Guidelines for Suppliers in the Field of Artificial Intelligence Systems

1. INTRODUCTORY PROVISIONS

1.1 These Guidelines for Suppliers in the Field of Artificial Intelligence Systems (hereinafter referred to as "**Guidelines**"), are intended for Suppliers of Škoda Auto a.s. (hereinafter referred to as the "**ŠA**"), who supply an artificial intelligence system or provide services using artificial intelligence based on a contract or who provide outputs generated in whole or partially by artificial intelligence systems.

1.2 ŠA Suppliers are obliged to ensure compliance with all obligations set forth by these Guidelines and their subsequent fulfillment throughout the entire lifespan of the relevant AI system. Additionally, they must provide ŠA with all necessary cooperation to demonstrate that all relevant obligations are properly fulfilled.

2. DEFINITIONS

2.1 For the purposes of these Guidelines, **Supplier** means any natural or legal person, public authority, agency or other entity that, based on a contract, supplies an artificial intelligence system or provides services using artificial intelligence, or that provides outputs generated wholly or partially by artificial intelligence systems.

2.2 **Delivery** is understood as the moment when the Supplier informs ŠA that the AI system meets all agreed conditions and is ready for use.

2.3 **Reasonably foreseeable misuse** means using an AI system in a way that is not consistent with its intended purpose but may result from reasonably foreseeable human behavior or interaction with other systems.

2.4 **GDPR** means Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons regarding the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

2.5 **AI Act** means Regulation (EU) 2024/1689 of the European Parliament and of the Council laying down and harmonizing rules on artificial intelligence and amending Regulations (EC) 300/2008, (EU) 167/2013, (EU) 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act).

2.6 **General AI model** means the AI model defined in Article 3 paragraph 63 of the AI Act.

2.7 **General AI model with systemic risk** is a general AI model that meets the criteria set out in Article 51 of the AI Act.

2.8 **Substantial change** means a change to the AI system after delivery that affects the compliance of the AI system with the requirements set out in the contract between ŠA and the Supplier or results in a change to the Intended Purpose.

2.9 **Risk** is a combination of the probability of harm occurring and the severity of such harm.

2.10 **Data Sets** means all data sets used in the development of the AI system.

2.11 **Supplier and Third-Party Data Sets** means the data sets (or parts thereof) that are not qualified as ŠA data sets.

2.12 **ŠA data sets** means data sets (or parts thereof) that

a) are provided by ŠA to the Supplier under the contract, or

b) are to be created or collected as part of a contract, including any modified or extended versions of the data sets under points (a) and (b) (for example, for annotation, labeling, cleansing, enrichment or aggregation).

2.13 **Artificial Intelligence System** (hereinafter referred to as "AI system") means a machine system designed to operate with different levels of autonomy and, after deployment, may exhibit adaptability, and which, for explicit or implicit purposes, infers from the inputs received how to generate outputs such as predictions, content, recommendations or decisions that may affect physical or virtual environments.

2.14 **Designated Purpose** means the use for which the AI System is intended by ŠA, including the specific context and terms of use according to the relevant contract between ŠA and the Supplier, the information provided by the Supplier in the user manual, in promotional or sales materials and statements, as well as in technical documentation.

2.15 **High-Risk AI system** means systems as defined in Article 6 of the AI Act.

3. PROHIBITED PRACTICES IN THE FIELD OF ARTIFICIAL INTELLIGENCE

3.1 The Supplier will not undertake any activity for ŠA, supply any product or output that would result from a procedure in violation of Article 5 of the AI Act. If the Supplier is convinced that any instruction from ŠA against him is directed towards violating the prohibition according to the first sentence, the Supplier shall promptly inform the relevant person on ŠA side.

3.2 The development, purchase or use of artificial intelligence systems performing or using procedures in violation of Article 5 of the AI Act is prohibited for all Suppliers of ŠA, whether these systems are part of a product or another system or are a product in themselves.

4. PRELIMINARY ASSESSMENT BY THE SUPPLIER

4.1 Before delivering any AI system, the Supplier shall assess whether the AI system, product, service or other performance offered by the Supplier meets the classification criteria for a High-Risk AI System and shall submit the results of this assessment upon request.

