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ORIGINAL DOCUMENT	
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6. DOCUMENTS SENT TO THE SUPPLIER

1. EXTRACT FROM SILA GROUP QUALITY POLICY

The Quality Policy of SILA Group aims to satisfy customers expectations through the design and production of conform products and their on-time delivery in the requested quantities. In order to reach this, the contribution of Supplier is of high importance and is demonstrated by SILA Group requirements fulfilment and the proactive approach to problems resolution and to the continuous improvement of performances.

2. PURPOSE AND SCOPE

This document establishes the quality requirements of SILA Group, following referenced as SILA, for direct supplies, that means for all those materials and components that SILA transform or assemble to manufacture a product.


The requirements here defined shall be applied during new Supplier selection, new supply assignment and series production and shall be valid for the following SILA facilities:

SILATECH	Orbassano (TO)	Headquarters
SILATECH	Gissi (CH)	Operating Unit
SILATECH	S. Nicola di Melfi (PT)	Operating Unit
SILA BRASIL	Contagem - Brasil	Operating Unit
SILA POLAND	Czestochowa - Poland	Operating Unit
SKH – SILA India	Gurgaon (Delhi) – India	Operating Unit
SILA Shanghai Gearshift System	Shanghai – China	Operating Unit

This documents are distributed to the Suppliers of direct supplies, attached to the contract, together with the documents listed at paragraph 6, in electronic format without diffusion of paper copies.

This document is issued in English language, only. Any translations in local languages are under responsibility of the SILA plant. In case of dispute the English version is the binding one.

In this process it's necessary take into account the customer specific requirements indicated by

the symbol:  and forwarded to section QM 5 of the SILA QMS.

3. RESPONSIBILITY

The Supplier is responsible to meet SILA requirements established by this document and to satisfy or to have a plan for satisfying IATF 16949 (latest version) requirements. Should the Supplier fail on this, SILA take the right to suspend the relationship with the Supplier and charge to this one all costs derived from the not fulfilment.

The Supplier is responsible to implement a quality management system that aims to deliver products with “zero defects” logic and with a 100% logistic service. Any agreed target is not an absolute accepted quality level but represents an intermediate step towards the “zero defects” condition in a continuous improvement environment.



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4. REQUIREMENTS

4.1. Documents management

The Supplier shall retain all technical documents received by SILA. If the Supplier realize that some documents requested by drawings, procedure, norms or specification are missing in the documents package provided by SILA, the Supplier is responsible to ask SILA for them.


On the basis of documents provided by SILA, the Supplier is responsible to evaluate and, if necessary, to update their internal documents.

Any SILA documents cannot be disclosed to third parties without written authorization by SILA.

4.2. Supplier selection

4.2.1. Supplier's quality management system

SILA aim to establish supply relationships with Suppliers whose quality management system is certified according to IATF 16949 (latest version), accepting, as a minimum requirement, Supplier who own third party certification according to ISO 9001 (latest version) and are able to demonstrate, or have a plan to reach, conformity to IATF 16949 (latest version) specification. Suppliers, who by type of products or services are unable or unwilling to obtain IATF 16949 or ISO 9001 certification, may be exempted from qualification activities and may be included in the approved supplier list, but they are able to provide evidence to cover minimum quality requirements, gathered in the document "Minimum Automotive Quality Management System Requirements", available at IATF web site, under customer specific requirements area. Suppliers are also actively encouraged to implement an environment management system in compliance with ISO 14001. Some OEM/Customers also require SILA and its supplier to follow their specific

requirements. Those requirements indicated in this document by the symbol , can be verified at the IATF webpage, at the following link: www.iatfglobaloversight.org.

Potential new supplier has to fulfil SDS 225 "Supplier Data Sheet", and SILA have to make final decision (approve or reject supplier qualification) on the same document.

4.2.2. Supplier initial audit

Any potential new Supplier will be verified by SILA Plant Quality Department through the check-list AIF 181 "Supplier Initial Audit".

- When the audit result is "SATISFACTORY" the Supplier is immediately introduced in the SILA authorized supplier's list.
An improvement plan for minor deviations can be requested.
- When the audit result is "TO BE IMPROVED" the Supplier must submit an improvement action plan for all minor deviations found.
If the improvement plan is accepted by SILA, the Supplier is introduced in the authorized supplier's list.
Update of the improvement action plan till closure is requested.
- When the audit result is "INADEQUATE" the Supplier must submit a corrective action plan for all major deviations found (red scores) and *for all minor deviations found (yellow scores)*.
SILA will evaluate if the Supplier can be developed to fulfil the requirements or not.
Follow-up audit and report is requested.

Results have to be reported on SDS 225 format and in case of homologation approval, also on ASL 226 "Approved Supplier List".

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For suppliers that supply software application and and/or a maintenance service on software application, must be sent the Confidentiality Supply letter SCL 012_ITA-SH. For all other direct/service suppliers must be sent the Confidentiality Agreement ARF 14_ITA-SH.

4.2.3. Supplier Corporate Responsibility

Supplier selection is not based only on the quality and competitiveness of their products/services, but also their adherence to social, ethical and environmental principles, which is a pre-requisite to become a Group supplier. In addition to the SILA Group "Corporate Code of Conduit", the document SCC 276 "Supplier Code of Conduit", set out expectation for Group suppliers and sub-suppliers worldwide, and must be signed by each supplier.

SILA Groups ask its Suppliers to conduct a self-assessment of their compliance using the AIAG online check-list, available for free at the following web address: www.aiag.org, and check for "Corporate responsibility". Copy of the self-assessment completed must be sent together other documents during selection phase.

4.3. **New supply assignment**

4.3.1. Technical documentation from SILA

SILA send to Supplier the technical documentation necessary to quote. Documents can be, according to needs, 3D models, 2D drawings, norms, specifications, test plans.

4.3.2. Supplier quotation and feasibility analysis declaration

The Supplier that submits a commercial quotation to SILA shall attach:

- A draft of activities planning
- The document ADFF 191 "Supplier feasibility analysis and declaration". With this document the Supplier declare to have analysed the supply requirements and to be able to supply the product conform to these requirements. Any deviation between SILA requirements and what the Supplier is able to do, must be put in evidence on the document ADFF 191 in order to clarify immediately. In case the deviation cannot be solved, the quotation process must be stopped and quotation refused. In case the agreement on open points is found with supplier, the feasibility analysis must be updated.
- Without any formal communication by the Supplier and consequent written agreements by SILA, all product characteristics on technical documents are intended as feasible and the Supplier guarantee to respect these characteristics over PPAP and serial production.
- For components destined to VW (even if they are carry-over from other customer projects), a Product Safety Representative must be nominated by each supplier, and the skill of such person must be in according to VW requirements (available at SILA Group intranet website – Quality/Central Quality/Quality Standards/Customer Specific Requirements/Volkswagen).



