supplier must observe during design.

2.2 Submission, acceptance of samples

In case of sample testing, as required by HAJDU, the Supplier shall submit the sample product/service along with its documentation of conformity, as requested, for approval (validation).

All sample must be accompanied by the following:

- documentation of the sample drawing and requirements,
- sample measurement/testing protocol (**Annex 2**),
- certificates related to the sample.

2.3 Inspection of the manufacturing process

Subject to full secrecy concerning the control of confidential information, HAJDU may inspect the supplier's manufacturing process at the supplier's site by conducting a supplier audit.

In case of any deviation, HAJDU may request the supplier to prepare a corrective action plan (including *planned actions, responsibilities and deadlines*) for the elimination of non-conformities. The Supplier shall certify the implementation and verification of the measures to HAJDU with documentation (photographs, measurement report, work instructions etc.). In case of doubt, HAJDU shall have the right to verify these measures by way of visual inspection at the Supplier's premises.

A corrective action plan may be drawn up by mutual agreement in case of any comment as well.

HAJDU shall enter the Supplier in the "Approved Supplier List" based on a successful quality and/or environmental capabilities assessment, and the Supplier shall be notified of this by the HAJDU's procurement department.

3 RECEIPT OF THIRD PARTY GOODS

HAJDU shall assess the conformity of products and services received by way of quality certification and/or third party goods inspection, for special items.

The quality certification requirements are laid down, based on HAJDU's IMS procedures, in the document "*Classification of goods and type of required quality certification according to MSZ EN 10204*". Individual product classes are assigned required quality certificate types (2.1, 2.2, 3.1) based on the MSZ EN 10204 standard, of which the purchasing agent notifies the Supplier.

The following requirements have been determined for the quality certification:

- a) For quality certificates of type 2.1, the Supplier submits their signed statement to the purchasing agent upon execution of the Supplier Manual, in line with **Annex 3** (*Declaration on the quality of the delivered product or service*).
- b) For quality certificates of type 2.2, the Supplier must draw up the certificates including measurement data taking into account any environmental aspects for each delivery, and submit these **electronically only** to HAJDU's email address certificate@hajdurt.hu. HAJDU shall verify quality certificates of type 2.2 and the relevant products based on a product audit plan.
- c) Requested quality certificate types can be replaced with a higher level certification (e.g. a certificate of type 3.1 is acceptable instead of type 2.2), but not with any lower level one.
- d) The quality certificate must reach the said email address by the time the relevant goods are physically received at HAJDU's premises.

4 COMPLAINT MANAGEMENT

In case of a non-compliant delivery, HAJDU shall notify the Supplier of the non-compliant item in an official complaint (using the form *Report of quality difference*), identifying the delivery, the affected items and the defective quantity, describing the difference, as well as

specifying the measures requested, the future of the product and any costs claimed). The Supplier must respond within 1 working day, acknowledging receipt of the complaint and reporting on the start of its management.

If HAJDU requests investigation of the defect, or the implementation and follow-up of corrective action (especially in case of a recurring complaint), the Supplier shall briefly describe the immediate and preventive measures taken to remedy the defect. If the Supplier does not have their own form for reporting corrective actions, they may use the form HAJDU 8D in **Annex 4**.

If the complaint is justified, the Supplier must compensate HAJDU for the damage caused in the way chosen by HAJDU (set-off, replacement of defective product, reimbursement of legitimate and verifiable additional costs incurred). The replacement or set-off of defective products must be completed as soon as possible within the time limit requested by HAJDU and agreed as part of the complaint management process. If the defective product acknowledged by the Supplier cannot be replaced within 3 months, the defective product must be set off by the end of the 3rd month after the dispatch of the complaint, thereby allowing the closure of the complaint, and the required product must be delivered based on a new order. If a recurring complaint occurs on the Supplier' side, HAJDU may charge EUR 30 complaint management fee after each recurring complaint.

5 CHANGE MANAGEMENT

Any changes to approved products or services by the Supplier shall be subject to the prior written authorisation of HAJDU. The Supplier shall notify HAJDU of the change in writing, enclosing the appropriate technical documentation, in such way that HAJDU can thoroughly assess the change prior to delivery. HAJDU reserves the right to refuse any deviating delivery of a product or service changed without approval, or if HAJDU chooses to accept the same, any costs incurred by HAJDU as a result of such delivery shall be borne by the Supplier.

The Supplier shall inform HAJDU (already during the planning of a change, and in writing) about their intention to change, and the quality, technical, cost, environmental, etc. impacts of the change, on the basis whereof HAJDU shall decide on its authorization and notify the Supplier in writing. The Supplier may report a change using **Annex 5** (Change Notification Form) to HAJDU's purchasing department.

If a change by the Supplier is not planned or permanent, but the purpose is to obtain acceptance of a one-off deviation due to extraordinary circumstances, the deviation must still be notified to HAJDU to obtain approval before the start of delivery (**Annex 6**: Deviation Request Form). HAJDU may grant a one-off approval of the deviation, after conducting the one-off deviation authorization process. In this case, the steps taken for final correction must be presented.

6 PRODUCT IDENTIFICATION AND PACKAGING

The packaging of all products delivered to HAJDU must bear the product identification and/or unique identification mark requested by HAJDU (in the manner and place agreed). The identification mark must enable the tracking of the product (e.g. in all supplier, manufacturing and inspection records).

