DIRECTION DES ACHATS

PSA Group

“Customer-Specific Requirements for use with IATF 16949”

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1 Purpose of the document

The purpose of this document is to describe the main requirements to be complied with by the organizations delivering products (hereinafter also referred to as "supplier") to PSA Group.

For a supplier to PSA Group, the scope of third party certification to IATF 16949 shall include the verification that the supplier:

- is aware of the Customer-Specific Requirements for PSA Group,
- knows how to access the PSA group B2B portal and all applicable requirements and tools
- follows up the quality of its supplies in a consistent way with the customer indicators.

The PSA Group Customer-Specific Requirements described hereafter are generic requirements, taken among all PSA Group requirements in order to help Certification Bodies (CB) understand and audit the statement above.

PSA Group has limited its number of specific customer requirements and has chosen among the ones that have often been found as weaknesses in the supplier's Quality Management System (2nd part audits, study of past quality problems…) or among PSA Group requirements established to address those weaknesses.

NOTE: The PSA Group requirements concerning a given supplier are those defined in the contractual documents agreed and signed by PSA Group and the supplier for the concerned supply and the statement above doesn't imply that other requirements cannot be audited.

2 PSA Group General Requirements in Supplier Relationship

2.1 General requirements:

The supplier certification according to the IATF 16949 technical specification by a Certification Body (CB) recognized by the International Automotive Task Force (IATF) is a required condition prior to any business relationship with PSA Group.

If not certified, the supplier must provide with the bid for the supply being quoted, a defined certification attainment plan to achieve certification of the manufacturing facility before the start of mass production.

Regarding PSA Group commitment to human rights as well as PSA Group attachment to environment respect, suppliers are also required to commit to the "PSA's requirements regarding social and environmental responsibility with respect to its suppliers" (reference DA_SIRF08_0041_EX).

All the suppliers are asked to commit to respecting these requirements or any other reference system of equal kind and level. This equivalence is to be appraised and approved by PSA Group.

In order to improve the performance of Supply-Chain, PSA Group deploys the Global MMOG/LE™ (Materials Management Operations Guidelines / Logistics Evaluation) assessment with all its suppliers. The MMOG/LE™ assessment, which is recognized in the Automotive Industry, allows to identify improvement areas in organization and to define action plan. PSA GROUP asks its suppliers to proceed to a yearly self-assessment of each manufacturing site (included shipping site) to cover entire Supply-Chain.

2.2 Certification requirement:

IATF 16949 Registration Waiver

PSA Group may, in some cases, fully waive certain organizations from IATF 16949 certification. This waiver generally applies to those organizations whose quality management system is acceptable without registration to IATF 16949.

Identification of candidate organizations for waiver from IATF 16949 registration is the responsibility of PSA Group. Verification and maintenance of waiver status is the responsibility of PSA Group. The waiver status is registered in PSA Group database named SPOT (Supplier Performance Online Tracking).

Evidence of IATF 16949 registration:

Organizations shall verify evidence of their certification to IATF 16949 in SPOT database.

Missing status, suspended or invalid status leads to penalties in the quality performance of the supplier.

2.3 PSA Group Reference documents for quality :

The PSA Group quality requirements and the operating modes to be applied between PSA Group and its suppliers throughout the whole PSA Group/suppliers relationships were previously described in a manual « Suppliers Relation Management » (reference DA_AQF07_0001_EX) called MRF document.

Since middle of year 2015, PSA has adopted APQP and PPAP processes for new projects. The PSA Group requirement for these new projects are defined in the “Supplier Quality Manual “ (reference 01276_15_00082) called SQM document.

To determine which document is applicable, refer to the purchase contract between the organization and PSA Group.

NOTE: MRF or SQM document may not be applicable and replaced by specific procedures (raw materials for instance). Refer to the purchase contract between the organization and PSA Group.

3 PSA group organization in Supplier Relationship

The Supplier Quality Department (Supplier Development Department (DSD)) of PSA Group Purchasing Department is organized in such a way that there is a unique operational PSA Group representative per supplier plant. This PSA Group representative name "SD site" is to be known by the Customer representative of the supplier (paragraph 5.5.2.1 of IATF 16949).

For a new PSA Group supplier for which the “SD site” is not yet appointed, the representative may be the “SD Domain" who is the SD representative in charge of the "overall commodity" procurement family.

