Supplier Quality Manual

by

EURAL GNUTTI S.p.A.

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1. PURPOSE

a. The purposes of this Manual, which is to be considered an integral part of EURAL GNUTTI's General Terms and Conditions of Purchase, are:
   - ✓ To regulate contracting and purchasing activities between EURAL GNUTTI and its suppliers, establishing a relationship of mutual cooperation for the management and conditions of acceptability of the products and services provided, with a view to continually improving the effectiveness and efficiency of the processes required to create value.
   - ✓ Define the principles governing the relationship between EURAL GNUTTI and its suppliers with regard to the quality and reliability required for externally supplied products.
   - ✓ Involve suppliers in adhering to the principles of the Eural Gnutti Code of Ethics and their application in the supply relationship.
   - ✓ Clarify which tools the SUPPLIER is required to develop and implement in order to manage, plan, verify and document process and product control, and their effectiveness.

b. EURAL GNUTTI has adopted the CSRs of its customers (automotive and non-automotive), which the SUPPLIER is also obliged to apply.

c. EURAL GNUTTI is committed to sustainability issues and requires its suppliers to share their policies in order to cooperate in their implementation.

1.1. Scope of application

a. This Manual is to be considered applicable for all those 'direct' suppliers:
   - ✓ Whose products or supply materials are intended to become an integral part of EURAL GNUTTI's finished GENERIC and/or AUTOMOTIVE and/or AEROSPACE product
   - ✓ entrusted with parts of the production process necessary to obtain EURAL GNUTTI's finished product GENERIC and/or AUTOMOTIVE and/or AEROSPACE

b. The classification of the SUPPLIER and the consequent scope of applicability of this manual is defined through the applicability index (All.1) communicated by EURAL GNUTTI. In case of subcontracting, the SUPPLIER shall be obliged to ensure the flow-down of the applicable requirements.

c. The contents of this manual are to be considered applicable in accordance with the applicability index (All.1). Deviations from this document shall be agreed on the basis of the SUPPLIER's classification and after joint acceptance of a possible deviation list. Any deviations from this document shall be received by EURAL GNUTTI. within and no later than 15 days from the date of dispatch, otherwise this document shall be deemed accepted in its entirety in all its applicable parts.

d. The SUPPLIER shall comply with these provisions for all ordered supplies.

e. Attached is the SUPPLIER's Declaration of Commitment (All.2), which must be duly completed and returned to EURAL GNUTTI for acceptance. The non-return of the latter shall not be construed as a rejection by the SUPPLIER.

f. This handbook is valid for one year and is tacitly renewed upon notice by the SUPPLIER, which shall be given 60 days before the expiry of the contract.

2. REGULATORY REFERENCES*

- ✓ AIAG & VDA FMEA Handbook- Failure Mode and Effects Analysis
- ✓ AIAG APQP Manual - Advanced Product Quality Planning and Control Plan
- ✓ AIAG MSA Manual - Measurement System Analysis
- ✓ AIAG PPAP Manual - Production Part Approval Process
- ✓ AIAG SPC Manual - Statistical Process Control
- ✓ European Directive 2002/95/EC - Restriction of Hazardous Substances Directive (ROHS)
- ✓ IATF 16949 - Requirements for quality management system for series production and spare parts in the automotive industry
- ✓ IATF 16949 - Sanctioned Interpretations
- ✓ IATF 16949 (Annex A) - Control Plan
- ✓ IATF 16949 (Annex B) - Supplementary Automotive Bibliography
- ✓ ISO 17025 - General requirements for the competence of testing and calibration laboratories
- ✓ MQAMSR - Minimum Automotive Quality Management System Requirements for Sub-Tier Supplier
- ✓ Regulation 1907/2006 REACH - Registration, Evaluation, Authorisation and Restriction of Chemicals (European Chemicals Safety Directive)
- ✓ ISO 14001 - Environmental Management Systems
- ✓ ISO 9000:2015 - Quality management systems. Fundamentals and vocabulary
- ✓ ISO 9001:2015 - Quality Management Systems. Requirements
- ✓ EN 9100 - Quality management systems - Requirements for aeronautics, space and defence organisations
- ✓ VDA 6.3 - Process Audit
- ✓ VDA 6.5 - Product Audit
- ✓ VDA FFA - Field Failure Analysis & Audit Standard

*Where not made explicit, always consider the latest applicable revision of the cited norm or standard.