4.2 If the Supplier concludes that the AI system they are delivering is a High-Risk AI system, they shall inform ŠA of this fact within the initial offer to deliver the respective AI system and shall provide ŠA with all documentation and cooperation necessary to fulfill the obligations under Chapter III of the AI Act that may apply to ŠA in connection with the implementation of such an AI system in ŠA. The Supplier shall also comply with the request from ŠA to provide any additional information, materials and documents for the purpose of fulfilling ŠA's obligations under the AI Act, even at any later time while ŠA is using the respective AI system.

4.3 The initial information pursuant to Article 4.2 of these Guidelines also includes an unambiguous indication of whether the Supplier is in the position of a provider, subsequent provider, authorized representative, importer, distributor or manufacturer of the product within the meaning of Article 3 of the AI Act.

4.4 The Supplier shall conduct a legal and technical review of the AI system and determine whether the AI system and any other parties associated with its operation or delivery for ŠA properly comply with all relevant obligations under the AI Act. The Supplier shall provide ŠA with a report with the results of this review prior to delivery of the relevant AI system. The Supplier is fully responsible to ŠA for the proper performance and results of such review.

SECTION A – HIGH-RISK AI SYSTEMS

5. SUPPLIER'S RESPONSIBILITY

5.1 In this Section A of the Guidelines, an AI system means a high-risk AI system within the meaning of Article 6 of the AI Act.

5.2 In the event of delivery of a high-risk AI system, the Supplier shall comply with all obligations under Section A of these Guidelines.

5.3 The Supplier is fully responsible to ŠA for having fulfilled all its obligations under Chapter III of the AI Act.

5.4 In the event of delivery of an AI system, the Supplier shall ensure that ŠA has access at any time to all information, materials and documents related to the implementation of the risk management system pursuant to Article 9 of the AI Act, technical documentation pursuant to Article 11 of the AI Act, record keeping pursuant to Article 12 of the AI Act, transparency rules pursuant to Article 13 of the AI Act, quality management system pursuant to Article 17 of the AI Act. The provision of these information, materials and documents does not transfer the responsibility for fulfilling the obligations under the relevant provisions of the AI Act to ŠA or relieve the Supplier of any responsibility for fulfilling its obligations under the AI Act.

5.5 The Supplier shall ensure that the information, materials and documents referred to in Article 5.4 of the Guidelines are always up-to-date, especially regarding the development of the relevant AI system, the state of the art and the imminent risks associated with the relevant AI system.

6. RISK MANAGEMENT SYSTEM

6.1 The Supplier shall ensure that, prior to delivery of the AI system, the AI system is tested to verify compliance with the Guidelines and to ensure that the risk management measures taken are effective regarding the intended purpose and reasonably foreseeable misuse. Upon request from ŠA, the Supplier is obliged to test the AI system in ŠA environment.

6.2 The Supplier must document all identified risks, measures taken and tests performed in connection with compliance with this article. The Supplier must make this documentation available to ŠA no later than at the delivery time of the AI system. This documentation may be part of the technical documentation and/or the user manual.

6.3 If ŠA continues to use the AI system after the contract period has ended, the Supplier shall provide ŠA with the information necessary for ŠA to independently maintain the risk management system at the end of the contract period.

7. TECHNICAL DOCUMENTATION AND USER MANUAL

7.1 Delivery of the AI system by the Supplier includes the handover of the technical documentation and the user manual.

7.2 The technical documentation must enable ŠA or a third party to assess the AI system’s compliance with the requirements set out in these Guidelines and must meet at least the conditions described in Annex A.

7.3 The user manual must contain concise, complete, accurate, and clear information that is relevant, accessible, and understandable for ŠA. The user manual must meet at least the conditions described in Annex B.

7.4 The Supplier is obliged to update this documentation at least upon each significant change during the contract period and subsequently make it available to ŠA.

7.5 The technical documentation and the user manual must be prepared in Czech and English.

7.6 Without prejudice to the provisions of Article 8 and Article 18, ŠA has the right to make copies of the technical documentation and user manuals to the extent necessary for internal use within ŠA organization.

