PSA Group “Customer-Specific Requirements for use with ISO/TS 16949:2009”

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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 which deliver products (hereinafter referred to as "supplier") to PSA Group.

For a supplier to PSA Group, the scope of third party certification to ISO/TS 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 mean that other requirements cannot be audited.

2 PSA Group General Requirements in Supplier Relationship

2.1 General requirements:

The supplier certification according to the ISO/TS 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_SIREF08_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:
ISO/TS 16949 Registration Waiver

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

Identification of candidate organizations for waiver from ISO/TS 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 ISO/TS 16949 registration:

Organizations shall verify evidence of their certification to ISO/TS 16949 in SPOT database.

Missing status, suspended or invalid status lead to penalties in the quality performance of the supplier (see chapter 6)

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.
by the Customer representative of the supplier (paragraph 5.5.2.1 of ISO/TS 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 ISO/TS 16949 are as follows (with the
applicable sections of ISO/TS 16949).

NOTE : Regarding sections of ISO/TS 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

5.2 Customer focus

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 in
the supplier performance (see chapter 6).

5.4 Quality objectives

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

6.2.2.1 Product design skills

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 agreed on by PSA group.
6.2.2.2 Training
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.

6.3.2 Contingency plans
The supplier must carry out a general risks assessment according to a structured method. The results of the general risks management must be included in contingency plan(s). The general risks assessment must be periodically reviewed and the contingency plan(s) must be monitored.

7.1 Planning of product realization
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.

7.1.4 Change control
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 01272_13_00008 “Transfer Manufacturing and/or Shipping Site at the request of a Supplier” DA_SIIRF07_0001 called BTAB process.

7.2.3 Customer communication
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 paragraph 8.
7.3.1.1 Multidisciplinary approach

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.

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.

7.3.2.3 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 comply with,
- 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.

Symbols to be used:

- Safety characteristic
- Regulatory characteristic

7.4 Purchasing

The supplier shall

- Manage its own sub-contractors to meet the requirements of PSA Group.
- Obtain the conformity from its suppliers (tier 2 and beyond) and resolving any issues stemming from these suppliers or interfaces with these.

In order to achieve these supplier’s duties, the purchasing process shall include:

- Cascading of PSA Group’s requirements to the tier suppliers (technical specification and special characteristics (see chapter 7.3.2.3), product and process specific standards needed to be applied (e.g: Initial samples, traceability, FIFO and labelling requirements...)
- Product and process qualification process, ensuring that only qualified components/material are used for assembled parts.
- Targeted quality KPI consistent with PSA Group quality objectives (see chapter 5.4) and related escalation process in case of non-respect.
- Incoming inspection, the frequency of which is in line with supplier performance.

7.4.1.3 Customer-approved sources

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).

7.5.1.1 Control plan

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 independent check 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.

7.5.1.6 Production scheduling

See requirement for paragraph 7.1 above.

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).

7.5.3 Identification and traceability

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.

The supplier must prove that its traceability system is effective, including the tier-2 suppliers.
7.6.3.2 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.

8.2.2 Internal 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.

8.3.4 Customer waiver

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" must 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.

8.5.2 Corrective action

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 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.

6 Quality follow-up

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 (ISO/TS 16949 in particular),
  - Customer quality results measured by PSA Group,
  - Audits performed by PSA Group

The Bidlist scoring is used during RFQ 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 5.4 Quality objectives).

7 Tools

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

- 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.
8 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. The surveillance 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 4th Edition for ISO/TS 16949”).

NOTE: In case of special status notification by PSA Group to the supplier that will be done 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 Revision History

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<tr>
<td>00</td>
<td>February 2011</td>
<td>Creation of the document</td>
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| 01       | November 2013 | Change in presentation (document made self-standing and CSR's listed according to ISO/TS 16949 chapters)  
Addition of CSR's coming from MRF document update (MRF revision of March 4th, 2013)  
Addition of CSR's coming from implementation of QIP assessment  
Modification of "Quality follow-up" chapter due to new rules to monitor quality and manufacturing performance |
| 02       | June 2016    | Change name: PSA Peugeot Citroën becomes “Groupe PSA”.  
Add new PSA group approach: adoption of APQP/PPAP.  
Clarification of some CSR's : QSB+, Performance targets and management, LPA,…  
Addition of CSR's: External laboratories, GP12, Multidisciplinary approach, BTAB process, Purchasing,…  
Previous chapter 9 now included in chapter 2 as it is the general scope of CSR audit. |