



## QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.

### 1 Purpose

This requirements are in line with OMR General Terms and Conditions latest edition.

To define the principles regulating the relationship between NUOVA TECNODELTA/and its Suppliers in terms of the requested quality and reliability for products supplied externally and to integrate this within the General Purchase Terms and conditions cited at the bottom of the purchase orders. Illustrate the relationship with the Supplier by defining and dividing the internal/external operative competencies starting from the development of a new product.

NUOVA TECNODELTA reserves the right to require Suppliers to conform to specific requests made by the Final Customers.

Clarify requests to the Supplier for the development and implementation of the tools needed to manage, plan, verify and document control of the products/process by guiding the Suppliers in using suitable means and resources for obtaining and maintaining, with reasonable certainty, conformity to the specific technical requirements of NUOVA TECNODELTA and the Final Customers.

These Specifications apply to all Suppliers who directly deliver materials. Certain requirements are specific and apply only to products intended for automotive applications, in accordance with IATF 16949: 2016 and its CSR standards.

The Supplier's General Terms and Conditions of Sale shall not apply to Supply Agreements.

**By signing this letter, the Supplier undertakes to comply with the rules contained in the Code of Ethics and in the Organization Management and Control Model published on the NUOVA TECNODELTA SPA website (<https://www.nuovatecnodelta.it>); it also undertakes to comply with the provisions and published on the same site regarding sustainability and to comply with all general communications of interest from suppliers.**

### 2 Quality management system

The Supplier shall guarantee and maintain a quality management system according to the international standards in effect (UNI EN ISO9001 latest edition, namely 2015) and the relative technical specifications of the sector (IATF16949 latest edition, namely 2016). New Suppliers that do not have ISO 9001 certification can be used only if approved by NUOVA TECNODELTA's Customer. The joint request for approval/evaluation with the Customer is made during the product/process development/modification phase and formalized in the product/process approval documentation (PPAP).

New Suppliers with ISO 9001 certification can be used in the case of "small" Suppliers (on the basis of volume, budget, number of employees at the company) if assessed by NUOVA TECNODELTA according to a check list in compliance with ISO 9001:2015 or IATF 16949:2016 at least annually (for OE product if approved by customer)

NUOVA TECNODELTA require their suppliers of automotive products and services to develop, implement, and improve a quality management system (QMS) with the ultimate objective of becoming certified to IATF 16949 Automotive QMS Standard.

Using a risk-based model, NUOVA TECNODELTA define a minimum acceptable level of QMS development and a target QMS development level for each supplier.

Unless otherwise authorized by the customer a QMS certified to ISO 9001 is the initial minimum acceptable level of development. Based on current performance and the potential risk to the customer, the objective is to move suppliers through the following QMS development progression:

- certification to ISO 9001 through third-party audits; unless otherwise specified by the customer, suppliers to OMR shall demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021;
- certification to ISO 9001 with compliance to other customer-defined QMS requirements (such as Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers [MAQMSR] or equivalent) through second-party audits;
- certification to ISO 9001 with compliance to IATF 16949 through second-party audits;
- certification to IATF 16949 through third-party audits (valid third-party certification of the supplier to IATF 16949 by an IATF-recognized certification body).


NOTE: The minimum acceptable level of QMS development may be compliance to ISO 9001 through second-party audits, if authorized by the customer of NUOVA TECNODELTA.

### 3 Observance of health, safety and environmental regulations / controls of outsourced processes/products

The products and/or materials and/or services and processes used for manufacturing the products/components/services for NUOVA TECNODELTA must conform to the applicable laws/regulations in force in the country of manufacture, shipment and sale.

The Supplier must also guarantee total conformity to provisions concerning the environment, electricity, electromagnetic activity, radioactivity and the relative rules for health and the safety of the product/component/service.

The Supplier must guarantee, within its own premises, to have a process of providing information to the entire company about the product and the responsibilities of the company in case of a defective product.

| h    | 07/2022 | Change in point 1                                     | 1                        |   |
|------|---------|---|--------------------------|---|
| g    | 07/2020 | Change in point 4, 9, 12, 17, 21, 23, 36, 44, 45, 46. | 2, 3, 4, 5, 6, 9, 11, 12 | ISSUED BY:<br>M. Allais / C. Berrone <b>07/2022</b>   |
| f    | 09/2019 | Change in point 3 and 36 (ISO45001)                   | 1,2,9                    |   |
| e    | 01/2018 | Change in point 2 according IATF SI 8                 | 1                        | APPROVED BY:<br>M. Allais CEO/COO <b>07/2022</b>  |
| d    | 07/2017 | Major rewrite and restructure                         | All                      |   |
| c    | 02/2014 | Introduced point 16                                   | 8                        |  NUOVA TECNODELTA S.p.A.<br>HYDRAULIC PARTS FOR BRAKES AND CLUTCHES<br>FRAZ. POCOLA, 62 – 14016 TIGLIOLE (AT) ITALIA<br>TEL. 0141/668111 – FAX 0141/668145 |
| b    | 02/1011 | Major rewrite and restructure                         | All                      |   |
| a    | 04/2006 | Major rewrite and restructure.                        | All                      |   |
| ESP. | DATE    | DESCRIPTION OF CHANGES (last revision in red)         | PAGES                    |   |



## QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.

The Supplier must guarantee product conformity to the standards imposed by European Directive 2000/53/CE and the relative Appendix II. This declaration must be sent during the sampling phase of a new product or if modifications are being made to an active product involving the materials of at least one of the components making up the finished part

Suppliers must ensure proper management of the aspects relating to the Environment / Health, safety in the workplace in which they are involved and comply with the applicable regulations / laws at their offices / production facilities.  
They must also comply with the legislation in force and with the practices/procedures defined by NUOVA TECNODELTA if they visit the sites/plants of NUOVA TECNODELTA.

The Supplier must follow the environmental and occupational health and safety (HSE) policy of NUOVA TECNODELTA.  
All suppliers of NUOVA TECNODELTA within their offices/plants must apply an effective environmental management system according to the latest edition of ISO14001 standard (or equivalent), preferably obtaining third party certification.  
They must also apply an effective occupational health and safety management system according to the latest edition ISO 45001 standard (or equivalent), preferably obtaining third-party certification.

