SMR Global Supplier Manual Appendix F –FCA US Customer Specific Requirements for Suppliers

As per FCA US LLC Customer Specific Requirements for

IATF 16949:2016 Publication Date: August 5, 2020

SMR Global Supplier Manual
Appendix F – FCA US CSR

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SMR Global Supplier Manual - Additional Customer Specific Requirements

Scope of this document

The scope of this document is to ensure compliance to customer requirement by sub-suppliers of SMR Automotive who are supplying for any FCA project. This document is listing requirements for these suppliers in addition to standard IATF16949 requirements and in addition to standard SMR requirements.

Responsibility

Suppliers who are supplier for SMR of a component for a FCA product shall meet all requirements listed in this document during the whole project lifetime. This includes but not limited to:

- Regularly check for updates of this document on www.smr-automotive.com
- Ensure availability and awareness of related FCA standards and requirements mentioned in this document
- Ensure requirements are met in their supply chain

1.0 Customer-Designated Special Characteristics (IATF 16949 section 8.2.3.1.2)

FCA US has identified a series of classifications to identify all characteristics of parts, components or systems. These are summarized in Table 3:

TABLE 3: Classification of Special Characteristics
Type Description
REGULATORY
Regulatory characteristics have an impact on the safety or emissions performance of the vehicle or are expected to be important for vehicle homologation.

CRITICAL
Deviation from the required specifications of critical characteristics may compromise the efficiency or use of the product by the customer.

CAPABILITY
Deviation from the required specification of capability characteristics may cause potential problems with efficiency, use, or vehicle assembly. These characteristics are used primarily to establish product capability and to aid root cause analysis.

ORDINARY Features affecting the function of the part.

Characteristics typed as Regulatory, Critical or Capability are identified with special symbols on FCA US Engineering source documentation.

Use of these characteristic classifications for FCA US parts, components or systems shall conform to CEP-12679.

1.1 Special Characteristics (IATF 16949 section 8.3.3.3)

The organization shall document the equivalence of the internal special characteristics symbols with FCA US equivalent symbols and reference the equivalence when the organization uses internal symbols in its communications with FCA US.

2.0 Supplier Selection Process (IATF 16949 section 8.4.1.2)

The organization shall conduct an on-site Process Audit (or equivalent) for all suppliers NOT considered FCA US or the organization to be low risk to program.
The organization shall maintain a list of approved suppliers for each sub-component, raw material, commodity, technology, or purchased service.
The organization shall have a documented process to monitor and manage performance.

3.0 Customer directed sources / Directed Buy (IATF 16949 section 8.4.1.3)

For both Directed Parts and Consigned parts, FCA US is responsible for leading the Advance Quality Planning (Process Planning Review for some existing programs), Process Audit, and PDR activities up to and including PPAP, with input from and participation of the organization.

If the organization receives Directed parts or materials, the organization is responsible for managing the on-going quality of the supplier components after following PPAP, working with FCA US to resolve issues.

If the organization receives Consigned parts or materials, FCA US is responsible for managing the ongoing quality of the supplier components following PPAP, with input from and participation of the organization.

4.0 Supplier Quality Management System Development (IATF 16949 section 8.4.2.3)

Management of Supplier Quality Management System (QMS) Development
Supplier QMS development effectiveness shall be evaluated on the basis of evidence that the organization has processes in place that include such elements as:
Supplier QMS development strategy (8.4.2.5) using risk-based thinking to establish:

- Minimum and target development levels for each supplier.
- Criteria for designating “exempt” suppliers.
- Criteria for granting waivers to select suppliers for compliance to specified elements of ISO 9001 or IATF 16949.
- Second-party audit administration (8.4.2.4.1).
- Identification of second-party auditors.
- Criteria for granting self-certification status to qualified suppliers.
- A schedule for second-party audits.
- Organization-controlled record keeping (7.5.3.2.1).
- Progress monitoring.

NOTE: Organizations requiring additional guidance on supplier QMS development should refer to CQI-19: Sub-tier Supplier Management Process Guideline.
Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers (MAQMSR)
The organization shall prioritize the QMS development program for non-exempt suppliers to introduce compliance to the Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers (MAQMSR), as the first step beyond compliance with ISO 9001 or certification to ISO 9001. At a minimum, the organization shall require their non-exempt suppliers to demonstrate compliance to ISO 9001 and MAQMSR.