4 PSA Group Customer-Specific Requirements- focus on key items

The PSA Group Customer-Specific Requirements related to IATF 16949 are as follows (with the applicable sections of IATF 16949).

NOTE: Regarding sections of IATF 16949 that are not addressed in this document, the absence of those sections shall not be interpreted to mean that quality or technical requirements do not exist for the subject addressed in the section. See chapter 1

6.2.2.1 Quality objectives and planning to achieve them — supplemental

The quality objectives for the supplies are updated yearly. Analysis and action plans shall be implemented by the supplier in order to achieve the quality targets assigned by PSA group.

The quality objectives shall be cascaded to the sub-suppliers and must be consistent with PSA Group targets.

7.1.5.3.2 External laboratory

The supplier must approve the choice of its inspection, testing and calibration suppliers for the development and series production of its supplies. The choice of such suppliers is not subject to the prior approval of PSA Group. At PSA Group's request, substantiating documents will be produced.

The approval criteria are based on the ISO/IEC 17025 standard (or national equivalent), and must be documented. Certification of inspection, testing or calibration suppliers to ISO/IEC 17025 standard (or national equivalent) by qualified bodies is required, otherwise PSA Group must be notified.

7.2.1 Competence — supplemental

The supplier shall be aware of PSA Group requirements (see also 5.5.2.1 Customer representative). The supplier shall evaluate the skills of the project teams involved in PSA Group projects. He shall identify the need of trainings in "AQF" (i.e. "Suppliers Quality Assurance") by an organism approved by PSA Group or by a supplier AQF representative after completion of specific training and agreement on specific contract established by PSA Group (see B2B relative section “Documentation/Quality - Support and training/Supplier AQF representative”).

The training procedure shall describe the personnel re-qualification process that must take into account the operational results at each workstation, the result of the layered process audits, time off job, etc.

7.5.3.2.1 Record retention

Complementary to IATF16949 requirement, specific minimum retention period is required by PSA for some documents.

The concerned documents and applicable retention period are defined in SQM or MRF document.

8.2.1.1 Customer communication — supplemental

The MRF or SQM requires from the supplier:

- transparency on work progress and duty to warn (without specific means for achieving this),

- the use of specified formats for some deliverables (during request for quotation, development or production phase),
- the use of specific IT systems (see below)

Specific IT systems:

Specific tools are used by PSA Group and its suppliers to exchange data. These tools are accessed through the PSA Group B2B portal. The main IT systems to be used are:

- for the design and development phase:
  - Foqu@lis or PLM which supports the Suppliers Quality Assurance methodologies,
  - MACSI to record material mass assessment and declaration of substances subject to restrictions,

- for the mass production phase: :
  - Amadeus which is the system recording the list of incidents and allowing to follow their management
  - EDI (Electronic Data Interchange) for logistics
  - Madig which is the system recording data on incidents in the customer field and cost of warranty.
  - SPOT for the KPI and scorecards (Bidlist scoring and supplier plant sheet) as well as certificate status (IATF 16949, QSB+, MMOG/LE self-assessment)

8.3.3.3 Special characteristics

The concept of "Essential Monitored Characteristics (CSE)" replaces the concept of "Special Characteristics". An "Essential Monitored Characteristic" is a product characteristic:

- for which conformity is essential to guarantee that the dispersive technical and functional characteristics are compliant,
- for which the control methods (type and frequency of controls, corrective actions, etc.) guarantee conformity of the entire production.

The "Essential Monitored Characteristics (CSE)" are listed in a specific form named "Parts Inspection Standard" (PCP in French).

The supplier shall use PSA group procedure to identify and manage special characteristics.

Major symbols to be used :

- Safety characteristic 

- Regulatory characteristic 

- Safety and regulatory characteristic : 

All reference documents regarding CSE approach and all associated symbols are defined in MRF or SQM document.

The organization may use its own special characteristics symbols for internal use but in that case the organization shall:

- ensure a bijective correspondence (one to one) with the symbols defined by PSA Group
- document the equivalence of the internal symbols with PSA Group symbols and reference the equivalence when the organization uses internal symbols in its communication with PSA Group.