If deemed necessary as part of a process of continuous improvement and sustainability / control of its own "supply chain" (outsourced processes), NUOVA TECNODELTA reserves the right to perform audits at the sites of its suppliers and / or introduce control and / or monitoring / information request systems on health and safety at work and / or the environment management.  
The type and extent of the control that will be applied will take into consideration: the ability of the external organization to meet the requirements of the NUOVA TECNODELTA HSE management system; the potential effect that the process or function assigned externally have on NUOVA TECNODELTA's ability to achieve the expected results of its HSE management system; the extent to which the outsourced process or function is shared and the possible opportunities for improvement, risk control / reduction / elimination of environmental and occupational health and safety hazards / impacts along the downstream supply chain.

NUOVA TECNODELTA ensures the absolute confidentiality of all information that it should become aware of.

The products supplied must comply with the product regulations / legislation also with respect to the Environment / Occupational Health and Safety of the country where the plant is located and the product is shipped to, of the country in which they are manufactured as well as the country of the final Customer to which NEW TECNODELTA will deliver. Supplier must consider worldwide destinations. The Supplier at the time of sampling and / or delivery or at the request of NUOVA TECNODELTA – without any costs - must:

- Send documentation relating to compliance with the regulations / legislation (where is mandatory join to the product)
- Send documentation relating to compliance with the regulations / legislation (if contractual requirement)
- Send documentation relating to compliance with regulations / legislation (subsequent request but required by law)
- Send documentation regarding any chemicals that may be present in the products;
- Enter the information regarding the elementary composition of the materials making up the products/components into the I.M.D.S. (International Materials Data System) (I.M.D.S. <http://www.mdssystem.com>);
- Communicate the use of restricted substances (according to the provisions of CE 1907/2006): No substance belonging to this category can be supplied without prior authorization from NUOVA TECNODELTA;
- Communicate the possible presence, in the products supplied to NUOVA TECNODELTA, of restricted substances in subcontracted articles or products.

### **4 Purchase of spare parts for marketing (Regulation (EC) no. 461/2010 and changes, amendments and supplements**

The "spare parts" purchased for marking on the "spare parts market" (aftermarket sales) must be at least "spare parts of matching quality" intended for the maintenance and repair of vehicles in accordance with vehicles in accordance with (EU) Regulation no. 461/2010 of the Commission date May 27,2010 relative to the application of article 101 section 3 of the treaty on the functioning of the European Union to categories of vertical agreements and concerted practices in the motor vehicle sector and subsequent modifications / supplements (spare parts of matching quality as per article 20 of the Commission Communication "Additionaln "guide lines on the subject of vertical restrictions in agreements for the sale and repair of motor vehicles and for the distribution of spare parts for motor vehicles"- 2010/C 138/05).

These products (spare parts) can be used for the repair and maintenance of the car even during the warranty period without said use being able to constitute a reason for the revocation of the manufacturer's warranty as provided for by Regulation 461/2010 and subsequent modifications and supplements.

Alternatively, the supplier is called to respect the international equivalents to the above European regulations, and must ensure that the "spare parts" comply with all the laws applicable to the production and sale of the spare parts themselves.

### **5 Conflict Minerals**

On August 22, 2010 for the purpose of actuating the requisites pursuant o Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the US Securities and Exchange Commission (the "SEC") issued definitive rules in connection with tin, tantalum, tungsten and gold also known as "conflict minerals" . These are conflict minerals that directly or indirectly benefit any armed group in countries afflicted by conflict (covered countries) that are the Democratic Republic of Congo ("DRC") and countries that share a recognized border with the DRC that at present includes Angola, Burundi, Central African Republic, Rwanda, South Sudan, Tanzania, Uganda and Zambia.



**QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES  
NUOVA TECNODELTA S.p.A.**

The products supplied to NUOVA TECNODELTA must be “DRC Conflict Free). The term “DRC Conflict Free” means that the products necessary for their functionality or production must not contain minerals deriving from countries afflicted by conflicts and that therefore directly or indirectly finance or benefit any armed group in the countries involved.

Conflict materials that come from recycled or reject sources are considered to be DRC Conflict free.

Suppliers in all the regions must supply – if so requested – documentation or other information regarding the origin of the minerals tin, tantalum, tungsten and gold or other materials that might be designated in the future by the American Secretary of State (collectively known as “Conflict Minerals”) that are contained in any product sold by NUOVA TECNODELTA in order to allow NUOVA TECNODELTA to respect the obligations deriving from the standards and regulations of the Securities and Exchange Commission of the United States or government agency, or required by the customer.

**6 Certificates of origin/ customs documentation**

In the case of deliveries within the EU, the supplier at the request of NUOVA TECNODELTA shall supply a binding declaration on the origin of the goods, in accordance with customs regulations (countries of origin and preferential). The supplier returns the required form within fourteen days. By way of exception declarations regarding the references of the origin / preferential tariffs can be accepted on the invoice if accepted by the Procurement Office/Administration. The Supplier shall promptly notify NUOVA TECNODELTA of every modification to the declarations already presented (particularly as they concern countries of origin and the preferential status). The supplier is responsible for any cost incurred by NUOVA TECNODELTA due to the delay in any declaration or the non-presentation of a declaration. When in doubt the supplier is responsible for clarifying any unclear points with the customs authorities or the chambers of commerce involved. If necessary, the supplier at the request of NUOVA TECNODELTA shall present a data sheet confirmed by the competent customs authorities supporting its declaration.