4.3.3. Supply risk assessment

For any new supply assignment and prior to start its development SILA carry out an analysis of the risk associated to the supply itself. On the basis of this assessment SILA decide what level of attention must be given to the monitoring of advanced product quality planning activities that Supplier must manage (see 4.4.3).

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4.4. New supply development

4.4.1. APQP: Advanced Product Quality Planning

SILA expect Supplier to have an APQP approach for the development of a new supply, in order to plan and monitor the fulfilling of quality, costs and timing requirements.

4.4.2. APQP phases

The Advanced Product Quality Planning of Supplier product is structured with 3 phases:

Process design and realization

This phase starts after the supply is assigned to the Supplier. The Supplier submit its plan that must include the PPAP elements. SILA verify the coherence of the Supplier plan with the SILA design and development plan. SILA gives to the Supplier all the elements that allow the design of manufacturing tools and equipment. The Supplier review the feasibility analysis and the production capacity analysis that were submitted during quotation.

Set-ups

The first product out of final tools are verified.

Necessary set-ups are done where the obtained product is not conformed to the drawings and/or the specifications.

Validation

The Supplier inform about chemical composition of their products.

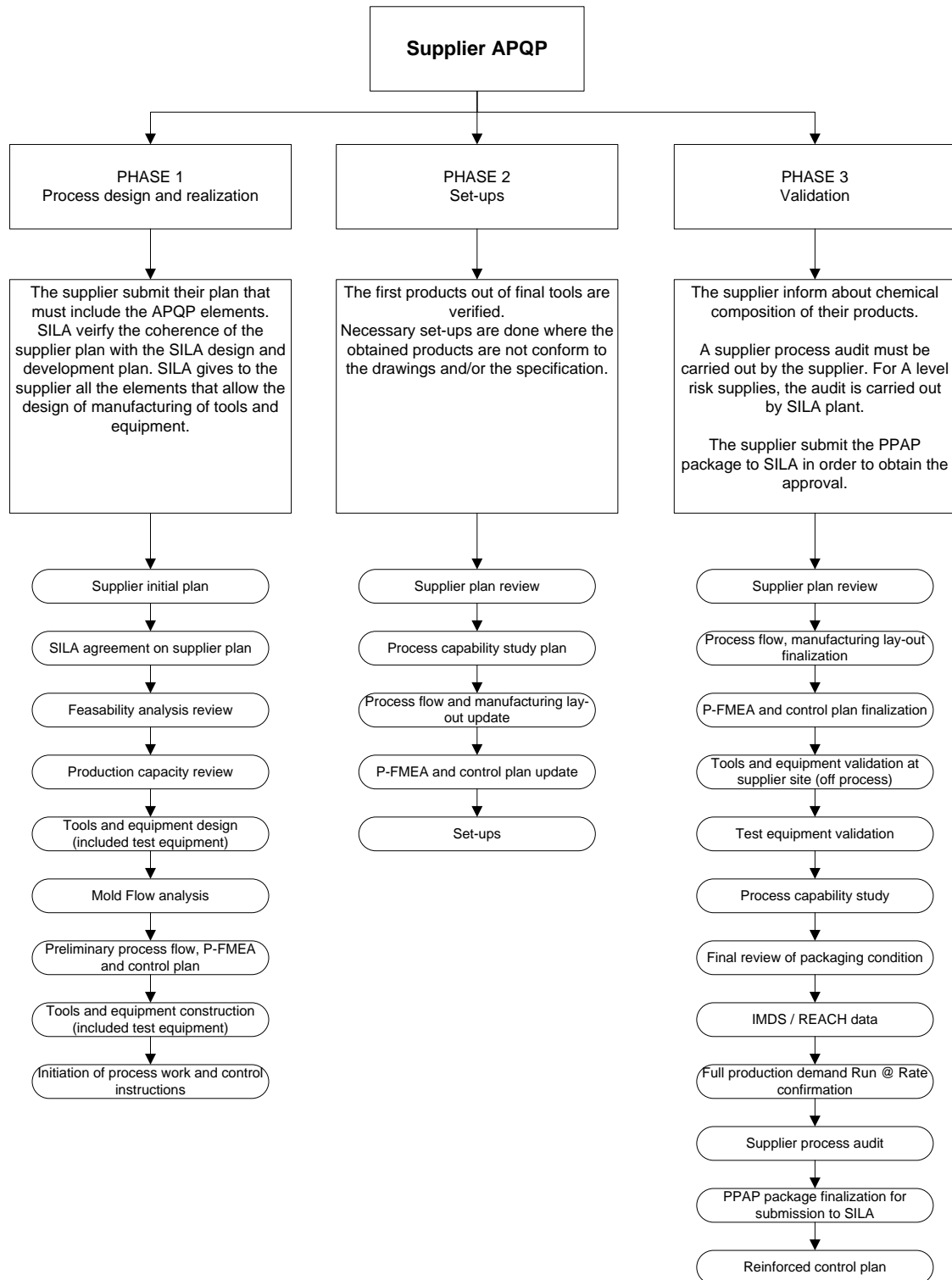
A Supplier process audit must be carried out by the Supplier. For "A" level risk supplies the audit is carried out by SILA.

The Supplier submit the PPAP package to SILA in order to obtain the approval.

Figure 1 shows the APQP phases with relevant deliverables expected by each phase.

Figure 1

Supplier APQP structure



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4.4.3. APQP phases review

The risk level assigned to the supply by SILA (according to internal procedure) determines the involvement degree of SILA themselves in the Supplier APQP follow-up as follows:

Risk level **(A)**: HIGH

- Plant Quality creates the APQP plan together the Supplier and update it regularly.
- Plant Quality carry out APQP review during and at the end of process realization.
- Plant Quality carry out a Supplier process audit.
- Supplier submit PPAP level 3 to Plant Quality.

