



Supply Quality Specifications

Mario Nava S.p.A.

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SUPPLY QUALITY SPECIFICATIONS

Rev.01

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1. SCOPE

These “Supply quality specifications” define the praxis and rules which the supplier has to comply with as far as quality, logistics and procedures related to the supply relationship with Mario Nava S.p.A are concerned.

This document is intended for suppliers of

- Raw materials
- semi-finished products
- components
- treatments
- finished products.

The applicability of this document is reported in the purchase orders of Mario Nava S.p.A.

Should the requirements defined in this document affect the entire supply chain, the supplier is responsible for forwarding them to the sub-suppliers involved in the supply chain for their correct application.

2. IN GENERAL

Mario Nava S.p.A. manufactures products intended for several industrial fields, especially for the automotive market, where any defect, actual or perceived, is the source of high dissatisfaction for the Customer.

The costs related to the reparation or the re-working of the defective parts are considerable, particularly when the parts are already assembled in our company or at the Customer’s premises, or even are on the cars circulating in the market.

It is therefore in the best interests of Mario Nava S.p.A. and its suppliers that the quality of the supplied materials is excellent and able to meet the highest quality and reliability standards.

As a consequence, the acceptance of these Supply Quality Specifications, together with the General Conditions of Purchase as well as the Special Conditions and/or Specifications indicated in the Order, commits the Supplier – unless differently agreed upon - to:

- accept the supply assignments
- meet the deadlines and the agreed quality targets
- treat the pieces of information and data obtained with the utmost confidentiality.

3. SUPPLIER QUALIFICATION AND QUALITY SYSTEM

At an early stage, Mario Nava S.p.A. carries out the qualification of the Supplier by taking the following minimal aspects into consideration:

- Company structure
- Financial soundness
- Customer base and automotive reference
- Available know-how and technology
- Available facilities and means
- Payment and contractual terms
- Logistical terms
- Risks for the continuity of supplies
- Certification of the Quality Management System
- Availability to partnership and to start the supply relationship.

During the step of the initial qualification, Mario Nava S.p.A. reserves the right to perform fact-finding visits and/or audits at the Supplier’s plant.



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The initial qualification of the Supplier is an essential condition for the Supplier who wants to compete for supplying Mario Nava S.p.A.

The Quality Management System of the Supplier shall have the Certification according to ISO 9001. Mario Nava S.p.A. considers this as an essential and mandatory prerequisite for starting the procedure of initial qualification described in the previous paragraphs, for all those suppliers related to the automotive market.

The Suppliers shall submit updated certificates for each manufacturing plant whenever the last release is available. The information reported on all certificates shall correspond to the registered name and address of the respective manufacturing plant.

For all Suppliers who manufacture materials, components, treatments, semi-finished or finished products either used by Mario Nava S.p.A. or directly delivered to the customer, Mario Nava S.p.A. encourages and recommends the certification according to the automotive framework IATF 16949.

4. INDUSTRIALIZATION AND PRODUCT DEVELOPMENT

The Supplier shall assess in advance with Mario Nava S.p.A. the capacity to achieve and industrialize the product, so as it was drawn up and/or designed with the Customer. Such feasibility verification (related to the manufacturing process to be started) shall be carried out during the study step and be completed before the submission of the technical-economical offer to Mario Nava S.p.A.

In the management of the industrialization and process development activities, Mario Nava S.p.A. requires that the Supplier uses a multi-functional approach able to guarantee that all available professional competences can contribute to the definition of the product realization product in order to ensure the capability to manufacture the product according to the required technical specifications and levels.

Upon Mario Nava S.p.A. request, the Supplier commits to define and make available a master planning, reporting all steps planned for the activity of the product industrialization.

It is essential that the Supplier undertakes activities of advanced product quality planning (APQP) in order to supply a firm basis for the in time production of quality products.

The handbook AIAG "APQP – Advanced Product Quality Planning" defines the requirements for the advanced product quality planning, which Mario Nava S.p.A. refers to for the management of the industrializations activities with its own Suppliers.