8. TRANSPARENCY OF THE AI SYSTEM

8.1 To ensure adequate transparency of the AI system, the Supplier shall, before delivering the AI system, implement at least technical and organizational measures that will enable ŠA to understand and appropriately use the AI system. This includes understanding how the AI system functions and what it processes data, so that ŠA is able to explain the decisions made by the AI system to individuals or groups of individuals concerning whom the AI system is (or is intended to be) used.

9. HUMAN OVERSIGHT

9.1 The Supplier shall ensure that, prior to delivery, appropriate measures are integrated into the AI system to enable human oversight. These measures, which may include, among other things, training of ŠA personnel, shall enable the individuals entrusted with human oversight to perform the following activities as appropriate to the circumstances:

a) understand and sufficiently comprehend the relevant capabilities and limitations of the AI system, and be able to properly monitor its operation in order to detect and address signs of anomalies, dysfunctions, and unexpected performance as early as possible;

b) remain aware of the potential tendency toward automatic or excessive reliance on the AI system's output (referred to as "automation bias"), especially in the case of AI systems used to provide information or recommendations for decision-making by individuals;

c) be able to correctly interpret the output of the AI system, particularly regarding the characteristics of the system and available interpretation tools and methods;

d) be able to decide in any particular situation not to use the AI system or to disregard, override, or reverse its output;

e) be able to intervene in the operation of the AI system or interrupt it using a "stop" button or a similar procedure.

10. ACCURACY, RELIABILITY, AND CYBERSECURITY

10.1 The Supplier shall ensure that the AI system achieves a level of accuracy and meets the relevant accuracy benchmarks according to ŠA guidelines.

10.2 To ensure an appropriate level of reliability, safety, and cybersecurity, the Supplier shall implement at least technical and organizational measures according to ŠA guidelines prior to delivering the AI system,.

SECTION B – AI SYSTEMS UNDER CHAPTER IV OF THE AI ACT

11. TRANSPARENCY OF THE AI SYSTEM AND RELATED DOCUMENTATION

11.1 In this Section B of the Guidelines, an AI system means an AI system as defined in Article 50 paragraphs 1 - 4 of the AI Act.

11.2 The Supplier shall provide ŠA, with documentation along with the AI System that describes at least the basic characteristics of the AI system, the principle of its operation, the type of algorithm or AI model used, the extent of third-party involvement in the development and operation of the AI system and the countries of their origin, and the responsibility for the operation of the AI system.

11.3 The Supplier shall ensure that the AI systems meet the transparency and information requirements as set out in the relevant provisions of the AI Act. A detailed description of the measures taken to ensure these requirements shall be included in the documentation provided by the Supplier to ŠA along with the respective AI system.

SECTION C – GENERAL PURPOSE AI MODELS

11.4 Before delivering any general AI model, the Supplier shall assess whether the offered General AI model, product, service, or other deliverable meets the classification criteria for a General AI Model with Systemic Risk and shall provide the results of this assessment upon request.

11.5 If the Supplier concludes that the delivered general AI model is a General AI Model with systemic risk, the Supplier shall inform ŠA of this fact as part of the initial offer to deliver the respective General AI model.

11.6 The Supplier shall provide ŠA with all necessary documentation and cooperation to fulfill the obligations under Chapter V of the AI Act that may apply to ŠA in connection with the implementation of such a general AI model within ŠA. The Supplier will also comply with any request from ŠA to provide additional information, materials, and documentation for the purpose of fulfilling ŠA's obligations under the AI Act at any time later while ŠA uses the respective general AI model.

11.7 The Supplier shall conduct a legal and technical review of the general AI model to determine whether the general AI model, and any other parties involved in its operation or delivery to ŠA, properly fulfill all relevant obligations under Chapter V of the AI Act. The Supplier shall provide ŠA, prior to delivery of the respective general AI model, with a report detailing the results of this review. The Supplier is fully responsible to ŠA for the proper execution and outcome of such a review.

SECTION D – COMMON PROVISIONS

12. GENERAL PROVISION

12.1 The provisions contained in this Section D of the Guidelines apply fully to Suppliers of all AI systems, including general AI models as regulated in Sections A - C of these Guidelines. The term "*AI system*" in this Section D also includes general AI models.