**7 Technical documentation from the Supplier**

The Supplier must stay updated on and apply all provisions that guarantee the quality and reliability of the products destined to NUOVA TECNODELTA, such as: drawings, mathematical models, production cycles, control plans, quality management system documentation, regulations, the technical specifications from NUOVA TECNODELTA or the Final Customer including the CSRs and NUOVA TECNODELTA’s operating instructions according to stipulations cited on the order. Suppliers who work with IT support or mathematical models must make sure they are capable of managing the programming languages sent/requested by NUOVA TECNODELTA or by the Final Customer, especially if native languages; moreover, the Suppliers must be in a position to propose/manage possible changes to the original language supplied by NUOVA TECNODELTA or by the Final Customer. The supplier must transmit in cascade all applicable technical and statutory / regulatory requirements and the special product and process characteristics (key information) along the downstream supply chain of its applicable production process, to the level of production process where the special characteristics are realized and the technical and statutory / regulatory requirements are applicable

**8 Technical information from NUOVA TECNODELTA**

NUOVA TECNODELTA sends Standards, Specifications, Tables, etc during product launch/modification and/or upon request to the Supplier.

In the case of any change to the aforementioned documentation, the Supplier is required to evaluate the impact on the product/process and report any variations in the existing contractual terms and conditions to UA NUOVA TECNODELTA; if no notification is received within eight days, NUOVA TECNODELTA will consider the existing terms and conditions as valid.

**9 Preliminary feasibility analysis**

In the case of new products/processes, the Supplier must first reassure NUOVA TECNODELTA of its capability to make and industrialize the product in conformity with all the Technical Specifications and volume levels required, ensuring that the manufacturing processes are capable of processing the supplied products. Feasibility analysis must be performed in the bidding phase and NUOVA TECNODELTA must be notified about any problems in finding the materials, executing the production process or any difficulties in maintaining the required characteristics.

If the analysis requires a MODIFICATION REQUEST, it must be sent to the Purchase Office which will then send it to the appropriate bodies.

Depending on the outcome of the request, the Supplier can continue analyzing for the bid.

Following acceptance to supply of a product by means of an official order made by NUOVA TECNODELTA, the Supplier must supply a detailed Gantt chart (preferably in both Italian and English and in any case at least in English) of the development and industrialization of the product that ensures that the volumes, sampling dates and qualitative requirements will be met.

Moreover, it is repeated that all the requirements for modification/improvement that emerge during the advanced industrialization phase advanced by the supplier and that need the approval of NUOVA TECNODELTA/Final customer must not impact on project times namely they must not cause the dates agreed for sampling to be missed unless so authorized by NUOVA TECNODELTA in writing.




For (aluminum, cast iron, cast or pressed or forged steel ) smelting suppliers it is then required and recommended unless indicated differently or excepted by NUOVA TECNODELTA to use casting, pressing or deformation simulation techniques... to prevent/minimize product quality problems and to share these techniques with NUOVA TECNODELTA. The Supplier shall through the outputs of the simulations give evidence beforehand of the ability to meet product requirements in terms of: internal smelting integrity, absence of metallurgical defects, guarantee of the resistance of parts to be pressed concerning the mechanical and/or functional characteristics of the jet.



## QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.

### 10. Significant characteristic

Each product feature is classified by priority on the basis of the potential consequences the product may suffer, in the case where technical tolerance limits are exceeded. Such classification is absolutely necessary in order to define the quality levels to be ascribed to each product feature (guiding the supplier in his choice of production process and leading to a more rational/targeted testing system).

| POTENTIAL CONSEQUENCES PROVOKED BY THE BREACH OF TECHNICAL TOLERANCE LIMITS  | PRIORITY CLASS | SYMBOL APPEARING ON DRAWING |   |
|--|----------------|-----------------------------|---|
|  |                | CUSTOMER                    | TECNODELTA  |
| Exceeding technical tolerance limits may compromise the efficiency and/or use of the product (jeopardising safety and/or conformity to standards and statutory provisions) | REPORT         | Customer Specs.             |  |
| Exceeding technical tolerance limits may compromise the efficiency and/or use of the product (functioning, performance, reliability, induced costs, brand image, etc.)     | CRITICAL       | Customer Specs.             |  |
| Exceeding technical tolerance limits may result in partial reduction in the efficiency and/or use of the product   | IMPORTANT      | Customer Specs.             |  |
| Exceeding technical tolerance limits could only result in minor inconvenience.   | SECONDARY      | Customer Specs.             |   |

### 11 Industrialisation and development

NUOVA TECNODELTA recommends that the supplier uses the APQP (Advanced Product Quality Planning and Control Plan in accordance with the AIAG manual last edition) in its development and industrialization process unless indicated differently by the Final Customer.

### 12 F.M.E.A.

The Supplier of products made according to its own design must evaluate the causes and effects of potential defects in the product resulting from the design.

For the analysis of these potential defects, the Supplier must use the D.F.M.E.A. method in accordance with the latest edition of the AIAG-VDA manual.

The Supplier of Customer-designed products must evaluate the causes and effects of potential defects in the product resulting from the production process design.

For the analysis of these potential defects, the Supplier must use the P.F.M.E.A. method in accordance with the latest edition of the AIAG-VDA manual.

### 13 Definition of the production systems

The Supplier, though permitted to make autonomous decisions about how to develop the industrial system, is required to have the appropriate means to meet the product quality and reliability requirements and is also required to verify product adequacy and consistency over the course of production; this must be done by measuring process capability.

The methods for conducting the capability studies on characteristics defined as special are those found in the latest edition of the SPC AIAG manual unless otherwise indicated by NUOVA TECNODELTA or NUOVA TECNODELTA's Customer.

### 14 Definition of product/process controls

The Supplier is required to monitor the management of the production processes by controlling the parameters of the production process and the product characteristics according to a formalized Control Plan. This plan must include the prototype phases, pre-series and series, and must be made available to NUOVA TECNODELTA at any time for verification of approval or for NUOVA TECNODELTA to make modifications if deemed necessary.

The Control Plan and its contents must conform to the provisions of IATF standard 16949:2016 and Appendix A "Control Plan" for automotive product.

The Control Plan must be updated after receiving the results of the preliminary process capability studies.

Regarding the Control Plan, the following minimum indications must be provided:

- All controls required in the production process (set-up controls, approval controls, inspection controls, final controls, etc.);
- The identification of safety and control characteristics using the specific symbols shown on the drawing;
- The frequency of the controls, which will vary according to the process capability;
- The means of control used for each single measurement;
- Cp – Cpk processing, when required, with the record of the measurements taken;
- Reaction plan for nonconforming measurements.
- Test laboratory whit certificate according UNI EN 10204 type 3.1 on PPAP and/or layout inspection and minimum type e 2.1 on serial production. Layout inspection to be sent minimum yearly.