5. TECHNICAL INFORMATION FROM THE CUSTOMER

Mario Nava S.p.A. shall send the specific technical information necessary for the definition of the supply relationship (drawings, specifications, mathematics, etc.).

It is the Supplier's primary responsibility to ask Mario Nava S.p.A. for any further internal or customer's documentation that might become necessary to ensure the product compliance.

The Supplier shall keep the abovementioned technical documentation, as well as any update, and guarantee its availability where the manufacturing and quality control operations on processes and/or products take place.

In accordance with the confidentiality and secrecy standards, the Supplier shall not disclose - outside its own company - any document received by Mario Nava S.p.A., without prior written authorization received by Mario Nava S.p.A.



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6. RISK ANALYSIS (PFMEA)

During the steps of product development and industrialization, the Supplier shall assess the potential risks of failure in the manufacturing process, as well as all potential causes and effects of failures deriving from the process to the product.

For the analysis of such potential failures, the Supplier shall use the FMEA method, by means of a systematic analysis of possible failure modalities judged according to their severity, probability and detecting possibility.

The document concerning the risk analysis (FMEA) shall be made available for consultation to the staff of Mario Nava S.p.A. during visits and/or audits at the Supplier's plant and/or sent to Mario Nava S.p.A., upon request, during the stage of the initial sampling submission.

We recommend the use of the handbook AIAG "FMEA – Failure Mode and Effects Analysis".

7. CONTROL PLAN

Mario Nava S.p.A. demands that the Supplier prepares a detailed control plan, reporting all the steps concerning the product realization, from the acceptance of the raw material to the shipment of the finished products.

The Supplier shall be promptly able to submit the control plan upon each request of Mario Nava S.p.A..

The Supplier has the ability to choose if he prefers to develop a control plan for each single product or for a family of products. In case he decides to implement a control plan per family products, he shall make available detailed and exact work and test instructions on a side of the machine.

In any case, the control plan shall include at least the following elements:

General data

- Control plan number
- Issue date and possible revision date
- Customer's information (see Customer's requirements)
- Name and plant of the designated organization
- Part number
- Part denomination/description
- Part change level
- Process step taken into account (prototype, pre-series, production,
- Contact person
- section/number of the process step
- name of the process/description of the operation
- responsible of the group/functional area

Product control

- special characteristics related to the product
- other characteristics to be checked (number, product or process)
- specifications/tolerances.

Process control

- process parameters (process adjustments and tolerances included)
- special characteristics related to the process
- machines, templates, tooling, manufacturing equipment (identifications included, if applicable).

Methods

- techniques for measurement assessment
- fail-safe methods,
- sample dimension and frequency



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- control method.

Reaction plan and corrective actions


- reaction plan (included or referred).

8. SAFETY RELEVANT CHARACTERISTICS

The characteristics to be checked can be classified according to their importance, on the basis of the symbolism indicated in the drawing or on the documents that support the purchase order of the part.

Mario Nava S.p.A. classifies the characteristics that affect the product safety by means of either the letter "R" or the symbol .

For all those products where all such characteristics are detected, the Supplier shall have a system able to identify and unequivocally find, for each homogeneous production lot, the manufacturing date, the results of control and testing that the product has undergone and the corrective actions, if any.

The safety relevant raw materials and products must display the symbol  on the identification tags, on the transport documents and on all the control documentation related to the supply.

Such requirement is applied to the entire supply chain involved in the procurement relationship with Mario Nava S.p.A., under the responsibility of the Supplier.

9. INITIAL SAMPLING (PPAP)

The function of the sampling (PPAP) is to simplify the manufacturing activity, so that it is completely or partially disconnected from the analysis of the reference technical documentation (specifications, cycles, etc.), especially in cases that may give rise to doubts concerning the product realization.

The purpose of the process for the approval of the products intended for the production is to ensure that:

- All requirements indicated in the specifications and reference technical documentation have been correctly transposed by the Supplier
- The process has the potential capacity to meet the abovementioned requirements under the manufacturing conditions planned for the series production.