Risk level **(B)**: MEDIUM

- Supplier submit and update its plan to SILA Plant Quality, at regular intervals defined with Plant Quality
- Plant Quality carry out APQP review at the end of process realization.
- Supplier carry out a process audit (self-assessment) and submit report to Sila Plant Quality. It's up to Plant Quality to decide to accept the assessment or perform a check at supplier side to validate it.
- Supplier submit PPAP level 3 to Plant Quality.

Risk level **(C)**: LOW

- Supplier submit and update their plan to Plant Quality.
- Supplier carry out APQP review at the end of process realization and formally report the result to Plant Quality, together the process audit result (self-assessment).
- Supplier submit PPAP level 3 to Plant Quality.

4.4.4. Documents generated by the APQP phases review

APQPFP 183 - Supplier APQP - Planning

This document contains the APQP elements standard for which the Supplier must establish a schedule to share with SILA Plant Department. The plan must include the APQP review.

APQPFR 184 - Supplier APQP - Review

This document contains the check-list for conducting APQP phase review and record it. The Supplier are responsible for the management of this document if the APQP review is self-monitored otherwise SILA Plant Quality are responsible for it.

APQPFM 185 - Supplier APQP - Supply chain map

Supplier must use this document to write down the supply chain map for each supply. The map must include SILA Plants where the supply is delivered, the Supplier plants and their level 1 suppliers including other providers of surface treatment, painting or assembly operations.

RAA 192 – Mold development planning

This document must be used by the Supplier to monitor and communicate to SILA the progress of mold construction.

RWP 239 – Work status report

This document must be used by SILA to monitor and agreed with supplier, the progress of tools and mold construction.



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4.4.5. Process flow chart

The Supplier shall write down and keep updated a diagram describing the flow of the process starting from receiving materials to packaging and shipping of the finished product.

4.4.6. Manufacturing flow chart

The Supplier shall write down and keep updated a diagram describing the flow of its manufacturing process. This flow will have to detail all Supplier operations which transform raw materials or use components to obtain the finished product that will be supplied to SILA. Notwithstanding the detail of the manufacturing operations, this flow can be included in the flow of the whole process required in section 4.4.5.

4.4.7. Process FMEA

The Supplier shall use the Process FMEA (Failure mode and effect analysis) as a preventive tool to identify in a structured manner the potential product defects, resulting from its manufacturing process, assign them risk levels and implement appropriate corrective measures where necessary. The Supplier shall be able to demonstrate that the FMEA process is used as a tool for continuous improvement.

The FMEA process shall have an evident link with each operations steps of the manufacturing process flow chart required in section 4.4.6. Potential failure modes shall result from the analysis of each of the phases described above and include the product special characteristics requested by SILA drawings.

If according to its internal policy, the Supplier do not provide copy of the P-FMEA, they must establish a way to communicate in writing to SILA the list of higher risk priority FMEA rows, according to the below criteria.

The risk assessment should not be carried out taking into account the RPN index, but must be carried out taking into account the report of the indices of severity and probability, in the first instance, and secondly, the relationship between indices of severity and detectability. This is best summarized in the following tables:

10										
9										
8										
7										
6										
5										
4										
3										
2										
1										
	1	2	3	4	5	6	7	8	9	10

Severity (S)

10										
9										
8										
7										
6										
5										
4										
3										
2										
1										
	1	2	3	4	5	6	7	8	9	10

Severity (S)

The colors are to be interpreted as:

- Green: low risk, no action required to minimize additionally the risk.
- Yellow: Relative low risk, actions to minimize additionally the risk should be taken into account, if possible.
- Red: Relative high risk, action to minimize additionally the risk are recommended, if possible.

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According to the above-mentioned logic, for each FMEA line, should appear a status like:

- Green, if SxO is green and of SxD is green or yellow.
- Yellow, if SxO is yellow and SxD is green or yellow, or if SxO is green and SxD is red.
- Red, if SxO is red or SxO is yellow and SxD is red, or both are red.

SILA take the right to verify the contents of Supplier P-FMEA at any time during supply relationship.

Unless otherwise specified by SILA, the Supplier shall follow the criteria given in Tables 1, 2 and 3 to determine the indexes of SEVERITY, OCCURRENCE and DETECTION during the FMEA analysis.

Table 1: Severity indexes (S)

Effect	Effects on final customer	Index value	Effect	Effect on next customer
Failure with impact on safety or law requirements	Failure without warning with direct or indirect implications on the vehicle occupant safety and / or failure to comply with legal requirements.	10	Failure with impact on safety or law requirements	May endanger operator (machine or assembly) without warning.
	Failure with warning with direct or indirect implications on the safety of vehicle occupant and / or non-compliance with legal requirements.	9		May endanger operator (machine or assembly) with warning.
Complete lose or high reduction of primary function	Vehicle stop with loss of primary function (without impact on safety)	8	Major interruption	The 100% of the product may have to be scrapped. Line stop or block of delivery.
	Primary function of the product reduced, with usage of the vehicle, but with low performance level; highly dissatisfied customer	7	Significant interruption	The product may have to be sorted out and a portion (less than 100%) scrapped, Deviation of primary process with speed reduction or workers added.
Lose or reduction of secondary function	Product functionality is reduced with possible loss of functionality for other secondary systems; user comfort affected; dissatisfied customer	6	Important interruption	The 100% of the production should be reworked out of the line and accepted.
	Product functionality reduced without affecting functionality of other systems. Use comfort operating but with reduced performance. Customer moderately unsatisfied.	5		A portion of the production should be reworked out of the line and accepted.
Disturbance	Appearance or noise not conform; failure perceived by the majority of customers ($\geq 75\%$)	4	Moderate interruption	The 100% of the production should be reworked on the assembly station before processing.
	Appearance or noise not conform; failure perceived by many customers (50%)	3		A portion of the production should be reworked on the assembly station before processing.
	Appearance or noise not conform; failure perceived by some customers ($\leq 25\%$)	2	Minor interruption	Small drawback of the process, operation or operator.
No effect	The fault is undetectable.	1	No effect	The fault is undetectable.