## **QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.**

### **15 Reinforced control**

NUOVA TECNODELTA requires suppliers to apply a containment and reinforced control methodology (arriving a 100% checking) on particular occasions such as for example : prolonged downtime, resumption after collective holiday periods, new developments and/or modifications.

### **16 Special processes**

NUOVA TECNODELTA requires for products intended for automotive applications, in accordance with IATF standard 16949:2016 and the CSRs of its customers that the suppliers of processes defined as special (see the list below) to carry out checks of the process at least annually on its special processes including its possible suppliers through qualified auditors in accordance with the AIAG manuals listed below:

- CQ19 – Special process: Heat Treatment System Assessment
- CQ111 – Special process: Plating System Assessment
- CQ112 – Special process: Coating System Assessment
- CQ115 – Special process: Welding System Assessment
- CQ117 – Special process: Soldering System Assessment
- CQ123 – Special process: Molding System Assessment
- CQ127 – Special Process: Casting System Assessment

### **17 Subcontracting chain**

In cases where the Supplier decides to outsource its activity or products or production phases, the Supplier must first verify the suitability of the subcontractor, and then make sure the subcontractor has a Quality Management System in accordance with the terms and conditions of the present Technical Specifications. NUOVA TECNODELTA reserves the right, in any event, to audit the subcontractors directly at any time and without notice.

In case of subcontracting the direct Supplier to NUOVA TECNODELTA must first notify NUOVA TECNODELTA ; it must also list the subcontractors in the PPAP sampling documentation.

In relation to the secure management of information, the Supplier undertakes to ensure that NUOVA TECNODELTA information that may be shared or made available to one or more Sub-Suppliers is managed in accordance with the provisions of the law and of specifications / standards defined by NUOVA TECNODELTA and disclosed to supplier. The Supplier must therefore ensure that its sub-suppliers assume obligations of confidentiality and correct data management at least equivalent to those assumed by the supplier itself towards NUOVA TECNODELTA. The Supplier will indemnify and hold NUOVA TECNODELTA harmless from any damage suffered as a result of the Supplier's or its subcontractors' failure to comply with the requirements for classified information management and other obligations assumed regarding the confidentiality and security of information. NUOVA TECNODELTA however reserves the right, at any time and upon notice, to carry out specific checks on these aspects, directly at the Sub-Suppliers.

When subcontracting, NUOVA TECNODELTA 's Supplier undertakes to sign contractual documents in compliance with the present supply specifications.

### **18 Devices for monitoring, measuring and analyzing data**

The Supplier must have suitable devices for monitoring and measuring both quantity and quality in order to ensure that all the controls and trials have been carried out and to guarantee conformity of the product characteristics and process parameters referred to in the Control Plan.

The evaluation of the measuring and testing devices must be conducted in conformity with the standards given in the latest edition of the MSA AIAG manual.

These devices must also be kept under control as detailed in the IATF standard 16949: 2016 (routine testing and calibration).

In cases where there are no appropriate means for directly and autonomously conducting some of the controls, the Supplier can outsource the testing to an outside laboratory, which must be qualified in accordance with ISO/IEC specification 17025 or the national equivalent.

The Supplier must also know how to use the information produced by the monitoring and measuring devices in order to implement any preventive and/or corrective actions necessary to ensure that the supplied products conform to the Technical Specifications.

### **19 Internal identification of the product and FIFO**

The Supplier must be able to:

- Identify the raw materials, semi-finished products, finished and approved products along the entire production flow;
- Identify and suitably segregate any "nonconforming" material throughout the entire production cycle;
- Manage the raw materials, semi-finished and finished products according to FIFO.

### **20 Packaging/transportation/identification of the product**

The definition/decision regarding the product packaging system has a significant impact on the quality of the product itself.

It is the responsibility of the Supplier to inform NUOVA TECNODELTA and use packaging that is appropriate for guaranteeing that all the products maintain their conformity up until use. This also applies to choosing a means of transport.

The Supplier must therefore adhere to the packaging specifications indicated on the purchase orders and inform the Quality/Purchase Offices before hand in cases of modifications that might jeopardize the receiving of material.



## QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.

Each container must be identified with a label that must contain the at least following information: unique code; quantity; Supplier name; manufacturing lot/date (in any event according to the indications given by NUOVA TECNODELTA /Final Customer); the aforementioned information must also appear on the d.d.t. along with the order number and the Supplier code and whether delivery is to be made after full-payment or prepayment. Packaging must be suitable and must protect the parts from impact, dents, rust and dirt. The degree of contamination contemplated in the specification/drawing must also conform. The containers should not be overfilled to avoid damage to the parts during transport or packaging. Non-conform cases will be rejected.

### **21 Product and/or process modifications**

The Supplier cannot make any modification to the product without prior formal written authorization from NUOVA TECNODELTA and without internal risk analysis (Change risk management)

If the Supplier wants to propose modifications to the product (to its own design or the design of NUOVA TECNODELTA 's Customer), the supplier must submit a written request to U.A. NUOVA TECNODELTA documenting the reasons, requirements, advantages (by means of , for example, test simulations for smelting) and variations in price, if any.

In any event, changes can only be made after NUOVA TECNODELTA has communicated its consent in writing.

The same applies to process modifications.

The Supplier must then send the PPAP documentation regarding the product/process modification introduced, indicating the lots that have been modified up until the non-modified production has been used up. Management of the phase-in and phase-out must be agreed upon with NUOVA TECNODELTA logistics.

### **22 Concession/ Exception**

If the Supplier finds a nonconformity regarding the Technical Specifications of the product, it cannot deliver the product unless it has obtained prior formal written authorization from the NUOVA TECNODELTA Quality Department. When requesting an exception, at least the following information must be indicated:

- The drawing number and part name;
- Nonconformity found regarding the specifications;
- Number of pieces involved in the deviation (or the duration of the deviation);
- Analysis of the causes and corrective actions to implement.