2.1. Reference documents

Annex 1 - Applicability Index SUPPLIER
Annex 2 - Declaration of Commitment of the SUPPLIER
Annex 3 - Supplier Targets
Annex 4 - Escalation Table
Annex 5 - Special Features
Annex 6 - 8D

3. TERMS AND DEFINITIONS

3.1. Acronyms

8D Eight Disciplines (Problem Solving Technique)
APQP Advanced Product Quality Planning and Control Plan (Methodology for New Product Development)
CSR Customer Specific Requirements
FMEA Potential Failure Mode and Effects Analysis (Analytical Methodology to Prevent Process and Product Failure)
GADSL Global Automotive Declarable Substances List
IMDSInternational Material Data Sheet (International System of Classification of Material Characteristics)
MSA Measurement System Analysis (Methodology to confirm the capability of measurement systems)
NTF No trouble found
PPAP Production Part Approval Process (methodology for customer approval of a product/production process prior to series production)
PPM Parts per million
PSW Parts Submission warrant (Form summarising the content of the PPAP and indicating the reasons for preparation and the minimum level of documents required)
SPC Statistical Process Control (methodology for static monitoring and capability calculation of a serial process)

3.2. Definitions

Customer Specific Requirements
Customer Specific Requirements, consisting of specific procedures, rules and forms that constitute interpretations or additional requirements linked to specific clauses of the management system rules.
M1 SUPPLIER
SUPPLIER whose products or supply materials are destined to become an integral part of EURAL GNUTTI's finished product GENERAL
M2 SUPPLIER
SUPPLIER whose products or supply materials are intended to become an integral part of EURAL GNUTTI's finished product AUTOMOTIVE
M3 SUPPLIER
SUPPLIER whose products or supply materials are intended to become an integral part of EURAL GNUTTI'S finished product AEROSPACE
T1 SUPPLIER
SUPPLIER to which parts of the production process needed to obtain EURAL GNUTTI'S finished product (outsourcing) for GENERAL finished product
SUPPLIER T2
SUPPLIER to which parts of the production process needed to obtain EURAL GNUTTI'S finished product (outsourcing) for AUTOMOTIVE finished product
SUPPLIER T3
SUPPLIER to which parts of the production process needed to obtain EURAL GNUTTI'S finished product (outsourcing) for AEROSPACE finished product
Special feature
Product characteristic (e.g. size of a portion) or production process parameter (e.g. temperature of an oven) that may affect safety or compliance with standards and regulations, product functions and performance, or subsequent steps in the production process
Security or legal characteristic
Special product characteristic or production process parameter that has an impact on product safety or its compliance with legal requirements
Critical or important feature
Special product characteristic or production process parameter that refers to aspects of form, function, assembly, aesthetics or has other reasons to be controlled and documented
Layout inspection
Checking the dimensional requirements of a product (performance or material measurements are not included in dimensional checks)
Functional tests / verifications
Control of material performance and measurements (dimensional checks are not included in the control of material performance and measurements)

4. HUMAN RESOURCES

a. Personnel performing activities affecting the quality of the product or service provided by the SUPPLIER shall be competent on the basis of an appropriate degree of education, training, skills and experience.
The SUPPLIER shall ensure that its employees are aware of this:
   - ✓ their contribution to product and service conformity
   - ✓ the importance of environmental protection
   - ✓ of their contribution to product safety
   - ✓ the importance of ethical behaviour

b. EURAL GNUTTI has adopted a behavioural model that includes the set of principles of fairness, loyalty, integrity, transparency, moral and professional commitment that determine the Company's relations with all stakeholders. Suppliers are required to adhere to these principles expressed in the Code of Ethics available on the company website www.euralgnutti.com.

c. EURAL GNUTTI requires the SUPPLIER to implement policies, protocols and procedures to maintain the following:
   - ✓ Compliance with environmental laws and environmental protection
   - ✓ ensure respect for the dignity, personality and individual rights of each individual
   - ✓ ensure equal employment opportunities and avoid any discrimination on racial, sexual, religious, political and other characteristics protected by current legislation
   - ✓ ensure respect for the health and safety of workers and the prevention necessary to avoid accidents at work
   - ✓ ensure that they have adequate control systems in place to allow the reporting of unethical and illegal management practices in their company

d. For Automotive orders the SUPPLIER shall appoint personnel with responsibility and authority to ensure that EURAL GNUTTI's requirements in terms of product safety and conformity are duly taken into account. The appointed representative must be communicated in writing to EURAL GNUTTI.

5. BINDING CONSTRAINTS

a. EURAL GNUTTI requires its suppliers to conduct business transactions with integrity, in compliance with all laws in force in the country of manufacture and (if specified by EURAL GNUTTI) where the finished product will be shipped and used.

b. The SUPPLIER undertakes to comply with legal, social, environmental and import regulations for its supplies

6. ENVIRONMENTAL AND SOCIAL CONSTRAINTS

a. EURAL GNUTTI promotes the policy of sustainable growth and is committed to ensuring compliance with the legislative framework on environmental issues. EURAL GNUTTI therefore requests evidence of commitment in this direction by requesting copies of ISO 14001 and/or ISO 50001 certification where available, and by completing questionnaires on environmental, energy or sustainability issues.

b. EURAL GNUTTI promotes the policy of Social Responsibility and Governance and is therefore committed to ensuring compliance with the legislative framework related to these issues. EURAL GNUTTI therefore requests evidence of commitment in this direction, requesting copies of social certification and/or control models where available, and completing questionnaires on social and business ethics issues.

c. Furthermore, EURAL GNUTTI requires the SUPPLIER to implement policies, protocols and procedures to ensure compliance with environmental and social constraints for greater sustainability.