8.3.5.1 Design and development outputs — supplemental

The use of PSA group standard to perform FMEA is recommended but any other standards deemed similar by PSA Group can be used.

Nevertheless, whatever standard is used, all critical items (severity ≥ 9) must be addressed by action plans.

The supplier must use a specific form to monitor the progress of high risks identified with DFMEA and PFMEA.

8.3.5.2 Manufacturing process design output

The use of PSA group standard to perform FMEA is recommended but any other standards deemed similar by PSA Group can be used.

Nevertheless, whatever standard is used, all critical items (severity ≥ 9) must be addressed by action plans.

The supplier must use a specific form to monitor the progress of high risks identified with DFMEA and PFMEA.

8.3.6.1 Design and development changes – supplemental

All design changes, including those proposed by the organization, shall have written approval by the authorized customer representative, or a waiver of such approval, prior to production implementation. See MRF or SQM document for the process to be applied.

Changes in a supply or its manufacturing process proposed by the supplier during mass production are to be classified according to PSA GROUP classification system. The changes are to be managed according to a method specific to each class (see reference document “Classification of the evolution requests for a supply or a manufacture process, made by the supplier reference DTI_DQI08_0020).

See also chapter 8.5.6.1 Control of changes — supplemental.

8.4.1.3 Customer-directed sources (also known as “Directed–Buy”)

If necessary, a tripartite agreement that correctly distributes the responsibilities of each party must be signed (between PSA GROUP, tier-1 supplier and tier-n supplier).

8.4.2.3 Supplier quality management system development

This chapter applies to suppliers of the organization who are providers of parts or components, materials, production processes (such as providers of heat-treating, painting, and other finishing services).

Indirect and service providers are not included in this requirement (training providers, no added value on manufacturing processes, logistics, packagers,…)

The organization shall require from his own suppliers a process for product and manufacturing process qualification, ensuring that only qualified components/material are used for assembled parts (refer to chapter 8.3.4.4 of IATF 16949 standard) and an incoming inspection, the frequency of which is in line with supplier performance.

8.4.2.4 Supplier monitoring

The purchasing process shall include targeted quality KPI consistent with PSA Group quality objectives (see chapter 6.2.2.1) and related escalation process in case of non-respect.

8.4.3.1. Information for external providers — supplemental

The supplier shall cascade PSA Group's requirements to the tier suppliers (technical specification and special characteristics (see chapter 8.3.3.3), product and process specific standards needed to be applied (e.g: Initial samples, traceability, FIFO and labelling requirements…)

8.5.1.7 Production scheduling

The supplier must implement a complete and structured approach to guarantee production. This approach must include a three-level production schedule:

- Sales & Operating Planning (S&OP) for long-term strategic scheduling which includes complete forecasting of customer demand,
- Master Production Schedule (MPS), coherent with S&OP outputs, for providing a complete forecasting of the customer demand at the Part Number level on short term,
- Production Planning (Prod. Plan) for detailed manufacturing program on daily basis coherent with MPS outputs.

8.5.2.1 Identification and traceability — supplemental

Traceability rules are defined and applied according to the class of traceability of the finished product.

A traceability system must be defined by the supplier according to the class of traceability of the finished product and including strict calculation of dilution rate. Refer to specific PSA procedure "'Traceability: PCA Peugeot Citroën Requirements" reference 01272_07_00279).

The supplier must prove that its traceability system is effective, including the tier-2 suppliers.

8.5.4.1 Preservation — supplemental

The Logistics Manual "MLP" referenced ILFC_RFLA10_0003 describes all the logistics rules and includes all logistic reference documents.

Logistics incidents occurring during mass production must be treated by using the Amadeus-Logistics software (software for sharing quality and logistics incidents between PSA GROUP and a supplier).

8.5.6.1 Control of changes — supplemental

Changes in a supply or its manufacturing process instigated by the supplier during mass production are to be classified according to PSA GROUP classification system. The changes are to be managed according to a method specific to each class (see reference document “Classification of the evolution requests for a supply or a manufacture process, made by the supplier reference DTI_DQI08_0020).

The specific case of manufacturing/shipping site change is managed with a specific process and related procedure “Transfer Manufacturing and/or Shipping Site at the request of a Supplier” reference DA_SIRF07_0001 called BTAB process.