The NUOVA TECNODELTA receiving department, upon verification of the feasibility, can grant an exception to the Supplier by can also require supplementary control actions and management by the Supplier. The Supplier is then required to deliver the material which is the subject of the exception and mark it appropriately with clear reference to the exception number granted by NUOVA TECNODELTA on the packaging as well as on the shipping documents. Verbal requests for exceptions shall not be accepted. NUOVA TECNODELTA has the right to ask for the opinion of the Final Customer regarding the exception request. "Suspect" material or material awaiting a decision about exceptional status can in no case whatsoever be counted in the production program.

### **23 Rework / Repairs**

The rework / repairs and the recoveries of parts (see section "terms and definitions" standard UNI EN ISO 9001) are not allowed unless specified otherwise in the drawing or in specific standards referring thereto. If these activities are carried out - risk analysis, the method of implementation, the areas that can be recovered, the qualified personnel, the standards of checking and the limits of acceptability must be agreed with NUOVA TECNODELTA and/or the Final Customer.

All the components subject to repair and subsequently judged acceptable must be rejected / destroyed or rendered unusable. Reworked / repaired parts must be traceable both individually and in relation to the shipping documents

### **24 Recording and keeping test and trial results**

The Supplier must record product and process audit results in accordance with the Control Plan and must make them available upon request to NUOVA TECNODELTA and/or its Final Customer.

The records must be kept for the following amount of time, unless otherwise indicated:

- in cases of characteristics subjected to safety constraints, sanctions and laws: 15 years after production stop
- in all other cases of controlled characteristics: at least two years.

### **25 Traceability of the product and safety parts**

The Supplier must make sure the product is traceable so that, for each production lot, the following information can be identified unmistakably; manufacture date and results of the controls/trials to which it has been subjected.

NUOVA TECNODELTA recommends and advises, especially for high volume production, the use of traceability systems such as labels, bar codes, QR codes, datamatrix better if laser or the equivalent to place on the individual pieces in order to guarantee unequivocal traceability. Position and syntax of the indentifying marks must be agreed with NUOVA TECNODELTA .

For certain products indicated on the NUOVA TECNODELTA documentation (with report characteristics) or by another symbol used by the Customer, the Supplier must highlight these products and the relative characteristics on the specific documents (control cycle, control grid, documentation of the controls, etc.) with the aforementioned symbol or the Customer's symbol.

The Supplier must control the product/characteristics and the relative process by means and methods appropriate for guaranteeing 100% of conformity. The Supplier must also prepare a system to unmistakably identify and find the following



**QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES  
NUOVA TECNODELTA S.p.A.**

information for each production lot: manufacturing date and results of the controls/trial to which it has been subjected as well as corrective actions, if any (minimum filing time 15 years).  
Each lot must have the certificate of quality and conformity proving the conformity of the product and its characteristics as well as the lot traceability information.

**26 Training**

The Supplier must document training courses for employees in charge of special processes/controls. There must be (documented) support/training for newly recruited employees and there must be a job description indicating the duties of the employee for the production of products for NUOVA TECNODELTA .

**27 Maintenance**

There must be a preventive maintenance plan for the machinery/systems and equipment and it must be implemented. There must also be a critical spare parts list.

**28 Emergency plans**

The Supplier must have suitable written emergency plans to deal with all unforeseen events that might jeopardize the continuity of supply to NUOVA TECNODELTA . For products intended for automotive applications the emergency plans must be in agreement with requisite 6.1.2.3 of IATF standard 16949.

**29 Sampling and approval of supplies**

In accordance with the instructions in the PPAP AIAG manual (latest edition) it is emphasized that a new product or modified product must always be formally approved via written authorization. This authorization is granted on the basis of the results of the controls and trials certified by the Supplier and any further trials that NUOVA TECNODELTA may decide to conduct on the samples.

The Supplier must present a sample/certificate in the following cases: changes made to a product; new equipment; remaking of equipment; negative judgment received by product at previous sampling; change of factory; modification to the process; modification of materials/subcontractors; modification of treatment; supply interrupted for longer than 12 months; correction of a nonconformity that was previously reported. The certificate must contain all the functional/dimensional/material/treatment characteristics as specified by drawings and/or standards cited within it.

The size of the sampling must refer to:

- Dies, shells and models: a number of samples equal to the number of cavities, impressions in the tool;
- Other components/processes: two samples (unless special requests are made).

After written approval of the sent samples, the Supplier can proceed with production and ship the product within the required deadlines and in the required quantities.

The documentation attached to the sample (CQC) must contain the following information (PPAP level 2; if other information is required, it will be indicated on the order or in a special written communication):

- Dimensional measurements;
- Laboratory tests on materials with certificate according UNI EN 10204 type 3.1;
- Functional tests (if requested on the drawing).

In the case of safety parts, the documentation must also indicate the following:

- The FMEA process;
- The control grid.
- SPC on safety characteristics or evidence of 100% checks

The Supplier cannot make any changes to the product or process without prior formal authorization from NUOVA TECNODELTA .

The samples must be shipped separately, clearly marked, to the attention of the Receiving Approval Supervisor, affixing the completed identification cards (see "Label for Samples" Appendix) on all the sides of the packaging and indicating them on the delivery note together with all the documentation needed, otherwise the sample will not be considered as valid. In the case of incomplete or missing documentation, the Supplier will be charged the administrative costs sustained by NUOVA TECNODELTA and also the cost of any supplementary controls, if needed, in NUOVA TECNODELTA or at external laboratories. Even in the case of a negative or conditional NUOVA TECNODELTA reserves the right to charge the Supplier with the internal and/or external laboratory costs it has incurred. The positive outcome of sampling is also a binding condition for payment of the equipment used, if any (see paragraph "Management of Equipment").