7. CONFIDENTIALITY AND SECURITY OF DATA AND INFORMATION

a. EURAL GNUTTI requires the SUPPLIER to ensure that commercially, technically and financially sensitive information and know-how is adequately protected in terms of confidentiality, availability and integrity and is not disclosed without authorisation, in accordance with applicable legal requirements.

b. The SUPPLIER undertakes not to disclose to third parties the information covered by the contractual relationship with EURAL GNUTTI and to treat as confidential all technical, commercial and other information of which it becomes aware in connection with the execution of the order. Upon request EURAL GNUTTI may ask suppliers to sign a Non Disclosure Agreement (NDA) as evidence of formal commitment.

c. Drawings, specifications, instructions, waivers and inspection records must be kept and made available at EURAL GNUTTI's request for a period of not less than 10 years.

d. In the case of automotive classified orders, records of the checks carried out, job order documentation, and any documents included in the PPAP must be kept for the period during which the product is active for production or replacement plus one calendar year, unless otherwise indicated in the purchase order.
e. When required, these documents must allow for full traceability of production batches.

8. SUPPLIER QUALIFICATION, MONITORING AND DEVELOPMENT

a. The SUPPLIER undertakes to inform EURAL GNUTTI forthwith if the certifications it holds
   - ✓ have been revoked
   - ✓ have expired without positive recertification
   - ✓ are temporarily suspended.
b. If recertification is not planned, it undertakes to inform EURAL GNUTTI three months in advance of the certificate's expiry date.
c. After each positive recertification, the SUPPLIER undertakes to send EURAL GNUTTI the new certificate.
d. It also undertakes to promptly notify the opening of any legal proceedings or the issuing of sanctions by the competent bodies against its company.

8.1. Initial qualification

a. The criteria for selecting suppliers consist of:
   - ✓ In verifying that the SUPPLIER's quality system complies with EURAL GNUTTI's requirements for the type of supply requested
   - ✓ In assessing the SUPPLIER in order to verify its ability to meet the company's requirements, by means of:
     - Questionnaire
     - trial order
     - VDA6.3 and/or ESG audits
     - control of the material/service provided
b. For suppliers whose products/processes are destined for the automotive sector:
   - ✓ ISO 9001 certification is required,
   - ✓ IATF 16949 certification or agreed medium/long-term plans to achieve it are required
   - ✓ ISO14001 and/or ISO 50001 certification is recommended
   - ✓ As an alternative for scrap material suppliers is required compliance with European Regulations 333/2011 and 715/2013 is required
c. For suppliers whose products/processes are destined for the aerospace sector:
   - ✓ ISO 9001 certification is recommended
   - ✓ Possession of EN 9100 certification is considered a qualifying element.
   - ✓ ISO14001 and/or ISO 50001 certification is recommended
d. For suppliers whose products/processes are not destined for the automotive/aerospace sector:
   - ✓ ISO 9001 certification is recommended
   - ✓ ISO14001 and/or ISO 50001 certification is recommended
e. Possession of product/process carbon foot-print or LCA is considered a qualifying element.
f. Possession of SA 8000 certification or other social responsibility schemes is considered a qualifying element.
g. The presence of an organisational and control model in accordance with Legislative Decree 231/2001 and/or ISO 37001 certification is considered a further qualifying element.

8.2. Defining and sharing targets

a. The SUPPLIER shall set up its activities in such a way as to comply with the requirements of these specifications and provide the expected level of performance according to the SUPPLIER's typology according to the table "Target Suppliers" (Annex 3).
b. EURAL GNUTTI reserves the right to assign specific targets to the SUPPLIER to enable the achievement of the expected level of performance over time.
c. The sharing of targets and the SUPPLIER's performance shall be communicated in a letter on an annual basis. The SUPPLIER shall however be informed immediately in case of non-compliance.
d. In the event of performance not being in line with the pre-established targets, the SUPPLIER shall take the necessary corrective actions.

8.3. Performance Monitoring

a. The periodic evaluation of the SUPPLIER is derived through the calculation of three indices:
   - ✓ Quality index (assessment of any non-conformities or supplies accepted under concession)
   - ✓ Service Index (evaluation of compliance with delivery deadlines)
   - ✓ Quality System Evaluation (evaluation according to audits at your premises and/or to the completeness of the documentation provided).
   - ✓ Evaluation and updating of qualification questionnaire

b. The SUPPLIER shall, in the event of problems with the supply, immediately notify EURAL GNUTTI and take all appropriate actions to minimize the consequences of the problem occurred.

c. EURAL GNUTTI will activate an escalation process under the following conditions:
   - ✓ In the case of erroneous and non-compliant deliveries showing a systematic criticality at the SUPPLIER
   - ✓ In the event that the SUPPLIER does not respond with prompt and effective action to solve the non-conformity of supplies
   - ✓ In case the SUPPLIER is at High Risk according to the qualification questionnaire

   The escalation process involves the creation of a multidisciplinary working group dedicated to problem solving consisting of EURAL GNUTTI and SUPPLIER operators.
   Depending on the criticality and extent of the problem, the escalation process will be applied as defined in the 'Escalation Table' (Appendix 4).