13. PRIVACY AND PERSONAL DATA

13.1 In cases where the intended or potential use of the respective AI system involves activities that may include the processing of personal data, the Supplier shall provide ŠA with all necessary information to enable ŠA to properly fulfill its obligations under applicable data protection regulations, especially GDPR.

13.2 The Supplier shall ensure that personal data processed by the respective AI system will not be shared with the Supplier or any third party without the explicit consent of ŠA. This is particularly relevant to situations where input or output data might be reused for training or improving the AI system of the Supplier or a third party. Training or improving the AI system within ŠA is permissible if it is allowed within ŠA's appropriate standard acceptance process.

13.3 The Supplier shall provide ŠA with all necessary documentation and cooperation if ŠA determines that it is necessary to conduct a Data Protection Impact Assessment in accordance with Article 35 of the GDPR or a Fundamental Rights Impact Assessment in accordance with Article 27 of the AI Act for the operation of the respective AI system.

13.4 If a specific AI system offers the option to set different levels of privacy and/or personal data protection, the Supplier shall ensure that the AI system is initially configured to the highest level of privacy and/or data protection. The Supplier shall explicitly inform the relevant ŠA personnel about the availability of this setting and its impact on the functionality of the AI system.

14. INTELLECTUAL PROPERTY

14.1 The Supplier shall ensure that the respective AI system is trained on data whose use for training and within the outputs of the AI system does not constitute an infringement of third-party copyrights.

14.2 The Supplier shall compensate ŠA for any harm incurred as a result of infringement of third-party copyrights by any activity or output of the AI system.

15. REMEDIAL MEASURES

15.1 If, during the term of the contract, the Supplier believes or has reason to believe that the AI system is not in compliance with these Guidelines or the AI Act - whether or not in response to a comment from ŠA - the Supplier is obliged to inform ŠA of its findings without delay and promptly take the necessary remedial measures to bring the system into compliance.

16. DUTY TO EXPLAIN AI SYSTEM FUNCTION AT AN INDIVIDUAL LEVEL

16.1 During the term of the contract, the Supplier shall, upon request from ŠA, assist ŠA in explaining to individuals or groups of individuals concerning whom the AI system is (or is intended to be) used, how the AI system arrived at a particular decision or outcome. This assistance shall include at least a clear identification of the key factors that led the AI system to a certain outcome, and the changes to inputs that would be required for the system to arrive at a different outcome.

16.2 The duty described in Article **Chyba! Nenalezen zdroj odkazů.** includes the duty to provide ŠA with all technical and other information necessary to explain how the AI system arrived at a particular decision or outcome, and to provide the individuals or groups of individuals concerning whom the AI system is (or is intended to be) used to verify the manner in which the AI system arrived at a specific decision or outcome. The Supplier hereby grants ŠA the right to use, share, and disclose this information, where and if necessary, to inform the individuals or groups of individuals whom the AI system is (or is intended to be) used about the functioning of the AI system and/or in any judicia lor administrative proceedings.

16.3 The information referred to in Articles **Chyba! Nenalezen zdroj odkazů.** and 16.2 includes the source code of the AI system, technical specifications used in the development of the AI system, data files, technical information on how the data files used in the development of the AI system were obtained and processed, information on the development method used and the development

process carried out, justification for the selection of the specific model and its parameters, and information on the performance of the AI system.

17. RIGHTS TO ŠA DATASETS

17.1 All rights, including any intellectual property rights, related to ŠA datasets belong to ŠA or to a third party designated by ŠA.

17.2 The Supplier is not authorized to use ŠA datasets for any purpose other than fulfilling the contract without the explicit consent of ŠA.

17.3 Upon request from ŠA, the Supplier must destroy or delete ŠA datasets. If requested by ŠA, the Supplier must provide verifiable proof of the destruction or deletion of ŠA datasets.

18. RIGHTS TO SUPPLIER DATASETS AND THIRD-PARTY DATASETS

18.1 All rights, including intellectual property rights, related to the Supplier's datasets and third-party datasets, belong to the Supplier or the third party.