**30 Quality requirements**

The production process of the Supplier must be set up in compliance with the Technical Specifications and all the characteristics of the product must be classified and controlled, in particular regarding the capability objectives, according to the following criteria unless otherwise indicated by NUOVA TECNODELTA 's Final Customer:

For the safety characteristics 100% conformity is required, i.e. if under statistical control:

The Pp/Ppk indicators (short term capability) must be  $\geq 2$

The Cp/Cpk indicators (long term capability) must be  $\geq 1.67$

For critical and important characteristics:

The Pp/Ppk indicators (short term capability) must be  $\geq 1.67$



## QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.

The Cp/Cpk indicators (long term capability) must be  $\geq 1.33$

In cases where the system/means of production is not quite qualitatively adequate, 100% controls must be introduced.

For the other secondary and non-classified characteristics, compliance with certain allowances applies, in other words:

The Pp/Ppk indicators (short term capability) must be  $\geq 1.33$

The Cp/Cpk indicators (long term capability) must be  $\geq 1$

If the customer/NUOVA TECNODELTA request and define same special control related to special characteristics the supplier must applied as request and agreed.

### **31 Testing conformity of supplies**

NUOVA TECNODELTA and or its customers shall be allowed to test the conformity of the products being supplied:

- At the Supplier's premises;
- At its own factories;
- At the premises of the Final Customer.

### **32 Qualitative concern / nonconformities**

Nonconformity generates a disturbance in the internal (NUOVA TECNODELTA) or external (Customer premises) production system. When managing nonconformity, it is crucial that the Supplier support NUOVA TECNODELTA in the problem containment phase as well as preventing it from repeating itself in the future. The primary necessity of NUOVA TECNODELTA is to manage the problem with the Supplier.

When nonconforming material is found at the NUOVA TECNODELTA factory, a document entitled "Supplier Nonconformity Document" is issued. The Supplier must intervene immediately and contact NUOVA TECNODELTA's Receiving Approval Supervisor as soon as possible regarding:

- Short-term corrective or containment actions (within 24 hours after receiving the notification of nonconformity);
- The reason for the deviation;
- Medium long-term corrective actions and implementation times (within 10 days);
- Verification of the efficacy of the corrective actions;
- Identification of the first lot sent with the actions having been taken with a label that says "OK – REF. NCO No." and an attached CQC.

The reject material remains at the disposal of the supplier for its collection for eight days after which NUOVA TECNODELTA has the power to scrap the said material at the expense of the supplier, unless there are particular agreements that have been documented.

In case of no response or an unsatisfactory response, the material delivered by the Supplier after notification can be returned as a reject by NUOVA TECNODELTA and/or selected at the expense of the supplier by NUOVA TECNODELTA or external provider charged by NUOVA TECNODELTA.

In case of severe nonconformities and/or repetitive nonconformities, NUOVA TECNODELTA can request suspension of the self-certification of the Supplier and communicate it to a third-party system quality certification body. NUOVA TECNODELTA will also begin the following procedures in order of increasing severity: CLS1, CLS2, suspension of supply, pulling out the Supplier. In more detail:

CSL1 procedure: certification of characteristic conforming to less than 100% by the Supplier for at least one month.

CSL2 procedure: certification of characteristic conforming to less than 100% by third-party body paid by the Supplier for at least one month (in case of severe and/or repetitive nonconformities and in case of nonconformities of characteristics under the CSL1 regime).

The "Exit criteria" for CSL1 and for CSL2 should be fixed for each case in terms of the time period/number of pieces to be certified at 100% conforming upon agreement between NUOVA TECNODELTA and the Supplier. In any event, at least one consecutive month of controls must be performed and produce 100% conformity without finding any nonconformity whatsoever.

In case of violations of the CSL2 regime, NUOVA TECNODELTA shall evaluate whether or not to suspend the supply or remove the Supplier.

### **33 Quantitative concern / nonconformities**

The Supplier must guarantee the quantitative conformity of the products shipped to NUOVA TECNODELTA in relation to the transportation documents by implementing the appropriate controls and verifications at the time of shipping.

If NUOVA TECNODELTA discovers quantitative nonconformities upon receiving the material, it sends an indication of nonconformity to the Supplier who is responsible for the handling costs depending on the situation:

- Accept the differences in quantity and issue the appropriate indications for adjustment;
- Return the part of the supply that is excessive (with transportation costs charged to the Supplier);
- Request that the Supplier integrate the missing quantity (with transportation costs charged to the Supplier).

### **34 Selections and charges**

In cases of nonconforming products, NUOVA TECNODELTA can:

- Request that the Supplier control the material 100% before shipping, without charging NUOVA TECNODELTA for additional costs;
- Request that the Supplier control 100% of the material at the NUOVA TECNODELTA warehouse and/or at its Customer's premises without charging either for additional costs;





## QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.

• In urgent cases or when the Supplier is unable, control directly or by means of third parties 100% of new material remaining in the warehouse at NUOVA TECNODELTA and/or at its Customer's premises and charge the Supplier for the relative costs.

Qualitative and/or quantitative nonconformities attributable to the Supplier that generate disturbances to NUOVA TECNODELTA and/or its Customers can lead to charges to the Supplier unless particular commercial agreements have been signed by both parties, in relation to:

- Fixed production costs associated with a stop in or slowing down of production in ratio to the lost production;
- Hours of labor for selections, repairs or supplementary operations;
- Cost of damaged material/components or unusable returns caused by the nonconformity or by attempts to salvage them;
- Cost of manufacturing and/or operations performed on the defective component;
- Charges to the Final Customer.

### **35 Inventory**

The Supplier must have the already tested and approved products in stock with appropriate FIFO rotations that guarantee the continuity of supply according to NUOVA TECNODELTA's schedules (from 15 days to one month of stock is recommended).

### **36 Evaluating the suitability of the Supplier**

NUOVA TECNODELTA has a documented process for supplier selection. The selection process includes:

- a) an assessment of selected suppliers in the light of risks relating to product conformity and an uninterrupted supply of NUOVA TECNODELTA products to the customers;
- b) quality and delivery performance;
- c) an assessment of the quality, environmental and occupational health and safety (Q+HSE) management system;
- d) a multi-disciplinary approach to decision making;
- e) an assessment of software development potential, if applicable.
- f) an assessment of the Supplier's ability to correctly protect the data (personal and business) that are entrusted to him by reason of the assignment, respecting both the law on privacy protection (GDPR, Legislative Decree 196/2003 or related international equivalent) and specific standards NUOVA TECNODELTA disclosed to supplier.