8.4. EURAL GNUTTI VISITS

a. The SUPPLIER assures EURAL GNUTTI that it can carry out audits at its sites (production and offices) to ascertain that its management systems, production processes and products delivered to EURAL GNUTTI comply with what has been agreed.

b. Such audits could be triggered by critical situations (e.g. following repeated non-compliant deliveries) or other situations deemed appropriate by EURAL GNUTTI.

c. On the basis of internal evaluations and/or customer requests, EURAL GNUTTI implements an audit programme to the suppliers. Audit standards and acceptability criteria shall be agreed and shared with the SUPPLIER in advance.

d. Any process audits will be performed in accordance with VDA standard 6.3, the classification considered acceptable being 'A'. In addition, system audits may be performed in accordance with ISO 9001; 14001, 50001, 45001; SA 8000 and Lieferkettengesetz and also with the principles of the Eural Gnutti Code of Ethics.

e. The SUPPLIER, in the event of any non-compliance detected, undertakes to implement the appropriate corrective actions within the timeframe envisaged and agreed upon with EURAL GNUTTI, failing which the qualification shall be suspended.

f. Audits may also concern the SUPPLIER's subSUPPLIERs, if they are significant for the products delivered to EURAL GNUTTI.

g. Audits, if requested by EURAL GNUTTI, will be carried out in a planned and agreed manner with the parties concerned.

h. The SUPPLIER shall ensure free access to representatives of EURAL GNUTTI, and, where applicable, to its customers and to Military and Civil Supervisory Authorities.

9. PROCESS DEVELOPMENT AND INDUSTRIALISATION

a. In the case of automotive orders, the SUPPLIER must apply the APQP (Advanced Product Quality Planning) methodology.

b. The APQP is the reference process for the development of a new product and defines the steps to be followed so that the new product and the related production process conform to the customer's requirements, within the required timeframe and production capacity.

c. In general, the APQP is also applied in the case of a modification, to the appropriate extent and depending on the nature of the modification.

9.1. Technical Documentation

a. The SUPPLIER shall ensure the timely review, distribution and implementation of all technical specifications, drawings and documents, including revisions thereof, that EURAL GNUTTI distributes to it, based on the schedule requested by EURAL GNUTTI and in any case within two working weeks after notification.

b. If the SUPPLIER identifies the need to acquire further information on the technical/qualitative specifications to be obtained, any requests must be received by EURAL GNUTTI within a period of 5 working days after the order has been acquired, otherwise the SUPPLIER undertakes to effectively and efficiently meet any requirement requested, whether explicit, implicit or of a compulsory nature (deriving from laws or technical standards).
c. The SUPPLIER shall keep a record of the date on which each modification was implemented in production and shall update the relevant documentation. This is to ensure traceability of products before and after modification.
d. The SUPPLIER shall prepare and keep the necessary records providing evidence of the conformity of the products and services with EURAL GNUTTI's requirements.

9.2. Process risk analysis

a. For Automotive orders concerning new projects, the process risk analysis must be performed in accordance with the latest revision of the AIAG&VDA FMEA manual. In the case of existing projects any modifications and/or updates can be made in accordance with the AIAG FMEA manual.

9.3. Control plan

a. The definition of a flow chart and a control plan to be sent before delivery are required.
b. The SUPPLIER shall use a Control Plan for production that:
   - ✓ includes all controls used for the control of both production processes and products, at all stages
   - ✓ includes the checking of all features of the drawing and specifications received by EURAL GNUTTI;
c. include control methods for any special features agreed with EURAL GNUTTI;
d. Control plans must contain at least the following elements, unless otherwise specified:
   - ✓ General Data
     - Control plan number
     - Date of issue and possible revision of the control plan
     - Customer name (EURAL GNUTTI)
     - SUPPLIER'S PRODUCTION FACILITY
     - Part Number
     - Detail description
     - Part Design Review Index
     - Contact persons for the control plan
   - ✓ Characteristics to be controlled: requirements of a process or process result (product) that can be measured by attribute or variable methods
     - Sequence of identification or sequential numbers of process steps affected by controls
     - Sequence of process names or descriptions of operations concerned by the controls
     - Machines, equipment or devices associated with controls
     - Characteristic identification number: progressive or other identification code
     - Process characteristics: description of the process variable that has a cause-effect relationship with the product characteristics
     - Product characteristic: description of the product requirement as it appears on drawings or other EURAL GNUTTI specifications
     - Identification of the special feature as requested by EURAL GNUTTI
   - ✓ Control methods
     - Specifications and tolerances for the acceptability of the characteristic
     - Measuring instrument used
     - Sampling size and frequency for control
     - Control method used: e.g. reference to control instructions, a statistical process control, control record forms
   - ✓ Response Plan: the activities to be implemented by line operators in the event of non-compliance