18.2 The Supplier grants ŠA a non-exclusive right to use the Supplier's datasets and third-party datasets, which shall in all cases be sufficient to fulfill the provisions of the contract concluded between ŠA and the Supplier.

18.3 The right of use described in Article 18.2 includes the right to use the Supplier's and third-party datasets for further development of the AI system, including its new versions, by ŠA or by a third party.

19. TRANSFER OF DATASETS

19.1 Upon request from ŠA, the Supplier shall provide ŠA with the latest version of ŠA datasets.

19.2 Upon request from ŠA, the Supplier shall provide ŠA with the latest version of the Supplier's datasets and third-party datasets, unless ŠA specifies otherwise.

19.3 The Supplier shall deliver the datasets to ŠA in a standard file format as specified by ŠA.

20. INDEMNIFICATION

20.1 The Supplier shall indemnify ŠA against all claims made by third parties, including supervisory authorities, in connection with any infringement of their intellectual property rights, privacy rights, or equivalent claims related to knowledge, unlawful competition, etc., in relation to the Supplier's datasets and third-party datasets.

21. AI REGISTRY

21.1 Upon request from ŠA, the Supplier shall provide ŠA with the latest version of the information described in Annexes A and B.

21.2 ŠA shall be entitled to share the information described in Article **Chyba! Nenalezen zdroj odkazů.** with third parties and to publish it, for example, in an AI systems registry.

21.3 If requested by ŠA, the Supplier shall provide cooperation in registering AI systems in the relevant registry.

22. COMPLIANCE AND AUDIT

22.1 Upon request from ŠA, the Supplier shall provide ŠA with all information necessary to demonstrate compliance with these Guidelines.

22.2 The Supplier is obliged to cooperate in an audit or another type of inspection conducted by ŠA or on its behalf to assess whether the Supplier is always compliant with its obligations set forth in these Guidelines. This cooperation shall include providing all information requested by ŠA, offering an overview of the implemented risk management system, making Supplier personnel available for interviews, and allowing access to the Supplier's premises.

22.3 ŠA shall prepare or have prepared a report recording the findings of the audit. The report shall indicate the extent to which the Supplier fulfills the obligations arising from the contract. If ŠA finds that the Supplier is not fulfilling its obligations under this article, the Supplier shall rectify the deficiencies identified by ŠA within a reasonable period specified by ŠA in the report. If the Supplier fails to rectify the deficiencies within the period specified in the report, the Supplier shall be in default.

22.4 ŠA is entitled to publish the findings of the report according to Article **Chyba! Nenalezen zdroj odkazů.**.

22.5 ŠA is entitled to conduct or have conducted an audit once per calendar year or in connection with any substantial change to the AI system or its use.

22.6 ŠA may decide that the entire audit or part of it shall be carried out by an independent auditor.

22.7 Any costs of an auditor engaged at the initiative of ŠA shall be borne by ŠA. ŠA shall reimburse the Supplier for reasonable costs incurred by the Supplier in connection with the audit. A dispute over the amount of such reimbursement shall in no case entitle the Supplier to suspend its obligations under these Guidelines or the contract concluded with ŠA. ŠA shall not be obliged to reimburse such costs if the audit reveals that the Supplier has failed to comply with its obligations under these Guidelines.

23. COSTS

23.1 Unless otherwise agreed by the parties or explicitly stated in these Guidelines, ŠA shall not be obliged to pay any additional fees to the Supplier in connection with the activities arising from these Guidelines.

I. Annex A – Technical Documentation

The technical documentation includes, depending on the specific AI system, at least the following information:

1 General description of the AI system, including:

1.1 its intended purpose, the Supplier's name, the date, and the version of the system;

1.2 the nature of the data the system is likely to process or is intended to process, and in the case of personal data, the categories of individuals and groups are likely to be or intended to be affected;

1.3 how the AI system may interact with hardware or software that is not part of the AI system itself, or how, where relevant, it may be used to interact with them;

1.4 the version of the relevant software or firmware and any requirements regarding version updates;

1.5 a description of all forms in which the AI system is placed on the market or put into service;

1.6 a description of the hardware on which the AI system is intended to operate;

1.7 if the AI system is part of products, photographs or illustrations showing the external elements, labels and internal arrangement of such products;

1.8 a detailed and easily understandable description of the main optimization goal or goals of the system;

1.9 detailed and easily understandable description of the expected output of the system and the expected quality of the output;

1.10 detailed and easily understandable instructions for interpreting the system's output;

1.11 examples of scenarios for which the system should not be used.