Other supply selection criteria that are considered include the following

- sales volume in the automotive field (in absolute terms and as a percentage of the total volume);
- financial stability
- products purchased, materials or complexity of the service
- technology required (product or process);
- adequacy of the resources available (e.g. personnel, infrastructures);
- scope for design and development (including project management);
- productive, qualitative capacity;
- modification management process;
- business continuity plan (e.g. preparation for disasters, emergency plans);
- logistical process;
- customer service.

Before stipulating any Supply Agreement with a new Supplier, the latter must have been evaluated positively by NUOVA TECNODELTA (UA + AQ at least) by means of an evaluation questionnaire. In particular cases (e.g. the Supplier's production facility is at a distant location), the questionnaire can be filled out as a self-evaluation by the Supplier. In order to be considered acceptable in terms of the Quality Management System and entered on the qualified List of Suppliers, a Supplier must obtain a score of greater than or equal to 1 in chapters A3, A6, A9, A10 of the questionnaire.

In order to be considered acceptable in terms of the Environmental Management System and therefore entered in the qualified Suppliers list, the Supplier must obtain a positive score in the questions marked with the "►" in specific questionnaire.

In case of a new product line/new production process/variations in the production process, the ability of the Supplier can be verified by NUOVA TECNODELTA who will use a check list to audit the product/process.

NUOVA TECNODELTA reserves the right to visit, even with its Customer, the factories of their subcontractors, if any, to:

- View all the filed documentation at the factory;
- Verify application of NUOVA TECNODELTA procedure/instructions and the validity and observance of the Control Plans;
- Evaluate the production process and product controls (product/process audits);
- Verify the state of progress of the work before starting the production process;
- Verify the efficacy of the corrective actions in cases of serious or repetitive defects;
- Perform System Audits or request third-party Certifications;
- Perform capacity trials regarding volumes (e.g. Run & Rate).

### **37 Management of equipment**

As regards the production equipment at the Supplier's location (whether owned by the Supplier or by NUOVA TECNODELTA) there must be appropriate documentation/an appropriate register containing the drawing modification status associated with the equipment and there must be a system that guarantees the traceability of deliveries to NUOVA TECNODELTA pertaining to any given lot of products after adaptations/repairs/modifications to the equipment.



## **QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.**

Equipment for smelting/molding/machining, when paid for by NUOVA TECNODELTA, is understood as being on loan at the Suppliers premises. Such equipment is marked with the identification tags attached to the order.

Payment upon ordering, which will be made in the form indicated on the order, is subordinate to approval of the sampling and the presentation by the Supplier of the following:

- Photographic documentation of the equipment;
- Overall dimensions and weight of the equipment;
- Supply status (in the case of unprocessed materials) issued by the Supplier and approved by NUOVA TECNODELTA 's Technical Office.

### **38 Equipment, packaging and materials owned by NUOVA TECNODELTA**

The equipment, packaging and materials given to the Supplier by NUOVA TECNODELTA or by NUOVA TECNODELTA 's Customers remain the exclusive property of NUOVA TECNODELTA and its Customers. Consequently the Supplier is responsible for any loss, theft, destruction or damage to the same. In particular the Supplier must:

- Register and identify them as the property of NUOVA TECNODELTA ;
- Preserve them and use them carefully;
- Verify their suitability in relation to work safety regulations;
- Refrain from moving them or giving them to third parties without the authorization of NUOVA TECNODELTA ;
- Allow NUOVA TECNODELTA to check their condition and use;
- Perform ordinary maintenance at its expense and notify NUOVA TECNODELTA of any extraordinary maintenance required. In any event NUOVA TECNODELTA shall decide what to do in terms of methods, time and costs.

In particular, the supplier shall:

within three days of receiving the material, indicate any discrepancies in writing (codes/quantities) from what is declared in the NUOVA TECNODELTA documents; after this period has elapsed indications shall no longer be accepted; NUOVA TECNODELTA reserves the right to debit the value of any material to be missing following further checks;

### **39 Equipment with depreciation allowance**

In case of the termination or conclusion of an agreement, NUOVA TECNODELTA reserves the right to purchase the specific NUOVA TECNODELTA equipment at a price equal to the residual depreciation, for which NUOVA TECNODELTA has already paid the Supplier a depreciation allowance based on the price of the products supplied.

### **40 Supplier's insurance policies**

The Supplier declares and guarantees that on the site at which it produces products for NUOVA TECNODELTA :

- Risk prevention requirements are respected;
- The facilities are insured against damages that can occur as the result of fire or additional risks and waives the right to claim against NUOVA TECNODELTA ;
- To be adequately insured against damages to persons or things that may be injured and/or damaged in a way traceable to the Supplier in any way.

### **41 Supplier performance and routine vendor rating**

Approved Suppliers of direct materials are evaluated periodically by means of a performance evaluation system in terms of:

- service level (shipped vs. ordered)
- quality of supplies (IP/E; PPM featuring non-conformity)
- quality concern costs (compared with supplier turnover)

Every year the targets for each Supplier/family of product/product category are defined and communicated. An update of the situation is sent every six months. In cases where the performance does not reach the established target, the Supplier must define a plan of action to make sure that said targets are reached.

On the basis of the six-monthly accounts, Suppliers can be declassified in relation to their initial evaluation,

The performance indicator IP/E is used to evaluate the quality of the supplies, or lack thereof, which has caused disturbances to the production lines of NUOVA TECNODELTA or at the premises of its Customers and is defined as follows:

IP: sum of weight scores (indicated on the nonconformity reports)

E: number of pieces delivered

The weight of every nonconformity report is defined on the basis of the severity of the disturbance (to the Customer and internally) caused by the nonconformity of the product. The score must be multiplied by 1,000,000.

Disturbances are classified as follows (the wording/motivations might vary in the various group plants but the concept stays the same):

**WEIGHT 5** → unsuitable packaging, non-conformity of documents, request for acceptance notwithstanding non-conformity of certain parts; re-sampling as a result of the negative outcome of previous sampling.