As a minimum, the packaging must comply with all applicable legal regulations and HAJDU's requirements (it must protect the product, without causing undue environmental impact, and be ergonomically optimised).

7 TRANSPORTATION, FORWARDING

All additional costs resulting from improper transportation/forwarding (hereinafter jointly referred to as "transportation") shall be borne by the Carrier, provided that the Carrier has a contract with HAJDU. If the defect occurred outside the transportation, but instead, it already existed before loading or occurred at the Supplier's premises during loading, then additional costs resulting from improper delivery shall be borne by the Supplier.

If the Carrier has a contract with the Supplier, or the Supplier arranges for the delivery of the product or service to HAJDU' premises, the Supplier shall be liable for the proper execution of the delivery and the integrity of the goods. In case of damaged goods, the Supplier shall be liable for the damages.

8 INVOLVEMENT OF SUBCONTRACTORS

All companies supplying to HAJDU shall have the right to use subcontractors for their delivery, however, they shall assume full liability for the performance, control and continuous improvement of their own suppliers (subcontractors).

HAJDU reserves the right to visit and inspect on site any subcontractors.

9 SUPPLIER ASSESSMENT

Once in every year, HAJDU shall conduct a supplier assessment, reviewing the performance of Suppliers who have delivered to HAJDU in the previous business year. The assessment shall be based on 3 sets of criteria:

- quality criteria (MI): the delivery of every item shall be scored between 0 and 35 points. 35 point shall be given for a delivery without any quality issue, 30 points for a delivery without a proper quality certification, and 0 to 28 points for a delivery with quality and/or environmental issues, depending on the severity of the problem.
- logistics criteria (LOG): this is to assess the adequacy of deliveries in terms of quantity (7 points) and timeliness (8 points), with a total of 0 to 15 points given.
- customer service criteria (VSZ): if a defect occurs in the finished products of HAJDU that is attributable to a supplier, based on the customer service statistics (service network activity), the score to be given shall range between 0 and 20 points in a layered system (proportionally with number of appliances sold), depending on the severity of the problem.

The ratio of the total of the 3 sub-criteria and the maximum available score shall be the % performance value given to the supplier in the assessment. Based on this, Suppliers shall be classified in categories Q1 to Q5.

Calculation of supplier performance:

$$Q_n = \frac{MI + VSZ + LOG}{MI_{max} + VSZ_{max} + LOG_{max}} \cdot 100 \%$$

Based on the supplier performance assessment, the following categorization and action shall take place:

Category	%	Qualification, action
Q1	90-100	Excellent, no action required.
Q2	80-90	Good, no action required.
Q3	60-80	Varying, increased control of supplier activities and supplier self-improvement are needed.
Q4	50-60	Acceptable on short term, supplier improvement is needed.
Q5	<50	Unacceptable, supplier improvement is needed.

HAJDU shall send a notification of its supplier performance assessment on a yearly basis to the Suppliers using the form in **Annex 7**.

The Supplier shall be required to actively cooperate in the process of supplier improvement aimed to achieve and improve a mutually beneficial cooperation.

During supplier improvement, issues are analysed and development activities are defined working with competent persons, setting deadlines, checking back the effectiveness, and standardising the results in a documented manner.

10 GUARANTEE AND WARRANTY

In respect of the products and/or services delivered to HAJDU, the Supplier shall provide warranty (guarantee) and implied warranty in line with the provisions of Act V of 2013 on the Civil Code and Government Decree No. 151/2003 (IX. 22) on compulsory guarantees in the sale of durable consumer goods.

The Supplier undertakes to ensure the availability of spare parts for the products/parts delivered to HAJDU.

11 CONFIDENTIALITY

The Supplier shall safeguard all information obtained in connection with HAJDU (e.g. technical data, drawings, specifications, turnover figures etc.), and handle the same confidentially, preventing any access to them by unauthorized persons or third parties. The Supplier represents that, in the course of its business activities, it shall fully comply with the provisions of "Act LIV of 2018 on the protection of trade secrets".

12 MISCELLANEOUS REQUIREMENTS

- In addition to any other requirements, the Supplier shall ensure that any goods supplied or services provided by them shall comply, in particular, with the regulations on:
 - environmental protection,
 - emergency response,
 - safety engineering,as well as all effective rules applicable to the goods or services delivered, due to their nature.
- The Supplier must provide the products with all the signs and instructions that may call for the special handling, disposal of the goods.
- During their business relationship, the Supplier and HAJDU undertake to process any data in line with the legislation in force at any time, and in particular, with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereinafter: **GDPR**), and Act CXII of 2011 on informational self-determination and freedom of information.
- The Supplier undertakes to comply with local laws regulating the minimum age of employees, in order to prevent **the unlawful employment of children**. The minimum age of employees is the higher of the following: (a) 15 years, or 14 years if the local legislation permits employment according to this age limit, observing the guidelines of the International Labor Organization; or (b) the compulsory school age; or (c) the minimum age under the laws of the country of manufacture. The Supplier must meet all legal requirements concerning work performed by young workers, with particular regard to working time, pay, safety, working conditions and the handling of certain substances.
- The Supplier agrees not to use any **involuntary or forced labour**, including work done by way of internship, debt bondage, or convict, slave or human trafficking.