2 Detailed description of the AI system components and its development process, including:

2.1 methods and steps taken during the development of the AI system, including, where applicable, the use of pre-trained systems or tools provided by third parties, and how these systems or tools were used, integrated, or modified by the Supplier, including a description of any licenses or other contractual arrangements related to these third-party inputs;

2.2 system design specifications, particularly the general logic of the AI system and algorithms; main design choices, including justifications and assumptions made, also in relation to the individuals or groups of individuals for whom the system is intended to be used; main classification options; what the system is optimized for and the significance of individual parameters; decisions on any possible trade-offs made regarding technical solutions adopted to comply with the requirements set forth in these Guidelines;

2.3 description of the system architecture explaining how the software components are interconnected or integrated into the overall processing; computational resources used for the development, training, testing, and validation of the AI system;

2.4 where applicable, data requirements in the form of informative overviews describing the training methods and techniques used, as well as the training datasets, including information on the origin of these datasets, their scope, and main characteristics; how the data were acquired and selected; labeling procedures (e.g., for supervised learning); and data cleaning methods (e.g., outlier detection);

2.5 where relevant, a detailed description of predefined changes to the AI system and its performance, along with all pertinent information regarding the technical solutions adopted to ensure the

continuous compliance of the AI system with the relevant requirements set forth in these Guidelines;

2.6 the verification and testing procedures used, including information on the verification and testing data and their main characteristics; indicators used to measure accuracy, reliability, cybersecurity, and compliance with other relevant requirements set forth in these Guidelines, as well as potential discriminatory impacts; testing protocols and all test reports, dated and signed by the responsible persons, including in relation to the predefined changes mentioned in point 2.5;

2.7 Implemented Cybersecurity Measures.

Detailed information on the monitoring, functioning, and control of the AI system, particularly concerning: its capabilities and performance limitations, including accuracy levels in relation to specific individuals or groups of individuals for whom the system is intended to be used, and the overall expected accuracy level relative to the intended purpose of use; foreseeable unintended outcomes and sources of risks to health and safety, fundamental rights, and discrimination concerning the intended purpose of the AI system.

3 Detailed description of the risk management system in accordance with Article **Chyba! Nenalezen zdroj odkazů.**.

4 Description of all relevant changes to the system made by the Supplier during its lifecycle.

II. Annex B – User manual

The user manual must contain at least the following information related to the AI system:

1 the identity and contact details of the Supplier and, where applicable, its authorized representatives;

2 the characteristics, capabilities, and performance limitations of the AI system, possibly including:

- 2.1 the intended purpose;
- 2.2 the levels of accuracy, reliability, and cybersecurity mentioned in Article 10, against which the AI system has been tested and verified and which can be expected, as well as any known and foreseeable circumstances that may impact these expected levels of accuracy, reliability, and cybersecurity;
- 2.3 any known or foreseeable circumstances related to the use of the AI system in accordance with its intended purpose or under conditions of reasonably foreseeable misuse that may lead to risks to health and safety or to fundamental rights;
- 2.4 the extent to which the AI system is capable of explaining the decisions it makes;
- 2.5 its performance in relation to individuals or groups of individuals for whom the AI system is intended to be used;
- 2.6 relevant information about user activities that may affect the system's performance, including the type or quality of input data, or any other information relevant in terms of the training datasets used, validation, and testing data, considering the intended purpose of the AI system;

3 potential changes to the AI system and its performance that the Supplier has predetermined;

4 human oversight measures referred to in Article **Chyba! Nenalezen zdroj odkazů.**, including technical measures implemented to facilitate the interpretation of the AI system outputs by the public authority (ŠA);

5 the expected lifespan of the AI system and any necessary maintenance and care measures required to ensure the proper functioning of the AI system, including software updates;

6 a description of the mechanisms included in the AI system that enable users to correctly collect, store, and interpret logs.