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Table 2: Occurrence indexes (O)

Occurrence	Description	Cpk for similar processes	Risk level (accidents per element/vehicle)	Index value
Very high: persistent failures	Systematic cases found over last year on similar processes.	Process not in SPC or with attitude Cpk <0.51	≥ 100.000 parts per million ≥ 1 on 10	10
	Systematic cases found over last year on similar processes.	Process not in SPC or with attitude 0.51 < Cpk <0.67	50.000 parts per million 1 on 20	9
High: frequent failures	Very frequent cases found over last year on similar processes.	Process not in SPC or with attitude 0.67 < Cpk <0.83	20.000 parts per million 1 on 50	8
	Frequent case found over last year on similar processes.	Process not in SPC or with attitude 0.83 < Cpk <1.00	10.000 parts per million 1 on 100	7
Moderate: random failures	Random cases found on similar processes over the last year in big proportions.	Similar processes with attitude 1.00 < Cpk < 1.17	2.000 parts per million 1 on 500	6
	Random cases found on similar processes over the last year in medium proportions.	Similar processes with attitude 1.17 < Cpk < 1.33	500 parts per million 1 on 2.000	5
Low: few failures	Random cases found on similar processes over the last year in low proportions.	Similar processes with attitude 1.33 < Cpk < 1.5	100 parts per million 1 on 10.000	4
	Sporadic cases found on similar processes over the last year.	Similar processes with attitude 1.5 < Cpk < 1.67	10 parts per million 1 on 100.000	3
Remote: unlikely failures	Isolated cases found on similar processes over the last year.	Similar processes with attitude Cpk > 1.67	1 parts per million ≤ 1 on 1.000.000	2
	Low probability: no cases found on similar processes. Presence of permanent error proofing equipment.	Similar processes with attitude Cpk > ∞	Fault eliminated through preventive controls.	1

Table 3: Detection indexes (D)

Detection	Description	Inspection type			Way of detection	Index value
		A	B	C		
Almost impossible	No opportunity to detect the failure.			X	Impossible to detect or not checked.	10
Very remote	Controls will probably not detect the failure.			X	The control is carried out only with indirect or random verification.	9
Remote	Controls have few possibilities to detect the failure.			X	Control is obtained only after the process with operator activities including visual / tactile / auditory	8
Very low	Controls have few possibilities to detect the failure.			X	Control is obtained in the process with operator activities such visual / tactile / auditory or post-process by using attributes tools (go / no go, manual torque control, etc.).	7
Low	Controls can detect the failure.		X	X	Control is obtained post process with use, by the operator, of tools for variables or in process by the use of instruments for attributes (go / no go, torque control manual, etc.).	6
Moderate	Controls can detect the failure.		X		The control is based on a measurement for variables by the operator or by an automatic control on the station that detects and notifies the parties discrepant (light, buzzer, etc.). Measurement made to the setup and control of the first piece (only for causes of set-up).	5
Moderately high	Controls have a good probability to detect the failure.	X	X		Error detected in subsequent operations by an automatic control that detects the discrepant parts and locks them to prevent further processing.	4
High	Controls have a good probability to detect the failure.	X	X		Error detected in the station, by automatic control, which detects the discrepant parts and automatically locks them to prevent further processing.	3
Very high	Controls are almost sure to detect the failure.	X	X		Error detected in the station by automatic controls with automatic stop of the piece discrepant. The non-compliant cannot be produced.	2
Very high	Controls will surely detect the failure.	X			The non-conform parts cannot be manufactured due to an error proofing design of product /process.	1

A – Error-proofed (subjective, without error)

B – Measurement taken by an instrument.

C – Inspection



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4.4.8. Product special characteristics

The special product characteristics are all those product requirements (dimensions, load, functional requirements, etc.) whose deviation from the requirements may have an impact on vehicle occupant's safety, on functionality, on fitting, aesthetics, comfort and generally on customer satisfaction. The transmission of special characteristics and/or legal requirement (IND, REACH, etc.) must be divulged through the entire sub-supply chain.

Table 4 shows how special product characteristics are classified, which symbols indicate them on SILA drawings and how the Supplier must represent them on their internal documents. Alternatively, the Supplier may use their own symbols formalizing a document where the cross references between Supplier symbols and SILA ones are shown.

The correct identification of the product characteristics on Supplier internal documents, through the appropriate use of symbolism is a fundamental element for ensuring the right level of attention to the generation and control of characteristics depending on the importance attributed to them. Over the product qualification phase, the Supplier shall provide evidence that the product characteristics meet the criteria set out in Table 5, and shall attach documentation to the PPAP package.

Throughout the duration of the serial production, the Supplier shall ensure the control and monitoring of product special characteristics according to the criteria defined in Table 6.

4.4.9. Process special characteristics

The process special characteristics are all those parameters of the manufacturing process (like temperatures, pressures, speed, frequency, etc.) whose deviation from the requirements may have an impact on vehicle occupant's safety, on functionality, on fitting, aesthetics, comfort and generally on customer satisfaction. SILA divide the process special characteristics in the same classes like for the product special characteristics.

It is Supplier responsibility to identify and classify the characteristics of their process through the FMEA analysis, to establish and share with SILA type and frequency of checks to be carried out on these characteristics.

Table 4: classification of special characteristics

CLASSIFICATION	POSSIBLE CONSEQUENCES IN CASE OF DEVIATION	SYMBOLS	
		SILA DRAWING	SUPPLIER DOCUMENTS
CRITICAL SAFETY / LEGAL	The deviation from the requirements may have an impact on vehicle occupants SAFETY and / or not fulfil legal requirements.		D
HOMOLOGATION	The deviation from the requirements may have an impact on legal requirements.		L
CRITICAL	The deviation from the requirements may have an impact on the functionality without compromising safety, on fit and aesthetics.		C
IMPORTANT	The deviation from the requirements can have the impact on the partial function reduction and / or determine issues related to comfort of use (i.e.: noise).		+
NONE	The deviation from the specifications may cause minor inconveniences such as assembly difficulty.	NONE	NONE

Table 5: Criteria for special characteristics qualification

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CLASSIFICATION	REQUIREMENTS
CRITICAL SAFETY / LEGAL / HOMOLOGATION	In the product qualification and re-qualification phase a process capability $Pp \geq 2.0$ / $Ppk \geq 1.83$ must be demonstrated. When in series production, it must be $Cpk \geq 1.67$. (see § 4.4.25)
CRITICAL	In the product qualification and re-qualification phase a process capability $Pp \geq 1.67$ / $PPK \geq 1.5$ must be demonstrated. When in series production it must be $Cpk \geq 1.33$. (see § 4.4.25)
IMPORTANT	In the product qualification and re-qualification phase a process capability $Pp/Ppk \geq 1.33$ must be demonstrated, as well as in serial production. (see § 4.4.25)
NONE	In the product qualification phase the conformity to drawing requirements must be demonstrated without need to demonstrate process capability.