9.4. Special Features

a. The SUPPLIER shall ensure compliance with EURAL GNUTTI's requirements as regards the designation, documentation and control of any special features identified by EURAL GNUTTI

b. Unless otherwise indicated, special features are identified by EURAL GNUTTI on drawings, specifications and other documents in the manner summarized and described in the 'Special Features' table (All.5).
c. The symbolism shown in the table and in EURAL GNUTTI's technical documentation shall be reproduced on the internal documents used by the SUPPLIER or, by means of a correlation table, the SUPPLIER's symbolism shall be used, while maintaining the minimum requirements of EURAL GNUTTI in terms of Severity and minimum process capability.

9.5. Tests, checks and inspections

a. Test methods, frequencies, inspections and/or tests are defined in the technical order specifications and/or contractual documents and control plans approved by EURAL GNUTTI.
b. The SUPPLIER shall ensure that all controls performed and aimed at ensuring that the required product and/or process characteristics are met are performed with calibrated instruments.
c. The calibration of these instruments, if performed externally, must take place in laboratories accredited to ISO/EN 17025 for the required test, inspection or calibration service.
d. In the case of non-ISO/EN 17025 accredited laboratories, the SUPPLIER shall always request prior authorization from EURAL GNUTTI.
e. If expressly requested by EURAL GNUTTI, or if no test equipment is available, material and functional tests must be carried out by an external laboratory in accordance with ISO/IEC 17025 and through relevant accredited test procedures, if any, or alternatively a calibration report with traceability to national/international samples must be submitted.
f. Records of the checks carried out must be available to EURAL GNUTTI when requested and archived as stipulated for the type of supply and/or product.

9.6. Measurement Analysis System

a. In the case of automotive orders, the SUPPLIER shall carry out MSA studies on all the measurement systems included in the control plan, but with priority on the characteristics requested by EURAL GNUTTI in the order.

9.7. Keeping production processes under control

a. In the case of automotive orders, the SUPPLIER shall adopt statistical control techniques (SPC) of the production processes on the characteristics requested by EURAL GNUTTI in the order.

9.8. Sampling, validation and approvals

a. Sampling, validation and approval of supplies shall be carried out in accordance with the AIAG PPAP manual in cooperation with EURAL GNUTTI
b. The level of PPAP normally required will be 2 or 3, unless otherwise specified
c. The PPAP documentation and associated samples should be sent to EURAL GNUTTI with an appropriate identification label

9.9. Change Management

a. The SUPPLIER is not authorized to make changes to the product and/or the approved production process without EURAL GNUTTI's prior approval.
b. For Automotive orders, the change request must be properly documented and the sampling and associated preparation of documentation (PPAP) may have to be repeated.

10. EQUIPMENT OWNED BY EURAL GNUTTI

a. The SUPPLIER shall take care of EURAL GNUTTI's property when it is under its control or used by the SUPPLIER.
b. The SUPPLIER shall identify, verify, protect and safeguard EURAL GNUTTI's properties made available for use or incorporated in the products.
c. In the event that EURAL GNUTTI's property is lost, damaged or found to be inadequate, these situations shall be reported to EURAL GNUTTI and records kept.
d. EURAL GNUTTI's properties may also include intellectual property.

10.1. Maintenance and Calibration

a. The equipment, instruments or anything supplied by EURAL GNUTTI for the supply of products to EURAL GNUTTI itself must be used in accordance with the prescriptions laid down by EURAL GNUTTI in terms of maintenance and/or calibration and/or storage.

10.2. Repair

a. In the event of any malfunction, any repair must be agreed upon in the manner and authorized by EURAL GNUTTI.

10.3. Identification

a. Equipment owned by EURAL GNUTTI must be permanently marked so that the ownership of each item is visible and can be determined.

10.4. Preservation and storage

a. Equipment, tools or anything supplied by EURAL GNUTTI for the supply of products to EURAL GNUTTI itself must be stored in accordance with the prescriptions laid down by EURAL GNUTTI in such a way as to preserve their integrity and functionality.

11. PRODUCTS

a. The minimum requirements in terms of certification and reporting of the controls and/or work performed are defined in the appropriate technical specifications that are an integral part of the purchase order.
b. The SUPPLIER undertakes to provide the control reports defined in the technical specifications within the established time limits and to archive the evidence thereof for the required period of time.

11.1. Certifications

a. The SUPPLIER shall provide EURAL GNUTTI with the documentation attesting the conformity of the product and/or process defined in the order and/or described within the contractual technical purchase specifications. (E.g. EN10204 3.1 Certificate; Dimensional Report; Environmental Compliance Certificate on products used; etc.).