The Supplier sampling management mode is defined by Mario Nava S.p.A. with reference to the customers' operative modes (in particular, with reference to the handbook AIAG "PPAP – Production Part Approval Process), suitably adjusted so that they better meet the special needs of relationship with the specific Suppliers.

The Supplier is required to carry out and send a sampling of the product to be supplied in the following cases:

- First supply (start of a new supply relationship)
- New or modified product (start of a new supply)
- Re-sampling of a product that has not obtained the initial approval
- Upon request, as a consequence of a non-compliance event.

The Supplier is required to send written communication to the Purchase Department and to the Supplier Quality Department of Mario Nava S.p.A. in the following cases:

- Introduction of a new technology in the manufacturing process
- Products obtained with processes or raw materials which are different from the approved ones
- Introductions of new equipment/tooling for the increase of production capacity
- Considerable changes in the production process, including equipment/tooling, methods, flows
- Relocation of the manufacturing unit in another plant
- Change of the supplier of components with special characteristics
- Re-activation of the tooling after 12-months inactivity.



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As a function of the impact that the abovementioned cases may have on the delivered product quality, the Supplier Quality Department decides and communicates whether a new sampling is necessary for the Supplier and which submission modes are requested.

Sampling submission by the Supplier

The Supplier is required to carry out the samplings with the final tooling and under the same conditions planned for the series production (OTOP – off tool off process), in order to allow Mario Nava S.p.A. to verify the compliance with the reference technical characteristics previously made available to the Supplier.

In case the sampling cannot be carried out under quite similar conditions to the series production, the Supplier shall contact the Supplier Quality Department in Mario Nava S.p.A., in order to agree new operative modes to be applied for the specific case.

The samplings shall be identified by means of the appropriate tag “SAMPLING” or the equivalent and such item shall be clearly specified in the delivery note.

Unless otherwise specified in the Purchase Order, Mario Nava S.p.A. demands that their Suppliers submit samplings according to the model PPAP AIAG level 4.

The following table defines which documents the Supplier shall deliver to Mario Nava S.p.A., together with the initial samples, unless there is a different written request by the Supplier Quality Department of Mario Nava S.p.A.:

		Supplier of raw material	Supplier of components, semi-finished products, products or treatments
1	Drawing of the component	NO	YES
2	Control Plan	NO	YES
3	Dimensional results	YES	YES
4	Results of the tests carried out on raw materials and performances	YES	YES
5	Initial process studies (quality indexes)	NO	YES
6	Measured samples (5 parts)	NO	YES
7	Request of Approval or Part Submission Warrant (PSW)	YES	YES

Any concession to the submission of the sampling or to its submission modes shall be authorized by the Supplier Quality Department of Mario Nava S.p.A. upon the Supplier’s request.

Sampling approval

After the Supplier Quality Department has checked the sampling, the following possibilities occur:

A) Not approved

When the sampling does not fully comply with the required critical characteristics and the difference may jeopardize the functionality, assembly or safety of the product.

In this case the Supplier will not be allowed to supply the sampled product and the approval document (PSW) will report the outcome “Not approved”.

A non-compliance warning is issued jointly and the Supplier shall perform the required corrections and submit a successive sampling in accordance with the Supplier Quality Department of Mario Nava S.p.A.

B) Approved with reserve



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When the sampling does not fully comply with the required NON CRITICAL characteristics and the difference does not jeopardize the functionality or safety of the product.

In this case, the Supplier will be allowed to supply only under a Supplier concession; the approval document (PSW) shall report the outcome "Approved with reserve" and refer to the supply non-compliance report. The latter shall indicate the points to be corrected by the Supplier in order to obtain the final approval and the management modes (time, quantity, etc.).

In case of "Approved with reserve", the Supplier shall send the material together with the supporting documentation that certifies the outcome of the checks carried out, as well as the product compliance, or in accordance with the operative specifications agreed with the Supplier Quality Department of Mario Nava S.p.A.