Table 6: Criteria for quality monitoring of special characteristics

CLASSIFICATION	CRITERIA FOR SERIAL PRODUCTION CHECKS
CRITICAL SAFETY / LEGAL / HOMOLOGATION	The characteristic must be included in the manufacturing control plan and must be controlled through 100% inspection and/or through a statistical process control. Control frequencies lower than 100% must be duly justified and agreed with SILA.
CRITICAL	The characteristic must be included in the manufacturing control plan and must be controlled through 100% inspection and/or through a statistical process control. Control frequencies lower than 100% must be duly justified and agreed with SILA.
IMPORTANT	The characteristic must be checked with frequencies <i>and sample sizes, and control type must be determined during APQP.</i>
NONE	During the APQP activities, following the risk associated to the characteristic (PFMEA) it is necessary to assess whether and how it should be monitored during production.

4.4.10. Control plan

The Supplier shall prepare a manufacturing control plan on which the operations of the manufacturing flow chart must be reflected as well as the evaluation of potential failure modes out of FMEA analysis. For each of these elements, the Supplier shall provide clear indication of controls in place, both on product and process characteristics, specifying the established control method, the frequency of control and the sample size, the type of instrument or control system, the reaction plan to be implemented in the event of a detected non-compliance.

From the control plan the Supplier shall descend the control instructions for the personnel who will carry out any kind of check over the manufacturing process. The control plan shall be attached to the PPAP package delivered to SILA.



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4.4.11. Reinforced control plan

The reinforced control plan is a set of additional controls with respect to the standard control plan, to be implemented at the end of the production line, on 100% of manufactured products, in the pre-production phase or immediately after the start of series production, with the aim to contain any non-conformity products that could be generated from not signed off situations or from process maturity issues.

Depending on the risk level assigned to the supply, SILA may require the Supplier to implement a reinforced control plan, given that must be shared:

- additional controls to be implemented
- the recording mode of results
- the exit criteria (time and/or number of items checked without defects)

4.4.12. Measurement and test equipment planning

The Supplier shall plan the availability of adequate measurement and test equipment in order to carry out the needed inspections to ensure compliance with the product characteristics indicated in the SILA technical documentation and with the process characteristics identified in the process FMEA, listed in the control plan, and eventually in the reinforced control plan.

If the Supplier do not have suitable measurement and/or test equipment to perform by themselves the required controls, they shall:

- Report to SILA the characteristics that cannot be checked and agree with SILA the qualified external laboratory that they intend to use (Laboratory must be ISO 17025 certified), at supplier's expense;
- Send to SILA copies of external laboratory test reports;
- Keep records of the original test for the prescribed time.

4.4.13. Product marking

The Supplier must comply with any product marking requirements indicated on SILA technical documentation and / or on the purchase order. Method of marking can vary from product and must be agreed time by time, by SILA Plant Quality and Supplier, *if not clearly written in the drawing*.

4.4.14. Traceability

The Supplier must have an effective system in place for managing the manufacturing batches and traceability so that, starting from a batch of product supplied to SILA the history relevant to the application, the location and the controls can be traced back until the raw material. It is Supplier responsibility to ensure that traceability is guaranteed by their sub-Suppliers including Suppliers of heat treatment, surface treatment, assembly, etc.

Unless otherwise specified, a Supplier manufacturing batch shall not exceed the amount of parts produced in a day's work. SILA reserves the right to reduce the maximum amount of pieces that represent a batch. The batches record system of the Supplier shall be structured so as to keep track of:

- production date,
- production batch number if required by SILA,
- change of raw material batch,
- change of batch of one or more components.
- results of checks

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4.4.15. Packaging conditions

The Supplier must agree with SILA Plant Purchasing/Logistic the packaging conditions relevant to their product, able to guarantee that the supply will come to SILA without damages.

4.4.16. Packaging identification

The packages containing the products to SILA shall be identified with a label attached to each packaging unit containing at least the following information:

- Supplier Name / Plant
- SILA Plant of destination
- SILA drawing number and modification index
- product description
- quantity of parts contained in the packaging
- transport document number
- transport document date
- Supplier manufacturing batch number

4.4.17. MSA: Measurement Systems Analysis

The Supplier must conduct an analysis of all measurement systems indicated on the control plan of the product that will be delivered to SILA. The analysis must be conducted according to the latest revision of the AIAG manual MSA.

4.4.18. Production capacity


SILA require the Supplier:

- to confirm their total production capacity for manufacturing site,
- to confirm their total production capacity for SILA, for manufacturing site,
- to ensure the fulfilment of production volumes expected from SILA for the specific supply.

Depending on the risk level associated with the supply, SILA will simply require a statement from the Supplier or, in other cases, will carry out an objective verification of the production capacity directly at Supplier manufacturing site, using the operating instruction DPD OIG 07 "Run @ Rate".

4.4.19. Documentation relevant to substances presents in materials and products supplied to SILA

The Supplier provided that the products must conform to national and international laws for security issues, ecology and environment, shall demonstrate that its supply meets the legal and customer requirements with regard to the elementary composition of materials.

The Supplier must introduce the required information in the International Material Data System (IMDS) to the internet database (www.mdsystem.com). This information should be included as soon as possible and in any case before submission of PPAP package in which the supplier must include references of approval of IMDS. Rules to input data must be related to customer specific requirements . It's supplier responsibility to know OEM rules for IMDS. Training on how to use IMDS website can be found at www.mdsystem.com.

The availability of information into the IMDS constitute binding acceptance of the PPAP package by SILA.

The Supplier shall comply with REACH requirements. Specific certification document has to be included into PPAP package. *This is an obligation since 5th January 2021.*



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At the same time suppliers have to be compliant with Conflict Minerals requirements according to UE 2017/821 law and/or US Dodd-Frank act section 1502. For that reason, it's supplier responsibility to complete the form CMRT (according to PUR OIG 05) with all relevant information and submit it to SILA into the PPAP package.