8.5.6.1.1 Temporary change of process controls

The concept of "temporary change” is in some cases named “downgraded mode”

This PSA Group specific requirement concerns all temporary process changes and not only process control operations.

8.7.1.1 Customer authorization for concession

The concept of "authorization to deliver non-compliant supplies" replaces the concept of "customer concession or deviation permit". A request for an "authorization to deliver non-compliant supplies" shall be submitted by the supplier for any deviation with the specification. There is a specific form to fill in by the supplier. This form is required during development and also during mass production.

8.7.1.4 Control of reworked product

The supplier shall obtain authorisation from PSA Group before carrying out rework or repair operations not planned during the initial qualification. The authorisation request comes with rework procedures and an analysis of associated impacts.

9.1.1.1 Monitoring and measurement of manufacturing processes

The supplier must implement "Reverse PFMEAs" to:

- identify new potential failure modes in shop floor (Proactive Risk Reduction Process),
- confirm or update current Occurrence/Detection levels (Process optimization).

The Reverse PFMEAs is an "on-station review" by a cross-functional team.

9.1.2.1 Customer satisfaction

All suppliers to PSA Group should identify gaps to meet QSB+ requirements and implement corrective action plan in order to be ready to be assessed by PSA.

Suppliers that have been audited by PSA Group shall implement and manage action plans in order to reach or maintain the requested level (QSB+ result ≥ 85%). They shall also implement and forward an updated self- assessment with associated action plans every 12 months in SPOT database.

NOTE: if QSB+ result assessed by PSA Group is less than 85 % then penalties will be applied to the supplier performance (see chapter 9.1.2.1 below).

9.1.2.1 Customer satisfaction — supplemental

PSA Group monitors the performance of its suppliers at the site level. For each manufacturing site of a supplier, a scoring (called “bidlist scoring”) and a scorecard called ‘’supplier plant sheet” are available to the supplier in the application SPOT.

The Bidlist scoring takes into account :

- Supplier Certifications (IATF 16949 in particular),
- Customer quality results measured by PSA Group,
- Audits performed by PSA Group

The Bidlist scoring is used during Request For Quotation process for sourcing eligibility. A manufacturing site rated “Red” cannot be sourced.

The initial scoring is 100 points per area (quality, logistics, after-sales) and penalties are applied in case of major deviation such as severe issues, suspended certifications, unauthorized changes , low service rate, low quality performance…The bidlist scoring is regularly updated and includes these penalties.

The Supplier plant sheet is used to manage the supplier site quality and logistic performance with mid-term and long term data. Targets are also available in the supplier plant sheet (see chapter 6.2.2.1).

PSA Group may, at its option, provide Certification Bodies with periodic reports of their clients’ quality data such as bidlist scoring (including detailed scoring), supplier plant sheet, incidents treatment reports or PSA Group audit reports.

This initiative does not constitute an OEM performance complaint but a help to identify weaknesses and to manage improvement.

PSA GROUP Suppliers Codes to be entered in IATF database

The present PSA Peugeot Citroën supplier’s codes are named COFOR (ten characters). The COFOR to be registered shall be the COFOR assigned by PSA Group in SPOT database.

Surveillance of suppliers and countermeasures in case of problem

PSA GROUP established a surveillance system of its suppliers and has defined countermeasures to be activated in case of problem. This monitoring system includes audits and containment activities with controlled shipping (level 1 and level 2).

When a supplier's production site generates too many disruptions, PSA Group will implement an escalation process which includes countermeasures adapted to the performance of the supplier according to a staged process which can lead to sanctions applied against the supplier (including the possibility of sending a complaint to the Certification Body (CB) for starting the decertification process (refer to “Rules for achieving IATF recognition 5th Edition for IATF 16949”).

NOTE: special status notification by PSA Group to the supplier is issued by an official mail or e-mail. The Certification Body will also be informed by PSA about this notification. The Certification Body shall investigate the complaint in accordance with Section 8.0 of the Rules. At the conclusion of their investigation, the CB shall advise PSA Group of their findings and any actions taken.

9.2.2.3 Manufacturing process audit

The supplier must conduct Layered Process Audits (LPA), the aim of which is to ensure consistent application and execution of standards. LPA are to be performed by Operational Managers.