The final approval is granted only after the Supplier sends a new sampling that results in compliance with all specifications requirements.

C) Approved

When the sampling perfectly complies with the requirements specified in the order. In this case, the Supplier has the authorization to supply. The Supplier Quality Department of Mario Nava S.p.A. grants the approval on the PSW document, by ticking the item "Approved" to indicate the approval final outcome.

Regardless of the sampling outcome, the Supplier Quality Department shall send approval document PSW to the Supplier and files it internally together with the related sampling documentation in the company intranet.

10. PRODUCT IDENTIFICATION AND TRACEABILITY

The Supplier shall guarantee suitable product identification and traceability modes.

Product identification means a system that allows to correctly recognize the product in any place of the factory (receipt of the goods warehouses, along the manufacturing process, etc.) as well as recognize its processing and/or control step.

The "non-compliant" products shall also be clearly identified by means of proper tags as well as segregation areas.

Product traceability means the system that allows to trace the product history by going back to the activities and controls of the significant steps of its life-cycle, through the related documentation.

The semi-finished products coming from Mario Nava S.p.A. production or from previous external processing and that need to complete their processing cycle at the facilities of external Suppliers, are identified by means of an appropriate tag.

The Supplier shall return the processed goods by identifying it with a similar tag, which reports at least the following data:

- Mario Nava S.p.A. part number
- manufacturing date
- quantity
- assigned traceability number.

At the time of the shipment, the Supplier shall attach the specific identification card, duly filled-in, on each shipment unit (case, coil, etc.). Furthermore, the Supplier shall attach the prescribed additional indication on the shipment documents in the cases listed here below:

- samples for the approval
- batches intended for pre-series or manufacturing start
- first shipment of changed product or of product obtained by changed process
- sort-out batches as a consequence of a non-compliance reported by Mario Nava S.p.A.
- any other situation previously agreed with the Supplier Quality Department of Mario Nava S.p.A.



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The batch numbers of the shipped materials shall allow to maintain the traceability back to the raw materials used by the Supplier as well as to the control documents. The Supplier is responsible for the preservation of the traceability for at least 15 years.

11. SUPPLY TESTS, CONTROLS AND ACCEPTANCE REPORTS

The Supplier shall carry out and document all tests, controls and acceptance tests planned in the shared control plans and expressly required in the drawings and the referred norms.

The documentation with the records of tests, checks and acceptance tests shall be kept available for Mario Nava S.p.A. and sent whenever requested in the Purchase Order and/or by the Supplier Quality Department of Mario Nava S.p.A.

The Supplier shall carry out the requalification of the supplied product on an yearly basis, making the related documentation available upon Mario Nava S.p.A. request.

The product requalification shall include all the tests carried out during the initial sampling submission step.

Any different frequency or mode in the product requalification shall be agreed with the Supplier Quality Department of Mario Nava S.p.A.

12. COMPLIANCE WITH REGULATIONS AND INSTRUCTIONS

The Supplier shall guarantee that all supplied products comply with all norms, rules and guidelines in force concerning safety and environment.

If the product is subject to legislative regulations concerning safety and anti-pollution, the Supplier shall prepare a specific documentation with the purpose to ensure the product validation and keep it available for any request by Mario Nava S.p.A.

Moreover, the Supplier shall prove to be aware of what the legal provisions impose as far as toxic and/or polluting substances are concerned and shall certificate that the chemical composition of the supplied materials/products is free from such substances (according to REACH, Directive 2000/53/CE, IMDS, etc.), as well as from radioactive substances, in compliance with the operative modes required by Mario Nava S.p.A.

13. MANAGEMENT OF NON-COMPLIANCE EVENTS AND MONITORING OF SUPPLIERS

If the non-compliance event is detected during the acceptance or the use of the supplied material, Mario Nava S.p.A. shall communicate in writing the observed anomaly and all related information, to allow a clear definition of the problem and of the affected batch.

Mario Nava S.p.A. undertakes to issue a warning within 30 (thirty) days from the detection of the non-compliance event.