4.4.20. Sub-supplies approval

Unless otherwise specified, it is Supplier responsibility to grant sub-deliveries approval for series production (PPAP), including those cases in which SILA has indicated the name of the sub-Supplier, and the approval process shall be completed before the Supplier submit their PPAP package to SILA. SILA has the right to verify this information at any time.

4.4.21. Delivery contingency plan

It is Supplier responsibility to identify all risks related to the interruption of regular supply to SILA. The Supplier must assign priority levels to the identified risks depending on which interventions should be put in place in order to mitigate the risks themselves.

In identifying the risks, the Supplier must take into consideration, *as a minimum but not limited to:*

- production equipment,
- auxiliary equipment such as handling means, supports for storage, measurement equipment, tools for maintenance, computers, software, installations, etc.
- the premises used by the Supplier for production and related activities, human resources, external resources such as energy, transport, facilities and rented equipment, etc.

The delivery contingency plan must be formally submitted by the Supplier *during initial and/or process audit.*

4.4.22. Personnel qualification

The Supplier must ensure that production people are properly trained in order to ensure:

- they know the operations that must be carried out according to the work instructions;
- they are able to identify the product and process special characteristics;
- they are aware about the consequences when a product or process special characteristic is not fulfilled;
- they know how to react when a non-conformity is found and they know how to physically manage non conform parts.

The Supplier must ensure that people who perform quality checks are properly trained in order to ensure:

- they know the checks that must be carried out according to the relevant control instructions;
- they are able to use the measurement equipment;
- they are able to identify the product and process special characteristics;
- they are aware about the consequences when a product or process special characteristic is not fulfilled;
- they know how to react when a non-conformity is found and they know how to physically manage non conform parts.

4.4.23. Process audit

The SILA Plant Quality perform an audit of the Supplier process to confirm fulfilment of requirements. The Supplier process verification is formalized with the check-list APP187 "Production Process Audit".

The overall evaluation that the Supplier can achieve and the steps which follow are described below:

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Table 7: Criteria for Production Process Audit.

Percentage score	Red points	Overall evaluation	Description	Next steps
≥97 ÷ 100	NO	SATISFACTORY	No minor deviations or few minor deviations found (score 8). No major deviations (red scores with score 4 or 0) found.	The audited Organization is authorized for series production, after positive PPAP approval. An improvement pla for yellow scores is required.
≥80 ÷ <97	NO	TO BE IMPROVED	Minor deviations (score 8) found for all or most of the questions. No major deviations (red scores with score 4 or 0) found.	The audited Organization must submit to the auditor an improvement action plan for all yellow scores found. If the improvement plan is accepted by the auditor, the Organization is authorized for sieres production. Update of the improvement action plan till clusure is requested. A final audit report is required.
ANY	YES	INADEQUATE	One or more major deviations (red scores with score 4 or 0) found.	The audited Organization must submit a corrective action plan for all red scores and an improvement action plan for all yellow scores. Auditor will evaluate if the audite Organization can be start the series production, prior to the complete closure of the red points, asking specific containment actions, to be implemented in the meantime. Follow-up audit and report is requested.

Depending on the risk level associated with the supply, SILA may decide to delegate the Supplier for a process self-assessment and subsequent availability of audit result.

SILA take the right to carry out subsequent audits of the Supplier process independently or together with SILA customers representatives after reasonable notice to the Supplier.

In addition, Suppliers of certain products or processes are required to comply with automotive industry specific requirement, guideline and assessment. Self-assessment will be considered as part of the PPAP package, and must be performed annually. Report has to be retained by Supplier and available upon request of SILA Plant. The list of special process/products is:

- CQI-9 Heat Treatment system assessment (included: sintering, brazing, normalizing – using heat, stress relieving, annealing, induction heat treatment, carburizing, carbon correction, neutral hardening, quench and temper, austempering, martempering, tempering, precipitation hardening/aging, nitrating, ferritic nitro carburizing, aluminium treat treatment.
- CQI-11 Plating system assessment (included: Zinc Plating, Zinc Alloy Plating, Decorative Plating, Surface Conditioning of Metals for Decorative Plating, Surface Conditioning of Plastics for Decorative Plating, Mechanical Plating (all copper, silver, gold, aluminium, passivation) and any and all metal plating addition processes.
- CQI-12 Coating system assessment (included: phosphating, anodizing, powder coating, electro coat (E-Coat), spray, Dip/Spin, autophoretic, convective paint cure, aqueous cleaning, mechanical cleaning.
- CQI-15 Welding system assessment (included: Arc Welding, Resistance Welding, Laster Welding, Solid State Welding. Does not include plastics Ultrasonic Welding.
- CQI-17 Soldering system assessment (included: Any use of electrical soldering processes, including the processes of conformal coating or wiring gluing / staking of PCB's.
- CQI-23 Molding system assessment (included: use of any thermoplastic, thermoset plastic or rubber and its derivatives that utilize the following: Injection Molding, Extrusion, Compression Molding, Vacuum Forming, Transfer Molding, or Blow Molding.
- CQI-27 Casting system assessment (included: Ductile Iron, Grey Iron, Centrifugal Liners, Aluminium Semi-Permanent Mold, Aluminium Semi-Permanent Mold Cylinder Heads, Aluminium Green Sand, Investment Casting (Iron/ Steel), Aluminium High Pressure Die Cast, Magnesium High Pressure Die Cast, Aluminium Permanent Mold, Aluminium Piston, Zinc High Pressure Die Cast, Compacted Graphite Iron).

4.4.24. Production Parts Approval Process (PPAP)



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In order to obtain approval for series production, the Supplier shall submit, to the SILA Plant where the supply will be delivered, a set of documents, and physical samples, which must be in accord with the requirements of the AIAG PPAP Manual "Production parts approval process".

The PPAP package may be sent only when, the drawing of the supply in subject is available. A copy of the drawing itself must be attached to the PPAP. Approval of PPAP documentation is strictly connected to final product validation approval. In case a component failed during validation (final product validation), PPAP approval is cancelled, and a new PPAP must be issues by the supplier. Deliveries can be stopped or authorized under deviation.

The Supplier must use the following documents:

PPAP CCP 194 Part Submission Warrant

This is the first page of the Supplier's PPAP package. It provides the basic supply and Supplier information, the reason and the level of PPAP submission, the results of the submission and Supplier declaration of conformity. This page is signed for approval or rejection by the SILA representative in charge of evaluating the PPAP.