Ship-Direct Suppliers
Organizations may, with FCA US Purchasing concurrence, identify a supplier location within FCA Purchasing systems as an organization manufacturing site. (Such a designation allows direct

shipment of manufactured goods to FCA US). Unless otherwise specified by FCA US, such sites shall be subject to the registration requirements described in Section 1.2. In the event that FCA US chooses to grant such a supplier site an exemption to IATF 16949 registration,
· The site shall receive the highest priority for QMS development.
· The site shall not be designated “exempt”, or a “waiver” shall not be granted, without the written concurrence of FCA US Supplier Quality.
Suppliers certified to IATF16949

Supplier Development Not Required of Suppliers Certified to IATF 16949 Supplier QMS certification by an IATF-recognized Certification Body to IATF 16949 completely satisfies the requirements for quality management system development. Further QMS development by the organization is not required while the supplier’s certification is valid.

If the supplier certification expires or is cancelled or withdrawn by their Certification Body, the organization shall establish and implement a plan for second-party audits to ensure continued compliance to IATF 16949 until such time as the supplier is recertified.

Exemption shall not be granted as an alternative to recertification without approval from FCA US Supplier Quality management.

5.0 Automotive product-related software or automotive products with embedded software (IATF 16949 section 8.4.2.3.1)

All suppliers to the organization providing software embedded in electronic subcomponents of production and service parts and components supplied to FCA US shall undergo an assessment of software process capability/maturity in accordance with CS.00187.

6.0 Second-party audits (IATF 16949 section 8.4.2.4.1)

The second party must annually audit each non-exempt supplier for whom it has performed the second party service.

For suppliers not certified to ISO 9001, the duration of these audits must conform to the full application of the audit day requirements of the Rules, Section 5.2.

For ISO 9001 certified suppliers, audit length may vary to suit individual supplier requirements and audit resource availability in accordance with the documented development strategy.
Audit reports shall be retained as organization-controlled records (7.5.3.2.1).
The organization (2nd party) must be IATF16949:2016 certified and not cannot be in “suspended” status.
The following second party qualifications shall apply:
1. The organization must be IATF16949:2016 certified by an IATF-recognized Certification Body.
2. The IATF 16949 certification of the second party cannot be in “suspended” status.

The organization shall have a documented process for identifying and qualifying suppliers for whom self-certification is an effective alternative to second-party audits for QMS development.

<u>Supplier self-certification</u>

If the organization has suppliers for whom self-certification is an effective alternative to second-party audits for QMS development, the organization shall have a documented process for identifying and qualifying self-certifiable suppliers. Qualification criteria shall include a preliminary evaluation (audit) of the supplier’s QMS, an analysis of the supplier’s quality performance and an assessment of the incremental risk to organization products.

Self-certification qualifications shall be documented and subject to periodic review. Such documents shall be managed as organization-controlled records (7.5.3.2.1).

7.0 Supplier development (IATF 16949 section 8.4.2.5)

Supplier exemptions / waivers

The organization strategy for supplier development of its active suppliers shall include a documented process for designating "exempt" suppliers – those suppliers who are unable or unwilling to fully certify a quality management system to IATF 16949 or ISO 9001.

The organization development strategy shall include provisions for granting partial exemptions ("waivers") to suppliers providing commodities for which specific sections of ISO 9001 or IATF 16949 do not apply. Except as noted in Section 8.4.2.3, declaring a supplier as "exempt" does not relieve the organization of the responsibility for supplier QMS development for any sections of ISO 9001 or IATF 16949 not explicitly waived.

Supplier development prioritization, exemption and waiver decisions, as well as the scope of individual exemptions or waivers, shall be documented and subject to periodic review. This documentation shall be retained as an organization-controlled record.

Performance Complaints

To ensure continuing conformance to all FCA US requirements, the organization shall implement a program to pursue supplier development for supplier manufacturing sites whose open performance issues directly impact FCA US operations. The program should include a procedure to pursue systemic corrective action from IATF16949-certified suppliers by preparing and submitting a performance complaint in accordance with Section 8.0 of the Rules, using the procedure outlined in SQN-A1024.
NOTE: This requirement does not apply to suppliers providing Consigned parts or materials (8.4.1.3).
Organizations may submit performance complaints against IATF 16949-certified suppliers for open performance issues not directly impacting FCA US operations without FCA US participation or

8.0 Identification and traceability – supplemental (IATF 16949 8.5.2.1)

Organizations shall conform with PF.901106 when providing parts or components:

- That require tracking to ensure emission, certification and regulatory compliances.
- That are designated as high-theft components for law enforcement needs.

