

# Marzocchi Pompe Spa

## Supplier Quality Manual – PR.4.1.3

2	24/11/23	Changed 8D response time § 5.4	G. Zucchini	L. Lenzi	G. Bonfiglioli
1	24/01/23	Integration of standard specifications with the automotive one	G. Zucchini	L. Lenzi	G. Bonfiglioli
0	27/12/18	Transformed from attachment to PR	G. Zucchini	A. Bellotti	G. Bonfiglioli
<b>Rev.</b>	<b>Date</b>	<b>Issue reason</b>	<b>Drafting</b>	<b>Verify</b>	<b>Approval</b>

## Summary

<b>1</b>	<b>Introduction.....</b>	<b>3</b>
<b>2</b>	<b>Supplier Qualification .....</b>	<b>3</b>
2.1	Supplier Qualification .....	3
2.2	Environmental impact.....	3
2.3	Corporate social responsibility .....	3
2.4	Confidentiality .....	3
2.5	Audit to suppliers.....	4
<b>3</b>	<b>Supply requirements.....</b>	<b>4</b>
3.1	Technical specifications.....	4
3.2	Compliance with laws and regulations .....	4
3.3	Productive process .....	4
3.4	Control/measurement and test/trial equipment .....	5
3.5	Sub-supplies.....	5
3.6	Documents and registration .....	5
3.7	Equipment owned by MARZOCCHI SPA .....	5
<b>4</b>	<b>Supplier performance evaluation .....</b>	<b>5</b>
<b>5</b>	<b>Supply.....</b>	<b>6</b>
5.1	Purchase orders.....	6
5.2	Product approval process .....	6
5.3	Modifies.....	6
5.4	Management of complaints, returns and guarantees .....	7
5.5	Management of exceptions and concessions.....	7
5.6	Product safety (automotive applications).....	7
5.7	Special Characteristics (automotive applications) .....	8
5.8	Contingency plan .....	8
<b>6</b>	<b>Logistics and traceability .....</b>	<b>9</b>
<b>7</b>	<b>Attached documentation .....</b>	<b>9</b>

## 1 Introduction

This manual defines the general principles governing relations between MARZOCCHI POMPE S.p.A. (hereinafter MARZOCCHI) and its Suppliers of:

- Raw material;
- Cast and die-cast products;
- Machining and finishing;
- Thermal treatments;
- Surface treatments;
- Components.

MARZOCCHI's purchasing policy is constantly oriented towards achieving the highest levels of performance in the supply chain, both in terms of quality and service (price, delivery, flexibility and availability).

## 2 Supplier Qualification

MARZOCCHI's policy only provides for contractual relationships with qualified Suppliers.

The MARZOCCHI Purchasing function is responsible for the qualification of Suppliers and their monitoring.

### 2.1 Supplier Qualification

Suppliers are qualified by MARZOCCHI in accordance with the following criteria, applicable in an alternative way:

- Quality Management System Certification in accordance with the IATF 16949 automotive scheme;
- Quality Management System certification according to ISO 9001;
- MARZOCCHI second-part audit (this option is subject to case-by-case assessment);
- Supplier imposed by the Customer.

Depending on the request of the Customer MARZOCCHI, in addition to the above criteria, for suppliers of Special Processes the qualification may also be subject to compliance with the following requirements:

- Heat treatments: Conformity to assessment CQI-09 - AIAG last edition;
- Galvanic treatments: Conformity to assessment CQI-11 AIAG last edition;
- Coatings: Compliance to assessment CQI-12 AIAG last edition;
- Rubber Stamping: Conformity to assessment CQI-30- AIAG last edition;
- Plastic Moulding: Conformity to assessment CQI-23- AIAG last edition;
- Casting and die casting: Conformity to assessment CQI-27- AIAG last edition.

A Supplier with the result of the "negative" evaluation is considered "NOT APPROVED" and therefore with the same cannot be opened supply contracts.

### 2.2 Environmental impact

MARZOCCHI promotes the policy of sustainable growth and in this perspective is committed to ensuring compliance with the legislative framework relating to environmental issues, as well as promoting the improvement of performance for the progressive reduction of environmental impacts.

MARZOCCHI therefore asks its suppliers for evidence of their commitment in this direction, providing a copy of the ISO 14001 certification, if available, or completing and returning to MARZOCCHI SPA, upon request, the questionnaire relating to the environmental assessment.