PPAP RAE 195 Appearance approval report

This is the report that the Supplier must complete in order to declare product conformity to aesthetic requirements, when these are part of the characteristics specified for the supply itself.

PPAP RVD 196 Dimensional test report

This is the document where the Supplier must indicate the outcome of measuring all the dimensions required by the drawing. The Supplier can mention the reference to additional attached reports in case of reports issued by three-dimensional inspection machines.

PPAP RPF 197 Functional test report

This is the document where the Supplier must indicate the outcome of test carried out to demonstrate product compliance to functional requirements. The Supplier can mention the reference to additional attached reports in case of reports issued by test equipment.

PPAP RPM 198 Material test report

This is the document where the Supplier must indicate the outcome of test carried out to demonstrate product compliance to material requirements. The Supplier can mention the reference to additional attached reports in case of material certificates.

The PPAP package may be submitted at different levels.

Unless otherwise specified the level of PPAP submission to SILA is the level 3.

In any case for all product special characteristics the Supplier must provide evidence of their process capability according to the requirements specified in Table 5.

LEVEL 1

The Supplier submit part submission warrant to SILA accompanied by an appearance approval report, if applicable.

LEVEL 2

The Supplier submit part submission warrant to SILA together with samples of the product in subject, including a minimum documentation.

LEVEL 3

The Supplier submit part submission warrant to SILA together with samples of the product in subject, accompanied by full documentation.

LEVEL 4

The Supplier submit part submission warrant to SILA together with any other documents set out from time to time by SILA (samples are not required).

LEVEL 5

Evaluation and approval of full documentation and samples done by SILA at Supplier site.

Table 8 defines the detailed requirements for each PPAP level. The order in which documents must be submitted in the PPAP package is indicated by the first column.

Table 8:

REQUIREMENT		SILA DOCUMENT	PPAP LEVEL				
			LEV 1	LEV 2	LEV 3	LEV 4	LEV 5
1	Part submission warrant	PPAP CCP 194	S	S	S	S	R
2	Drawings and specifications		R	S	S	*	R
3	Modification documents (if different from the drawing)		R	S	S	*	R
4	Design FMEA (if design is from Supplier)		R	R	S	*	R
5	Process flow Manufacturing flow		R	R	S	*	R
6	Process FMEA		R	R	S	*	R
7	Control plan		R	R	S	*	R
8	Measurement system analysis		R	R	S	*	R
9	Dimensional test report	PPAP RVD 196	R	S	S	*	R
10	Material test report	PPAP RPM 198	R	S	S	*	R
11	Performance test report	PPAP RPF 197	R	R	S	*	R
12	Initial process capability study		R	R	S	*	R
13	Documents certifying laboratories qualification		R	S	S	*	R
14	Appearance approval report	PPAP RAE 195	S	S	S	*	R
15	Physical product samples		R	S	S	*	R
16	Master samples		R	R	R	*	R
17	Controls support		R	R	R	*	R
18	Mold flow analysis report approved		-	R	S	*	R
19	Self-assessment for special processes (CQI)		-	-	S	*	R

S: the Supplier must submit the document to SILA and retain a copy;

R: the Supplier must retain a copy of the document and make it available under SILA request.

*****: the Supplier must retain a copy of the document and submit it under SILA request.

-: Not required

4.4.25. Initial Process Capability studies

When an initial process capability study must be carried out for a characteristic and the characteristic can be studied using X-bar-R chart, the study must be based on a minimum of 25 sub-groups containing 100 readings from consecutively manufactured parts.



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4.4.26. Certification of parts without approved PPAP

Any parts that the Supplier deliver to SILA prior obtaining PPAP approval must be accompanied by a dimensional report and a material test report.

4.4.27. Variation of approved conditions

The Supplier is not authorized to vary any of the product and / or process conditions with respect to the approved product and / or process conditions (PPAP) without written permission by SILA.

Any changes that the Supplier intend to put in place must first be communicated in writing to SILA [Plant Purchasing](#) and authorized from SILA themselves.

For any authorized modification, before implementation in series production, a PPAP shall be submitted by the Supplier and approved by SILA. Supplier shall not make any unauthorized changes to product and/or processes used to manufacture a SILA product. This include tooling transfer, tooling replacement, additional tooling, change in a supplier location, process, construction method, material, and if Supplier is manufacturing parts from additional locations. Supplier shall notify to SILA Plant Purchasing the intention to change a product/process using the format SCR 272. The request must be accompanied by any necessary timing and quality plans. All documentation must be forwarded to SILA Plant Quality (through the SQEs), that will manage and coordinate SILA internal approval.

Supplier must receive the approval on format SCR 272 prior to make and supply parts manufactured by such change. SILA Plant Quality will involve Plant Purchasing, Product Engineering and any SILA Plant involved for approval.

A failure to comply with the above requirements will have strong negative effects on the relationship between SILA and the Supplier. Costs for additional and not planned activities for audit and testing caused by a change of production site and/or process equipment and/or material will be charged to Supplier. A Controlled Shipment Level II or NBH (see § 4.9) will be open till the approval of PPAP.

PPAP delivered for approval of modification must be strictly connected to the final product validation approval. In case a component failed during validation (final product validation), PPAP approval is cancelled and no serial production is authorized. A new PPAP must be issues by the supplier.

4.4.28. Modifications

In case SILA need a product modification, the change will be formally notified to the Supplier. Before implementation in series production, a PPAP shall be submitted by the Supplier and approved by SILA and the approval is strictly connected to the final product validation approval. In case a component failed during validation (final product validation), PPAP approval is cancelled and no serial production is authorized. A new PPAP must be issues by the supplier.

4.4.29. Annual re-qualification

The Supplier shall plan the verifications that will be conducted to re-qualify their product over the time on every calendar year. The type and the number of tests which they should carry out, shall be agreed with SILA and included in the Supplier product control plan. The Supplier must commit to carry out the re-qualification checks and provide the results under SILA request at any time.

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4.4.30. Equipment of SILA property

The Supplier must ensure that the manufacturing and / or test equipment that are property of SILA, or property of SILA's customer, are permanently identified, to ensure that the property is visible and can be easily determined.

It is Supplier responsibility to protect and safeguard a SILA property and inform SILA if it is lost, damaged or found unsuitable for use. It is Supplier responsibility to manage and maintain all documentation related to equipment owned by SILA and / or owned by the SILA customer in order to make them preserved and easily available.