**WEIGHT 15** → Non-conformity in a batch, discovered at the time of acceptance of delivery; delays in replying to notices / reports of non-conformity; non-conformity of the batch discovered during processes (selection and use);

**WEIGHT 30** → Production line downtime as a result of obvious non-conformity of a batch; production downtime as a result of failure to ship deliveries; corrective reprocessing of pre-assembled units in the production process as a result of the non-conformity of one or more component;



## QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES NUOVA TECNODELTA S.p.A.

**WEIGHT 50** → Non-conformity discovered in a batch, following previous reporting of the same type of non-conformity (implying that the report was not efficiently acted upon); corrective action on finished products within our facility as a result of non-conformity of one or more components;

**WEIGHT 90** → Corrective action on the finished product at the customers' premises; product recall as a result of non-conformity of one or more components.

### **42 Supply terms and conditions/supply status**

Parts or modifications must be made according to the drawing and specifications referred to on the drawings and sent by official letter.

In technical/qualitative terms, the only references are the drawing of the component and the relative specifications, in addition to possible additions indicated on the orders.

For the supply of unprocessed materials, at least one month before sampling, the drawing of the supply status must be submitted for approval by NUOVA TECNODELTA 's Technical Office. An agreement must be reached with the latter about the position of the bracket fins, if any, for processing, process starting points, division lines, casting connections, stock required, etc.

### **43 Orders**

The Supply Agreement is improved through the issue of an order by NUOVA TECNODELTA and the acceptance by the Supplier of an order.

The Order is considered accepted by the Supplier, unless formal communication of refusal is given by the Supplier in one of the following ways:

- by hard copy sent through the Postal Service;
- by e-mail;
- by fax.

In any event said refusal must be communicated **within 10 work days** after receiving the NUOVA TECNODELTA order.

The start of supply referred to in the Order by the Supplier is equivalent to acceptance of the order by the Supplier, even when the other formalities are not present.

Quantities and dates are binding and essential, and neither delays nor early deliveries are allowed; the quantity must not be greater than or less than the quantity ordered (excess quantities will be rejected). Exceptions and/or additional conditions, if any, will be valid only if the proper logistics contact person has been informed in writing within five days after the order/schedule is made and the exception has been approved in writing by that person.

If none of the above occurs, the terms and conditions on the order shall be understood as tacitly accepted especially regarding delivery dates.

Non-observance of these terms and conditions can cause extra costs, such as for reminders, production downtime, delays in dispatching Customer orders, urgent transportation or loss of sales that NUOVA TECNODELTA shall charge to the Supplier.

Any lead time /minimum lots will be accepted only if there is prior agreement in the negotiation phase or if is regularly indicated on the initial orders.

If these conditions are not met, NUOVA TECNODELTA shall not consider any Supplier notification valid.

### **44 Termination of the agreement**

NUOVA TECNODELTA has the right / right to withdraw from the agreement with the Supplier in the event of breach of the latter by the contractual terms and conditions. NUOVA TECNODELTA will send a written complaint regarding the aforementioned non-compliance and will provide a deadline of not less than ten (10) working days from the date on which the Supplier receives the notice to meet the contractual terms and conditions; at the end of this term and if the failure persists, NUOVA TECNODELTA will be deemed free to withdraw from the Contract upon written communication to the Supplier.

### **45 Obligations of confidentiality and proper information management**

The Supplier undertakes to not reproduce, use or in any way exploit confidential information, drawings, regulations, trademarks, or patents belonging to NUOVA TECNODELTA and/or its Customers which NUOVA TECNODELTA has made available to the Supplier in the course of the relationship, with the exception of reproductions previously agreed upon in writing.

The Supplier undertakes to manage the information in accordance with the law and the requirements of NUOVA TECNODELTA. In this regard, the Supplier declares that it has adopted the technical and organizational measures necessary to implement it correctly. The Supplier therefore undertakes to compensate NUOVA TECNODELTA from any injury suffered as a result of failure to comply with. Even in the event that failure to comply with does not result in actual damage for NUOVA TECNODELTA, it must be considered an essential breach to the contract, and as such entails NUOVA TECNODELTA 's right to resolve it. The supplier has the right to propose equivalent and / or alternative methods of managing information security, but these methods can only be adopted after express approval by NUOVA TECNODELTA , which on this point can decide at its discretion.

The Supplier undertakes to not advertise its business relationships with NUOVA TECNODELTA without the prior written consent of NUOVA TECNODELTA .



**QUALITY REQUIREMENTS FOR DIRECT MATERIAL SUPPLIES  
NUOVA TECNODELTA S.p.A.**

**46 Handling of personal information**

As part of the activities aimed at executing this contract, NUOVA TECNODELTA will process the personal data (personal data, contact details, etc.) of the Supplier, as well as its employees, collaborators and representatives.

If the contract implies that the Supplier, in performing the services against him, processes personal data on behalf of NUOVA TECNODELTA, the relationship between the parties will be governed, for the purposes of privacy legislation, by the Supplier's Appointment Act as Data Processor. When the activities entrusted to the Supplier involve the processing of personal data on behalf of NUOVA TECNODELTA, this contract is not intended to be finalized between the parties until both have signed the Nomination Deed.

**47 Civil liability**

If, when using any of the vehicles on which an NUOVA TECNODELTA Customer has installed a product or ordered a third-party to install a product supplied by an NUOVA TECNODELTA Supplier, an accident occurs causing damages to persons or things, it is understood as of now that if the accident is caused by a defective product, the Supplier shall consider NUOVA TECNODELTA indemnified and exempt from any action and/or claim made by third parties, and from all expenses and costs that NUOVA TECNODELTA sustains in connection to or as a consequence of said actions and/or claims.

**48 Payment terms**

The terms of payment are solely the ones stipulated and expressed in the order.

According to D.L. n.231 of 9 October 2002, NUOVA TECNODELTA shall not pay interest on slight delays that may occasionally occur, including if due to causes not attributable to NUOVA TECNODELTA itself.