9.0 Annual Layout inspection and functional testing (IATF 16949 section 8.6.2)

Annual Layout

To ensure continuing conformance to all FCA US requirements, the organization shall conduct a complete layout inspection of all organization-manufactured parts and components including all subcomponents. Unless otherwise specified by FCA US Engineering and Supplier Operations, the reference standard for layout inspections shall be the FCA US Engineering source documentation. The approved Control Plan shall also be used where applicable.

For dimensional characteristics identified on the Control Plan as Critical (8.2.3.1.2), the organization shall conduct a monthly dimensional study in accordance with QR-10012 and SPB-00001-09.
The frequency of layout inspections for non-critical characteristics of production parts and components shall be established following an assessment of risk to product quality. In the absence of risk analysis, the inspections shall be conducted annually.

Evaluation of program effectiveness shall be based on evidence that the organization has a process in place that includes elements such as:

- An assessment of risk of nonconformance (6.1.1, 6.1.2, 6.1.2.1).
- An established inspection schedule.
- Qualified inspectors identified and employed (7.2.3).
- Conformance evaluation of non-consigned, externally-provided subcomponents (8.4.2, 8.4.2.1).
- A defined corrective action process, including:
- Customer notification of nonconformance (8.7.1.6).
- Corrective actions (8.7.1).
- Verification of corrective action effectiveness.
- Record retention (7.5.3.2.1).

Inspection frequencies greater than one year require a written waiver by FCA US Supplier Operations. Any such waiver shall be subject to annual review and renewal. Documented evidence of the waiver shall be retained as an organization-controlled record.

Layout Inspection - Service

The frequency and extent of layout inspections for service parts and components shall be established by the organization with the written approval of Mopar Supplier Quality. Documented evidence of the approved layout inspection plan shall be retained as an organization-controlled record. In the absence of a written agreement, a production-level inspection program (per above) is required

To ensure continuing conformance to all FCA US requirements, the organization shall conduct a complete layout inspection of all organization-manufactured parts and components including all subcomponents.

Unless otherwise specified by FCA US Engineering and Supplier Operations, the reference standard for layout inspections shall be the FCA US Engineering source documentation. The approved Control Plan shall also be used where applicable.
For dimensional characteristics identified on the Control Plan as Critical (8.2.3.1.2), the organization shall conduct a monthly dimensional study in accordance with QR-10012 and SPB-00001-09.

The frequency of layout inspections for non-critical characteristics of production parts and components shall be established following an assessment of risk to product quality. In the absence of risk analysis, the inspections shall be conducted annually. Fequency and extent of layout inspections for service parts and components shall be established by the organization with the written approval of Mopar Supplier Quality.

10.0 Internal Audit (IATF 16949 Section 9.2.2)

Layered Process Audits

Organizations supplying production parts or components to FCA US shall conduct Layered Process Audits (LPA) on all elements of manufacturing and assembly lines that produce production parts or components for FCA US. These shall include both Process Control Audits (PCA) and Error Proofing Verification (EPV) audits.
Organizations shall provide evidence of compliance to the following requirements:

- Audit process shall involve multiple levels of site management, from line supervisor up to the highest level of senior management normally present at the organization site.
- A member of site senior management shall conduct process control audits at least once per week. All members of site senior management shall conduct process control audits on a regular basis

Delegation of this activity will not be accepted with the exception of extenuating circumstances.
Note: Frequent travel is an example of an extenuating circumstance. Site management personnel whose responsibilities include frequent travel may be excused from scheduled participation in layered process audits, but should participate whenever possible.