MARZOCCHI reserves the right to perform Audits at the Supplier's organization according to methods that will be communicated.

### 2.3 Corporate social responsibility

MARZOCCHI has adopted a model of behavior which includes the set of principles of correctness, loyalty, integrity, transparency, moral and professional commitment which shape the Company's relations with all interested parties and which, more generally, characterize the performance of the corporate activity. Suppliers are required to adhere to and share these principles by incorporating what is expressed in the MARZOCCHI Code of Ethics visible on the company website.

### 2.4 Confidentiality

The Supplier undertakes not to disclose to third parties the information object of the contractual relationship with MARZOCCHI and to treat as confidential all technical, commercial or other information of which it becomes aware in connection with the execution of the order, both in written and verbal form. To this end, MARZOCCHI

asks suppliers to sign document MD.4.1.5 "NDA" (Non-Disclosure Agreement) as evidence of a formal commitment.

If an improper use of such information is ascertained, MARZOCCHI reserves the right to take legal action against the Supplier.

## 2.5 Audit to suppliers

Based on internal assessments and/or requests from the customer, MARZOCCHI implements a supplier audit program. The audit standards will be agreed and shared with the Supplier in advance.

The Supplier is responsible for providing MARZOCCHI with support in the audit activities and for implementing, in the event of anomalies identified, the necessary corrective actions in the manner and within the times agreed upon at the conclusion of the audit.

## 3 Supply requirements

### 3.1 Technical specifications

MARZOCCHI SPA is responsible for transmitting the technical requirements to the Supplier by forwarding:

- 2D – 3D drawings;
- Applicable technical specifications / specifications;
- Reference samples.

The Supplier is responsible for the complete understanding and correct interpretation of the Specification(s) received from MARZOCCHI and is required to inform MARZOCCHI of any non-feasibility of what is requested.

The Supplier must have correct management which only ensures the use of the aforementioned documents in the updated version.

The Supplier must set up and maintain a system that ensures the traceability of all the documentation supporting the supplies and the same must be delivered to MARZOCCHI when requested.

### 3.2 Compliance with laws and regulations

All supplies to MARZOCCHI must comply with national and community legislation on safety, the environment, and the use of dangerous substances.

In particular, the Supplier declares that:

- No prohibited substances are present in supplies to MARZOCCHI, in accordance with the European Directive ELV 2000/53/EC and subsequent amendments. (IMDS);
- Supplies to MARZOCCHI do not contain substances in a percentage higher than that defined in Annex II of Directive 2011/65/EC RoHs, EU Directive 2015/863 and subsequent amendments;
- The supplies comply with the Reach regulation (EC) No. 1907/2006 and subsequent amendments, concerning the registration, evaluation, authorization and restriction in the use of chemical substances;
- In supplies to MARZOCCHI there are no substances present in the SVHC lists, which are updated every six months;
- The products supplied to MARZOCCHI do not come from conflict or high-risk areas as required by the so-called Conflict Minerals standard, implemented at European level with EU European Regulation 821/2017.

The Supplier is required to provide MARZOCCHI with a declaration of compliance with the laws/regulations upon request.

MARZOCCHI reserves the right to hold the Supplier liable for damages caused in the event of missing or erroneous declarations.

### 3.3 Productive process

The Supplier is responsible for its own production process (equipment, processing cycles, tools, systems and control plans) which must be capable of satisfying compliance with the contractual requirements, quantities and delivery times envisaged.

MARZOCCHI reserves the right to carry out checks on the Supplier's site of the production capacity necessary to satisfy the contractual requests (e.g. Run@Rate).

The Supplier's production process must be controlled to demonstrate the ability to constantly satisfy MARZOCCHI's requests.

### 3.4 Control/measurement and test/trial equipment

All control/measurement and testing/trial equipment must be checked/calibrated periodically in suitable environmental conditions, with certified instruments that can be correlated with nationally/internationally recognized samples or, in the absence of such samples, with documentation of the control/calibration criteria used.

The documentation relating to the check/calibration must be kept and exhibited following a request from MARZOCCHI.

Each piece of equipment must be marked to highlight its calibration status.

### 3.5 Sub-supplies

The Supplier **is not authorized** to transfer MARZOCCHI orders to sub-suppliers. If necessary, he must obtain prior authorization from MARZOCCHI.