The Supplier shall pick-up any defective material within 20 (twenty) days from the written warning date. Any delay shall be requested and agreed with Mario Nava S.p.A.

If Mario Nava S.p.A. requires a corrective action for such defect, the Supplier shall:

- Inform Mario Nava S.p.A. in writing of the containment actions undertaken within 2 (two) days from the warning date;
- Inform Mario Nava S.p.A. in writing about the analysis of the problem causes and all related corrective actions within 14 (fourteen) days from the warning date.

The corrective actions shall be defined and documented by using the problem solving methodology and the 8D format. They shall comply with the abovementioned timetable.



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Mario Nava S.p.A. assess the suppliers quarterly by summing up all non-compliance events as well as delivery delays detected in the period under consideration.

14. CHARGES MANAGEMENT

If the non-compliance event or the malfunction caused by the Supplier has generated extra costs for Mario Nava S.p.A. (customer's charges, production stops, etc.), such costs shall be entirely charged to the Supplier.

The Supplier shall receive a preventive notification of the overall calculation concerning the extra costs and shall have the opportunity – if deemed appropriate - to discuss the amount and responsibility with the Purchase Department of Mario Nava S.p.A., according to the operative modes described in detail on the same notification form.

15. SUPPLIER CONCESSION

If the supplied product is not – wholly or partially – in compliance with the required specifications, the Supplier shall warn Mario Nava S.p.A. without delay.

If the lack of suitability does not jeopardize the safety and functionality of the product during its use, the Supplier may request a written concession for its use.

Mario Nava S.p.A. undertakes to assess the request, indicating the extension of the granted Supplier concession as well as any additional identification modality for the concerned material.

The Supplier concession is valid only if it is communicated in writing; no phone or oral concession is allowed.

Any additional cost deriving from the management or treatment of material under concession is entirely borne by the Supplier.

16. CHANGES MANAGEMENT

The Supplier is fully responsible to preventively communicate to Mario Nava S.p.A. any possible request of significant changes regarding process, product, material or manufacturing site, such as:

- Change of the plant
- Introduction of a new manufacturing tooling
- Significant change in the process (i.e.: manual operation replaced by automatic operation or vice versa)
- Change of the raw-material supplier or of the key-component supplier
- Displace of a production step to a sub-supplier
- Introduction of a new technology
- Change of the packaging.

In case of doubt, the Supplier shall contact Mario Nava S.p.A. in order to agree on the operative modes for the change management.

Mario Nava S.p.A. reserves the right – against a change request - to assess whether it is necessary to submit a new complete PPAP or a sampling accompanied by Certificate of Quality and Conformity.

17. TOOLS

Mario Nava S.p.A. supplies the tools (gauges, tooling, special tools) and entrusts the Supplier with them as a free loan and the Supplier shall:

- Guard and use them with the utmost care and provide for the ordinary maintenance at his own charge
- Consult Mario Nava S.p.A. for extraordinary maintenance (repairs, replacements, modifications, etc.) that is not at the Supplier's charge, by arranging for it directly or by authorizing external personnel.



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- Be responsible of any damage caused by wrong operations, negligence or other causes attributed to the Supplier
- Allow Mario Nava S.p.A. staff to verify their conservation and use as well as their status, during the regular working hours
- Not sell the tools to third parties, unless Mario Nava S.p.A. authorizes this in writing.

18. ACCEPTANCE OF THE ORDER

As acceptance of the provisions or of any other disposition mentioned or referred to in the purchase order (included these Specifications, the General Purchase Conditions and the other norms or specifications and any particular conditions expressed in the order), the Supplier shall send Mario Nava S.p.A. an order confirmation for acceptance within 5 days from the date the order issue and/or shipment.

If this does not occur, the supply and the commitments undertaken by the Supplier shall be in any case fulfilled on the basis of an implicit acceptance of the order content.

In case of the occurrence of any event that leads the Supplier to prefigure the impossibility, for whatever reason, to fulfil the order, this shall be communicated to Mario Nava S.p.A. without delay.