LPA shall be implemented for all operational areas (manufacturing, logistic, maintenance). All shifts shall be audited.

All management level should be involved (from team leader to top management) but at least the management of operational teams shall be involved (ex : in manufacturing area, from shift/team leader to manufacturing leader)

NOTE: no specific auditor qualification is required to perform LPA but LPA performers shall be trained and qualified.

9.2.2.4 Product audit

During development phase, in order to validate the supplier's production control plan and to ensure that any quality issues that may arise are quickly identified, contained and corrected at the supplier's location, the supplier shall implement a quality wall and establish containment stations, which must be off-line, separate, and independently checked from the normal manufacturing process and located at end of process. The supplier shall refer to PSA group referenced document "GP12 PSA Quality Wall in Development Phase" reference 01272_16_00012.

10.2.3 Problem solving

The supplier shall apply the reference process: 01272_14_00005 'Supplier Quality & Development Processes and Measurements Procedure - GP5+'.

During mass production, the supplier must use the Amadeus IT system (shared with PSA group) and one "8D-Problem solving sheet" form to manage the containment, corrective and preventive actions.

The supplier shall take advantage of the quality failures reported (0km and in field) to conduct an in-depth analysis of the technical and system root causes and implement appropriate action plans.

For incidents that caused severe disruptions or with a high risk level, PSA Group will ask for a presentation of the relevant "A3 PDCA" on PSA Group manufacturing site to top management.

5 Revision History

Revision	Date	Modification
1st issue	February 2017	Creation of the document, in line with IATF 16949 standard. Removal of CSR regarding contingency plans. Add reference to specific PSA procedure "'Traceability: PCA Peugeot Citroën Requirements" reference 01272_07_00279). Add of precisions relative to IATF 16949 requirements addressing customer notification or approval. Add of a comparison table (see below) to find previous PSA Group CSR in new IATF16949 standard. Note: this is NOT a correspondence matrix between ISO/TS16949 and IATF16949 standards.

Comparison table with PSA Group Customer Specific requirements for use with ISO/TS16949:

Previous ISO/TS16949 clause concerned by a PSA Group's CSR	Where to find relative PSA Group's CSR in IATF16949 clause
5.2 Customer focus	9.1.2.1 Customer satisfaction — supplemental
5.4 Quality objectives	6.2.2.1 Quality objectives and planning to achieve them - supplemental
6.2.2.1 Product design skills	7.2.1 Competence — supplemental
6.2.2.2 Training	7.2.1 Competence — supplemental
6.3.2 Contingency plans	CSR removed
7.1 Planning of realization	8.5.1.7 Production scheduling
7.1.4 Change control	8.3.6.1 Design and development changes – supplemental 8.5.6.1 Control of changes — supplemental
Only described in SQM manual	8.5.6.1.1 Temporary change of process controls
7.2.3 Customer communication	8.2.1.1 Customer communication — supplemental
7.3.1.1Multidisiplinary approach	8.3.5.1 Design and development outputs — supplemental 8.3.5.2 Manufacturing process design output 9.1.1.1 Monitoring and measurement of manufacturing processes
7.3.2.3 Special characteristics	8.3.3.3 Special characteristics
7.4 Purchasing	8.4.2.3 Supplier quality management system development 8.4.2.4 Supplier monitoring 8.4.3.1. Information for external providers — supplemental
7.4.1.3 Customer (approved sources)	8.4.1.3 Customer-directed sources (also known as "Directed–Buy")
7.5.1.1 Control plan	9.2.2.4 Product audit
7.5.1.6 Production scheduling	8.5.4.1 Preservation — supplemental
7.5.3 Identification and traceability	8.5.2.1 Identification and traceability — supplemental
7.6.3.2 External laboratory	7.1.5.3.2 External laboratory
8.2.2 Internal audit	9.2.2.3 Manufacturing process audit
8.3.4 Customer waiver	8.7.1.1 Customer authorization for concession
8.5.2 Corrective action	10.2.3 Problem solving
Not in "PSA Group CSR" document but in MRF or SQM manual	7.5.3.2.1 Record retention
Not in "PSA Group CSR" but in PSA Group specific procedures	8.7.1.4 Control of reworked product
Chapters 5, 6 and 8 of "PSA Group CSR"	9.1.2.1 Customer satisfaction — supplemental