- The organization shall have a documented audit structure with auditor level and frequency of inspection.
- PCAs shall be conducted at least once per shift for build techniques and craftsmanship related processes.
- EPV audits shall be conducted at least once per shift, preferably at the start of shift. Compliance charts shall be completed once per quarter and maintained for the life of the program. The following metrics shall be included:
  - Audit completion by all auditing layers.
  - By-item percentage conformance by area.
- Reaction plans shall be in place to immediately respond to nonconformances and implement corrective actions (10.2.1).
- A separate communication procedure is required to address reoccurring non-conformances. Specific areas of focus shall include the following:
  - Resolution of non-conformances, including lessons learned (10.2.3).
  - Escalation of issue for management review (9.3.2).
- Layered process audits are not required for specific materials, parts or assemblies produced on such an infrequent or irregular basis that it would prohibit establishing a regular, weekly audit schedule.
- Such infrequently or irregularly produced materials, parts or assemblies shall be subject, at a minimum, to a process audit at start-up and shutdown of each production run.
- Organizations shall evaluate and document the applicability of this exception for each material, part or assembly under consideration based upon the production schedule for all customers.
- The evaluation document shall be maintained as an organization-controlled record (7.5.3.2.1); reviewed annually and updated as required.

Organizations shall use CQI-8: Layered Process Audits Guideline, 2nd Edition to establish a Layered Process Audit program. The program shall be administered under the guidance of a competent manufacturing process auditor as defined in IATF 16949 Sanctioned Interpretation no.4 for Section 7.2.3.

11.0 Manufacturing process audit (IATF 16949 section 9.2.2.3)

Special Process Assessments

Organizations shall evaluate the effectiveness of each of the applicable special processes listed below with the associated AIAG manual:

- Heat Treating – CQI-9 Special Process: Heat Treat System Assessment, 3rd Edition*
- Plating – CQI-11 Special Process: Plating System Assessment
- Coating – CQI-12 Special Process: Coating System Assessment
- Welding – CQI-15 Special Process: Welding System Assessment
- Soldering – CQI-17 Special Process: Soldering System Assessment
- Molding – CQI-23: Special Process: Molding System Assessment
- Casting – CQI-27: Special Process: Casting System Assessment.*

*See “Special Process Assessments – Additional Considerations” below.
Evaluation of implementation effectiveness shall be based on evidence that the organization has a process in place that includes elements such as:

- Qualified Auditors identified and employed (7.2.3).
- Schedule for self-assessment in place (including evidence of schedule adherence).
- Defined corrective action process, including:

- Customer notification of nonconformance (8.7.1.6).
- Corrective actions (8.7.1).
- Verification of corrective action effectiveness.

- A continuous improvement process (10.3, 10.3.1).
- Organization-controlled record keeping (7.5.3.2.1).
- Supplier development process (8.4.2.5) identified for applicable suppliers to the organization.

Pursuant to IATF 16949 clauses 8.4.1.3 and 8.4.3.1 together with their associated FCA US Customer-Specific Requirements, this requirement shall also apply to suppliers to the organization who employ the above-listed special processes (CQI-9, CQI-11, CQI-12, CQI-15, CQI-17, and CQI-23).
Organizations shall evaluate their manufacturing processes, and the manufacturing processes of their suppliers, to establish and document the scope of applicability of this requirement. This document is an organization-controlled record (7.5.3.2.1). Evaluation shall be by self-assessment. The self-assessment shall be conducted annually, but may be repeated as needed. The self-assessment may be conducted as part of the organization's internal quality audit or conducted separately. Assessment by a competent second party auditor (7.2.4) will satisfy the self-assessment requirement for suppliers to the organization.
Special Process Assessments – Additional Considerations
CQI-9 and CQI-15: Organizations shall submit a completed self-assessment to SMR Supplier Development /Quality on an annual basis.

- Submissions shall be in English
- Submissions shall be identified by:
  - Organization name
  - Organization location
  - Supplier Codes assigned to the location by SMR Purchasing
  - Year of submission

· Suppliers to an organization (i.e. sub-tier suppliers) may submit completed self-assessments directly to FCA US Supplier Quality after reviewing the self-assessment with their customer.
Completed assessments shall be submitted to the following SharePoint site:
https://collab.nafta.extra.fcagroup.com/sites/psqcentral/CQI9/SitePages/Home.aspx.
CQI-27: Self-assessment program administration are subject to the exemptions identified in Tables 7, 8 and 9 of Appendix B.

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Appendix F – FCA US CSR

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History of Revision

No.	Cause of modification	Date	Modifier	Approved
1	First issue	16.10.2017	Judith Robertson	Steffen Dehner
2	Update Logo, update per FCA LLC US CSR published Aug. 05,2020	07.01.2021	R. Hochmuth	Judith Robertson
3				
4				
5				