### 3.6 Documents and registration

Drawings, specifications, specifications, instructions, derogations, registration of controls, etc., must be kept and made available for consultation and analysis upon request by MARZOCCHI.

For automotive supplies classified as safety (see § 5.6) the records must be kept for a period of no less than 15 years from the date of delivery of the product.

When requested, the aforesaid documents must also allow for the complete traceability of the production lots.

### 3.7 Equipment owned by MARZOCCHI SPA

The equipment (production equipment, control or measuring equipment, etc.) that MARZOCCHI makes available to the Supplier for the execution of the order, remain the property of MARZOCCHI.

The Supplier is responsible for their loss, damage, destruction. Routine maintenance of production equipment and any calibration of control and measurement instruments are the responsibility of the Supplier. Extraordinary maintenance will be the responsibility of MARZOCCHI.

The Supplier undertakes to use MARZOCCHI equipment exclusively to produce the material/service object of orders from MARZOCCHI.

## 4 Supplier performance evaluation

The Supplier is monitored with respect to:

Evaluation element	Monitoring Policy
Supplies compliance	PPM (defective product expressed in Parts per Million)
Delivery punctuality	No. of order lines punctual on the date of the MARZOCCHI order
Extraordinary events generated by the Supplier: a) Discontinuity c/o Customer (e.g., shipping block); b) special states (e.g., CSL1,2,3) attributed to Marzocchi by its Customer; c) Returns from Camp / recalls.	Score detractor: a) -10 points (punctuality of delivery) b) -30 points (quality) c) -30 points (Quality)

The details of the evaluation criteria are given in the attached table D.4.1.2.

The supplier is informed:

- Immediately following any non-compliance / significant event;
- Every six months in the event of inadequate performance compared to MARZOCCHI standards by sending the Evaluation Report.

Corrective actions are required where necessary.

## 5 Supply

### 5.1 Purchase orders

MARZOCCHI is responsible for the transmission of all documentation relating to the contract/purchase order. Contracts may only be stipulated with those Suppliers who are qualified at the end of the preliminary assessment activity by MARZOCCHI (see § 2). Specific requests will be made by sending the MD.4.1.6 "Supplier Activation Form".

### 5.2 Product approval process

Before starting mass production, the Supplier must obtain approval from MARZOCCHI. The attribution of the level for the presentation of the sampling/documentation is established by MARZOCCHI based on the type/criticality of the product in accordance with the following table:

MODALITIES / DOCUMENTS	APPLICABILITY	LEVEL		
		1	2	3
1. DIMENSIONAL REPORT (ISIR) with "ballooned" design	All the supplies	X	X	
2. MATERIAL CERTIFICATE	All the supplies	X	X	
3. FUNCTIONAL TESTS	All the supplies		O	
4. PHYSICAL SAMPLES	All the supplies	X	O	X
5. PSW Part Submission Warrants	Automotive	X	X	
6. FINISHING SHEET (VISUAL AID - Attached MD.5.1.3 as an example)	Automotive			X
7. FLOW-CHART	Automotive	X	O	
8. CONTROL PLAN	Automotive	X	O	
9. Process FMEA (in accordance with AIAG-VDA Last Edition FMEA manual)	Automotive	O	O	
10. PRELIMINARY CAPACITY STUDIES (Cp/Cpk-Pp/Ppk) in accordance with the SPC-AIAG Last Edition manual)	Automotive	O	O	
11. REPEATABILITY & REPRODUCIBILITY STUDIES of measuring instruments (in accordance with the MSA-AIAG Last Edition manual)	Automotive	O	O	
<b>Legend:</b> X = Mandatory element O = MARZOCCHI element upon request				

For automotive supplies, in the absence of a specific request, the following standard presentation levels must be applied:

- Level 1 Mechanical Processing Suppliers
- Suppliers of Cast and Die Cast Products Level 1
- Suppliers of Surface Treatments / Level 2 Heat Treatments
- Tier 2 Component Suppliers
- Level 2 Raw Material Suppliers
- Suppliers of finishes (e.g., deburring / tumbling) Level 3

At the request of the MARZOCCHI customer, for OEM automotive productions, the product approval process must be managed in accordance with the following alternative procedures:

- PPAP - AIAG Last Edition;
- VDA volume 2 Last Edition;
- Customer Specific Requirements (CSR).