11.2. Identification and traceability

a. The SUPPLIER shall ensure traceability of production batches to each individual stage of its production process.
b. Relevant records and documents shall be made available upon request by EURAL GNUTTI, in accordance with the defined archiving times of the order documents.
c. The SUPPLIER shall also apply appropriate measures to avoid the risk of mixing with other production batches during the production process.

11.3. Packaging and handling

a. The SUPPLIER shall, for its supplies, minimize and when possible exclude contamination with all types of contaminants.
b. The cleanliness of the product and packaging shall always be guaranteed by the SUPPLIER.
c. Targeted actions and specific controls should be put in place to prevent any foreign object from remaining in the product shipped to EURAL GNUTTI.
d. Packaging shall be as defined in the relevant technical specification and/or purchase order.
e. Identification labels and transport documents shall contain the minimum information required by EURAL GNUTTI to allow correct identification and traceability
f. The SUPPLIER shall minimize the amount of packaging material used in accordance with the agreements made with EURAL GNUTTI and guarantee the preservation of the product.
g. The SUPPLIER shall ensure compliance with EU and national packaging regulations and shall prefer to use packaging from recycled and recyclable material.

11.4. Derogations

a. Products supplied that are not conform may be handled by EURAL GNUTTI in accordance with the following modalities:
   - ✓ Acceptance under concession
     Parts will be accepted for the delivery concerned notwithstanding the ascertained non-conformity. The non-conformity shall be of a minor nature and shall in no way impair the use of the parts produced.
   - ✓ Acceptance by way of derogation
     It shall be granted for those parts not yet manufactured for which the SUPPLIER foresees, for a given supply, failing to meet all requirements. It shall be the SUPPLIER's task to ensure that the condition of complete compliance with the specifications is restored in the future.
   - ✓ Return to the SUPPLIER. The material shall be returned to the SUPPLIER or scrapped at cost.

b. For repaired or reworked products the SUPPLIER shall have a documented process and conducted a risk analysis concerning the activities carried out. Any repair or rework not included in the control plan shall be considered as a change in the production process and shall therefore be subject to notification to EURAL GNUTTI.

11.5. Counterfeit, suspected counterfeit or suspected unapproved

a. The SUPPLIER shall ensure that the supply is free of counterfeit, suspected counterfeit or suspected unapproved products.
b. Purchasing products directly from the original manufacturer or its official/authorized distributors is a good practice for risk mitigation.

12. COMPLAINTS (NON-CONFORMITIES)

a. The SUPPLIER shall be liable for any non-conformities found on the delivered product and undertakes to solve them as soon as possible. Such non-conformities may also be related to the lack of necessary documentation.
b. Any checks carried out by EURAL GNUTTI on the materials and products supplied shall not be deemed due and such checks shall in no way relieve the SUPPLIER of its responsibility to supply compliant materials or products.
c. Should it be deemed necessary by EURAL GNUTTI, the closure of the claim can only be finally sanctioned by a VDA6.3 Process Audit at the SUPPLIER.

12.1. Management mode

a. In the event of a claim, the resolution of the non-conformity reported by EURAL GNUTTI shall be handled by the SUPPLIER by applying the 8D methodology and using the specific form provided by EURAL GNUTTI (Annex 6).
b. When applying the 8D methodology, the SUPPLIER shall use and formalize the "Ishikawa" and "5 Why" approach for the identification of the root cause of the problem.

12.2. Timing

a. The response times to be ensured by the SUPPLIER in the handling of the complaint according to the steps of the 8D methodology are:
   - ✓ D1→ D3
     Within 1 working day from the report, the SUPPLIER shall intervene with an immediate activation of actions to contain the problem. The planned containment actions can only be completed after the introduction of definitive and permanent corrective actions whose effectiveness has been successfully verified and shared with EURAL GNUTTI
   - ✓ D4→ D5
     Within one non-working week after the report the SUPPLIER shall analyze and research the root cause of the problem and define the necessary permanent corrective actions. Such actions shall be completed within the foreseen and agreed time frame (maximum 8 non-working weeks unless exceptions are accepted by EURAL GNUTTI).

- ✓ D6→ D8
  Within the foreseen and agreed time frame (maximum 12 non-working weeks unless exceptions are accepted by EURAL GNUTTI), the SUPPLIER shall demonstrate the implementation/effectiveness of the defined corrective actions and the successful completion of all other improvement actions provided for in the 8D

12.3. Charges

a. The SUPPLIER is liable for the damages caused to EURAL GNUTTI and its customers, attributable to non-conformities on the supply product. EURAL GNUTTI reserves the right to charge the SUPPLIER for the costs incurred in handling the non-conformities detected in the documentation presented or detected on the product.
b. If anomalies are found during the checks on the materials and products supplied, the quantity and frequency of the parts sampled may be increased at EURAL GNUTTI's discretion in order to allow a better and more timely and exact reporting of the defect detected. The additional costs arising from the increase in such checks carried out by EURAL GNUTTI, caused by problems on the part of the SUPPLIER, will be charged to the same after due notification.
c. In the event of the SUPPLIER's non-immediate availability or production urgency, upon agreement between EURAL GNUTTI and the SUPPLIER, the containment and inspection controls resulting from what is defined in the 8D shall be carried out by EURAL GNUTTI's personnel or third parties, with the SUPPLIER being charged for the full costs incurred.
d. Should EURAL GNUTTI's Customer charge costs for a Non-conformity attributable to the SUPPLIER, EURAL GNUTTI shall pass them on in full to the SUPPLIER held liable.