### 5.3 Modifies

The Supplier is not authorized to make changes to the approved production process without prior authorization from MARZOCCHI. The following are considered changes:

- PRODUCT MODIFICATIONS (Compared to technical specifications/samples supplied);

- CHANGES TO PURCHASED MATERIALS;
- PROCESS CHANGES (to be evaluated together with the MARZOCCHI Purchasing function).

For Automotive Productions, the change request must be documented using document MD.3.1.2 "PCN" (attached). At the conclusion of the modification, sampling must be repeated according to the procedure § 5.2.

#### 5.4 Management of complaints, returns and guarantees

If non-conformities are detected (at MARZOCCHI or at MARZOCCHI's Customers) on the material/product or on the processing supplied, MARZOCCHI will send the "Quality Report" notification document to the Supplier.

The Supplier must respond within **48 hours of notification** of the non-compliance, indicating the first containment actions undertaken.

Subsequently, the Supplier is required to carry out analysis of the cause, identify and implement timely corrective actions necessary to resolve the problem encountered. Upon MARZOCCHI's request, the Supplier must fill in the 8D-Report document and, in this case, the required response times are as follows:

- **Containment – 24 hours**
- **Root Cause Analysis – 5 days**
- **Definition of the Corrective Action Plan – 10 days**

In the presence of a non-compliant product intercepted by the Customer Plant (Km 0) and attributable to the Supplier, MARZOCCHI reserves the right to take recourse against the Supplier for any charges relating to actions implemented by the end Customer for the management of the non-compliant product (e.g., selections at the Customer, line stops, Customer direct rejects, replacements managed by the Customer).

In the event that the defect is detected during use "On the Field" and falls within the agreed warranty criteria with the Customer, MARZOCCHI implements the following management process towards the Supplier:

- Joint technical analysis with the Supplier for the decision and attribution of responsibilities;
- Assessment of the economic impact of the event which includes the costs charged by the Customer and the costs incurred by MARZOCCHI (including costs relating to field replacement interventions and/or product recalls).

The Supplier must promptly notify MARZOCCHI of the identification of any risk that could potentially have repercussions on the quality/performance of the product and on the contractually defined delivery planning; moreover, he must immediately define and activate all the corrective actions necessary to remove the causes and mitigate the effects of the negative events as necessary and/or requested by MARZOCCHI.

The Supplier have to stipulate an adequate insurance policy, for the costs of product liability and recall from the field and to provide, upon request by MARZOCCHI, evidence of its existence.

#### 5.5 Management of exceptions and concessions

The Supplier must obtain Concession or Derogation from MARZOCCHI before proceeding further with production or shipment, when the product or process is different from the approved one.

The request must be submitted using form MD.1.8.9 "Request for Derogation from Supplier" (attached) and must be limited to the time or quantity authorized, in compliance with the identification methods indicated on the form itself (indication on the Document of transport and display of the derogation form on all the goods concerned).

Upon expiration of the Concession or Waiver, the Supplier shall ensure compliance with the original specifications and requirements.

#### 5.6 Product safety (automotive applications)

The Supplier who delivers materials classified by MARZOCCHI as "Safe" must ensure:

- The correct identification of the safety features (with respect to MARZOCCHI's request);
- Control of applicable legislative requirements;
- Notification to MARZOCCHI as necessary;
- The specific review of the PFMEA Risk Analysis and Control Plans to ensure adequate "protection" of the safety features;
- Training of "Safety" workstations personnel through specific training courses. For each department involved in production with "Safety" characteristics, the list of employees authorized to operate on the workstation itself must be available;




- The definition of the necessary traceability criteria;
- Control of quality records relating to "Safety" characteristics and referred to in the Control Plan and test reports, ensuring:
  - Identification of documents with the MARZOCCHI "S" symbol;
  - The conservation of these records for a period of at least 15 years (or more at the specific request of the Client);
  - Approval of changes impacting the Security Feature;
  - The correct diffusion of the requirements along the supply chain as applicable;
  - Ensure standardization of Lesson Learned relevant to product safety.

The presence of a safety feature is communicated by MARZOCCHI through the contractual documents (drawing/technical specifications).