12.4. Warranty and NTF

a. The SUPPLIER undertakes to implement a process aimed at managing the guarantee of the supplied products as agreed upon with EURAL GNUTTI.
b. The SUPPLIER, in addition to guaranteeing compliance with the guarantee terms stipulated by law or by the contracts in force, undertakes, if requested by EURAL GNUTTI, to ensure the implementation of an NTF (Not Trouble Found) process aimed at conducting analysis of the parts affected by the problem in close cooperation with EURAL GNUTTI and its customer.

12.5. Other Types of Non-Compliance

a. In the case of non-compliances other than the above, such as non-compliance with sustainability requirements and the like, the ESG function interfaces with the supplier to formalise the report and draw up any remedial plan.

13. AUDIT AND PERIODIC RETRAINING

a. The SUPPLIER shall perform, on the basis of a periodic schedule defined by him, internal system audits
b. The SUPPLIER shall perform, on the basis of a periodic schedule defined by him, internal process audits
c. The SUPPLIER shall perform, on the basis of a periodic schedule defined by him, internal product audits
d. The SUPPLIER shall ensure and document the competence with respect to the activity required of the auditors used

13.1. Internal system audits

a. The system audit programme must ensure that on a three-yearly basis all organizational processes have been audited. This programme must be documented and kept up-to-date.
b. The system audit programme must ensure that on a three-year basis, the complete and correct application of all required/applicable system standards (e.g. 9001; IATF 16949; 9100; 14001, Social Responsibility) has been verified.
c. The manner in which the system audit is conducted may be defined by the SUPPLIER but shall nevertheless ensure:
   - ✓ The availability of records documenting the activity performed and its results
   - ✓ The availability of documented evidence demonstrating the management and resolution of any non-conformities encountered

13.2. Internal process audits

a. The production process audit programme must ensure that on a three-yearly basis, all production processes leading to the production of products supplied to EURAL GNUTTI have been audited. This programme shall be documented and kept up-to-date
b. Process audits shall be conducted in accordance with VDA 6.3 unless otherwise agreed or specified by EURAL GNUTTI and shall always be guaranteed by the SUPPLIER:

- ✓ The availability of records documenting the activity performed and its results
- ✓ The availability of documented evidence demonstrating the management and resolution of any non-conformities encountered

13.3. Product audits

a. The product audit programme must ensure that all products supplied to EURAL GNUTTI are audited periodically and based on a 'Risk Basic Thinking' approach. This programme shall be documented and kept up-to-date
b. The manner in which the product audit is conducted may be defined by the SUPPLIER but must nevertheless ensure:
   - ✓ The availability of records documenting the activity performed and its results
   - ✓ The availability of documented evidence demonstrating the management and resolution of any non-conformities encountered

13.4. Periodic requalification

a. The SUPPLIER shall ensure the annual requalification of all products supplied to EURAL GNUTTI. This requalification consists of the verification of compliance with all requirements taken into account during the PPAP phase. It includes, but is not limited to, performance checks or material measurements (functional tests/checks) and dimensional checks (layout inspection).
b. The controls relating to periodic retraining must be reported and made explicit in the control plan.
c. If requested by EURAL GNUTTI, the SUPPLIER shall make available the documentation proving the retraining activity carried out.

14. BUSINESS AND SUPPLY CONTINUITY

a. In addition to the quality of the products, the SUPPLIER shall ensure the production output defined with EURAL GNUTTI in terms of both quantity and timing. To this end, contingency plans must be drawn up by the SUPPLIER in a "Risk Basic Thinking" perspective, having at least the characteristics listed in the following paragraph.