For new supplies of Safety products (or requalification of already approved supplies) MARZOCCHI requires the supply of the PPAP -AIAG documentation for approval in accordance with the requirements referred to in § 5.2

### 5.7 Special Characteristics (automotive applications)

MARZOCCHI implements a classification strategy of the characteristics through the following symbols (present on the drawing and/or specifications):

Symbol on drawing	Description	Attribution criteria	Control criteria required (Definitions according to SPC AIAG manual)
	<b>LEGISLATIVE SAFETY</b> Characteristic	<ul style="list-style-type: none"> <li>• It affects safety or health;</li> <li>• Prejudices compliance with cogent legislation;</li> <li>• DFMEA (gravity 9 ÷ 10)</li> <li>• PFMEA (gravity 9 ÷ 10)</li> </ul>	Capability short term $\geq 2$ Capability long term $\geq 1,67$  Alternatively: 100% check
	<b>CRITICAL</b> Characteristic	<ul style="list-style-type: none"> <li>• Loss of primary function;</li> <li>• Deterioration of the primary function;</li> <li>• DFMEA (gravity 7 ÷ 8)</li> <li>• PFMEA (gravity 7 ÷ 8)</li> <li>• Loss of secondary function;</li> <li>• Deterioration of secondary function;</li> <li>• DFMEA (severity 5 ÷ 6)</li> <li>• PFMEA (gravity 5 ÷ 6)</li> </ul> <p><small>The attribution of Primary or Secondary depends on the evaluation of the functional impact with reference to the specific Application in question</small></p>	Capability short term $\geq 1,67$ Capability long term $\geq 1,33$  Alternatively: 100% check
	<b>IMPORTANT</b> Characteristic	<ul style="list-style-type: none"> <li>• <b>Control characteristics</b></li> </ul> <p>Characteristics associated with product/process control according to evaluations of Functional Robust versus Manufacture Method Robust</p>	Documented control for sampling suitable for the production process.
-	<b>STANDARD</b> Characteristic	<ul style="list-style-type: none"> <li>• <b>No perceptible effect</b></li> </ul>	Sampling control suitable for the production process.

The measurement systems adopted must satisfy the MSA (Measurement System Analysis) requirements as defined in the MSA-AIAG manual.

For non-dimensional characteristics (e.g., material characteristics) the control criteria must be agreed and approved by the MARZOCCHI contact person.

### 5.8 Contingency plan

The Supplier must prepare an emergency plan to ensure continuity of supply in the event of extraordinary events such as, for example:

- Breakdowns in key systems and equipment;
- Interruption of services;
- Recurring natural disasters;



- fires;
- Infrastructure problems (Hardware and Software);
- Logistical disruptions.

This plan must include actions to mitigate the effects on the continuity of supplies, including timely information to MARZOCCHI. Upon request, the plan must be submitted to MARZOCCHI for approval.

## 6 Logistics and traceability

MARZOCCHI requires its supply chain to manage materials from a FIFO perspective, in order to ensure effective material flow and consequent traceability. MARZOCCHI reserves the right to refuse supplies that do not comply with these principles.

MARZOCCHI requires the management of the traceability of the information / controls associated with the supply lot for the "automotive" codes (generally with the final letter "T"). This information must be kept for a minimum period of 15 years.

Additional requests (e.g., product marking) made necessary by risk assessment and/or product criticality analysis (see § 5.7), must be agreed in advance.

The identification of the samples must be strictly carried out with the signs attached (MD.4.2.1) respecting the following scheme:

- Engineering Sample – Parts intended for the Marzocchi Technical Office;
- Prototype Sample – Details for technical uses (Process Engineering or Technical Office);
- PPAP/ISIR Sample – Details belonging to the validation sampling for Quality Control;
- First Shipment (break point) – First serial supply after approval or after 8D-report or modifications;
- Certified material – Generally after selection in the face of a non-conformity;
- Non-compliant material – non-compliant parts.

The Supplier is required to agree on packaging specifications in line with MARZOCCHI's requirements, which may be formalized with the MD.5.5.1 form "Packaging Sheet", and to satisfy other expressed logistical requirements.

The Supplier is required to manage the obsolete product (e.g., before modification) as a non-compliant product.

## 7 Attached documentation

- D.4.1.2 Vendor Rating scoring method
- MD.1.8.9 Request for derogation from the Supplier
- MD.3.1.2 Process / Product Change Communication (PCN)
- MD.4.1.5 Confidentiality Agreement (NDA)
- MD.4.1.6 Supplier Activation tab
- MD.4.2.1 Special incoming material identification signs
- MD.5.1.3 Visual Aid
- MD.5.5.1 Packing tab