14.1. Emergency Plan

a. It must identify and assess the internal and external risks of all production processes and infrastructure equipment essential to maintain production output and ensure that EURAL GNUTTI's requirements are met;
b. It must consider and weigh the possibility of their occurrence, but not only:
   - ✓ failure of key equipment
   - ✓ interruptions of external supply products, processes and services
   - ✓ recurring natural disasters
   - ✓ fires
   - ✓ pandemics
   - ✓ interruption of services
   - ✓ cyber attack on information services
   - ✓ lack of manpower
   - ✓ infrastructure problems
   - ✓ Violation of human rights
   - ✓ Accidents at work
c. It must include a process for notifying EURAL GNUTTI of the extent and duration of any situation affecting EURAL GNUTTI's operations
d. Its effectiveness must be tested periodically (e.g. simulations when appropriate)
e. Must be reviewed (at least annually), using a multidisciplinary team including senior management, and updated as required/needed
f. Documented information must be kept describing the revision(s) including the person(s) who authorized the change(s)
g. It must include adequate training and awareness-raising of employees
h. It must include ways to validate that the product continues to meet EURAL GNUTTI's specifications after production has restarted following an emergency where production has been stopped

14.2. Charges

a. The SUPPLIER is liable for the damage caused to EURAL GNUTTI and its customers attributable to discontinuities in its production output in terms of both quantity and timing. EURAL GNUTTI reserves the right to charge the SUPPLIER for the costs induced by such situations.

14.3. Termination of supplies

a. EURAL GNUTTI reserves the right to terminate the relationship with the SUPPLIER earlier than agreed upon in case one or more of the following conditions occur:
   - ✓ serious failures to comply with contractual requirements
   - ✓ serious and repetitive quality deficiencies
   - ✓ serious misconduct related to compliance with the Code of Ethics and/or applicable legislation in force
   - ✓ financial issues with potential impact on supplies to EURAL GNUTTI
   - ✓ serious logistical problems
   - ✓ voluntary misrepresentation by the SUPPLIER

Object: acknowledgement and acceptance of Eural Gnutti Supplier Quality Manual QSImp07.11.02 Rev. 00 as per applicable application form

Company Details

Company Name _____

Address _____

_____

Name _____

Function/Department _____

Email Address _____

Location, Date _____

Signature _____

Company Stamp _____

Supplier Class	Definition/Consequences	PPM Supply (monthly)	OTD Deliveries (monthly)	Back from the Field (annual)	Special Status (annual)
M1	Generic	≤ 5000	≥95	None	None
M2	Automotive	≤ 50	100	None	None
M3	Aerospace	≤ 30	100	None	None
T1	Generic	≤ 50	≥95	None	None
T2	Automotive	≤ 20	100	None	None
T3	Aerospace	≤ 20	100	None	None

Defining the level of risk	Description	Actions	Involvement
Low	No impact or disturbance on the customer and products already delivered	Joint intervention with the supplier on the containment of defective material and definition of recovery activities or exceptions to ensure continuity of supply. Audits at supplier's premises only in case of complexity of corrective actions introduced.	Dir. Quality
Medium	Potential impact on continuity of delivery to the customer due to lack of compliant material	Joint intervention with the supplier on the containment of defective material and definition of recovery activities or exceptions to ensure continuity of supply. Audits at supplier's premises or video conference to ascertain that the corrective actions introduced demonstrate the effectiveness of the measures taken.	Quality Dept. Purchasing Dept. Commercial
High	Impact on continuity of delivery to the customer due to lack of compliant material. Potential risk of having delivered defective material to the customer	Joint intervention with the supplier on the containment of defective material and definition of recovery activities or exceptions to ensure continuity of supply. Audits at supplier's premises or video conference to ascertain that the corrective actions introduced demonstrate the effectiveness of the measures taken.	Quality Dept. Purchasing Dept. Commercial CEO

Class/Characteristic	Definition/Consequences	Symbology Eural Gnutti Spa	FMEA G	SPC Cp; Cpk ≥
Security Special	Product characteristic or process parameter that may affect product safety and/or seriously impair product efficiency.	∇	10	1,67/2,00
Compliance to the constraints of law	Product characteristic or process parameter that may influence compliance with government regulations and/or legislation.	∇	9	1,67/2,00
Criticism	Product characteristic or process parameter that significantly influences customer satisfaction and can influence the efficiency and utilisation of the product.	©	8/7	1,33/1,67
Important	Product characteristic or process parameter that may impair partial reduction in efficiency and utilisation.	+	7/6	1,33

SUPPLIER	PRODUCT DESCRIPTION

1. TEAM MEMBERS	2. PROBLEM DESCRIPTION

3. IMMEDIATE CORRECTIVE ACTIONS

RESPONSIBLE	DATE

4. CAUSE ANALYSIS MAN ☐ MACHINE ☐ MATERIAL ☐ PROCESS ☐

CAUSE OF NON-DETENCTION OF PROBLEM/DEFECT MAN ☐ MACHINE ☐ MATERIAL ☐ PROCESS ☐

5. CORRECTIVE ACTION

RESPONSIBLE	DATE

CORRECTIVE ACTION TO IMPROVE PROBLEM/DEFECT DETENCTION

RESPONSIBLE	DATE

6. PROOF OF EFFICIENCY

RESPONSIBLE	DATE

7. PREVENTIVE ACTION TO AVOID RECURRENT DEFAULT

Revision	Responsible	Date
FMEA ☐		
Control Plan ☐		
Procedure/Instruction ☐		
Other documents ☐		

RESPONSIBLE	DATE

8. CLOSED AND APPRECIATION MEETING