4.5. **Serial production**

The Supplier is responsible to guarantee the conformity of their product, for its entire life, to all the requirements specified in the SILA drawings.

Once the supplier's manufacturing process for producing a product is successfully validated by SILA, through the approval of the supplier's PPAP, SILA expect to receive from the supplier only conform goods and to take them on SILA manufacturing lines directly, without performing any incoming checks.

Any checks that SILA decide to perform in incoming, do not substitute the checks that the supplier must carry out in order to ensure conformity of their supply and do not raise the supplier from their liability about product conformity.

4.5.1. Controls

The Supplier is responsible to maintain active all the controls on product and process characteristics set out in the control plan.

4.5.2. Supplies non conformities

If SILA find a non-conformity on Supplier product, during the incoming inspection (included product in "consignment stock"), when it's used in SILA manufacturing process or after having used it or assembled it on SILA product, even when it is at the SILA customer plant or when it is on vehicles driven by final customers, the Supplier is formally notified through the document RNC 154 "Non-Conformity Report".

Supplier shall answer SILA **within 24 hours from the notification** for what concerns the containment activities that have been put in place, sending the form 8D Report for the first three steps.

The Supplier shall formally inform SILA **within 10 working days from notification** about:

- occurrence root-cause, non-detection root-cause and non-prediction root-cause;
- the action plan showing the correction of the non-conformity (that eliminates only the punctual non conformity) and the corrective actions which will be implemented in order to avoid the problem will happen again (the action that will eliminate the root-cause).

The Supplier shall use the form 8D Report filled in for all its sections.

The Supplier shall be responsible to keep constantly updated SILA about the action plan evolution till its closure.

The final confirmation of action plan effectiveness will come from verifications that SILA will carry out on first parts delivered after all actions are closed.



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4.5.3. Monitoring of Supplier performance – Vendor Rating

The Vendor Rating indicator is the sum of a series of weighted factors indicating Supplier performance. The factors with the relevant weights are:

- Quality weight 60
- Logistics service level (LS) weight 40

The Quality factor is additionally divided in weighted sub factors:

- PPM (non-conform parts per million) weight 45
- NRPM (No of complaints per million) weight 15

The Vendor Rating is calculated with the following formula:

$$VR = PPM + NRPM + LS$$

SILA expect the Supplier to be able to calculate the VR by themselves. No reporting will be distributed by SILA to the Suppliers.

A quarterly evaluation of VR data must be performed by SILA Plant Purchasing and Plant Quality, to establish any action on effective critical suppliers.

4.5.3.1. Factor's definition and calculation

All below indicated factors are elaborated on monthly basis:

PPM (parts per million)

No of non-conform parts delivered / Total No of delivered parts x 1.000.000

See paragraph 4.5.3.2 for the operating way that the SILA Plant must follow to define the number of non-conform parts.

NRPM (No of complaints per million)

No of complaints received by the Supplier / Total No of delivered parts x 1.000.000.

Service level

\sum of planned deliveries delivered conforming to time and quantity / \sum of planned deliveries x 100
The accepted tolerance on delivered quantity with respect to the planned date is ZERO. A delivery done one day in delay or in advance with respect to the planned date or a delivery with one part more or less than the requested quantity shall be considered as non-conform.

Any exceptions must be granted in writing by the Logistics of Plant SILA, which in this case will consider the delivery as compliant.

For Supplier that operate in Consignment Stock status, the service level LS is 100%. In case of stock break down the service level goes down to 0%, directly.



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4.5.3.2. PPM calculation rule

The number of non-conform parts that the SILA Plant assign to the Supplier must match with the number of parts which are really not compliant.

When, after having found some non-conform supplied parts, the SILA Plant decide to reject to the Supplier a complete box, a whole batch or a whole delivery, without providing evidence that the entire amount of rejected parts is not conform, they must inform the Supplier about this.

The amount of non-conform parts initially reported by the SILA Plant in SILA internal reporting system will correspond to the rejected quantity.

The Supplier on receipt of the parts will sort them out and communicate in writing to the SILA Plant the amount of parts really recognised as non-conform. SILA take the right to verify the correctness of counting.

The SILA Plant will correct the amount of non-conform parts in the internal reporting system by writing the quantity originally found by the Plant plus the quantity sorted out by the Supplier.

4.5.3.3. Factors weight attribution

PPM

Weight	PPM level
45	\leq TARGET
35	TARGET < PPM < TARGET + (15% TARGET)
25	TARGET < PPM < TARGET + (25% TARGET)
20	TARGET < PPM < TARGET + (50% TARGET)
10	TARGET < PPM < TARGET + (75% TARGET)
5	TARGET < PPM < TARGET + (100% TARGET)
0	PPM > TARGET + (100% TARGET)

LS

Weight	% delivered / planned
40	$99 \leq LS \leq 100$
32	$95 \leq LS < 99$
24	$90 \leq LS < 95$
16	$70 \leq LS < 90$
12	$50 \leq LS < 70$
0	$0 \leq LS < 50$

NRPM

Weight	NRPM level
15	\leq TARGET
9	TARGET < NRPM < TARGET + (25% TARGET)
5	TARGET < NRPM < TARGET + (50% TARGET)
1	TARGET < NRPM < TARGET + (75% TARGET)
0	NRPM > TARGET + (75% TARGET)

4.5.3.4. Vendor rating levels and consequent interventions towards the Supplier

VR value	Definition	Status
≥90 a 100	The Supplier satisfy SILA requirements in a general way. Eventual issues are managed one by one. The Supplier can quote and receive new business.	Green
≥75 a <90	The Supplier have a certain number of issues in one or more factors. The Supplier is requested to submit an improvement plan. The status of the submitted plan and the Supplier performance are monitored on monthly base. The Supplier is authorized to quote and receive new business given that the effectiveness of their improvement plan is demonstrated.	Yellow
≥40 a <75	The supplier has serious issues on more factors and is included in a guided improvement plan. The supplier cannot quote for new business. The supplier may be inhibited quote for new business, if it does not proceed in the activation of the improvement plan, or if there are no substantial improvements following the launch of the plan.	Red
<40	The supplier has serious issues on more factors. The supplier cannot quote for new business and the process to de-source it must be started.	Violet

4.6. **Data recording of tests and controls results**

It is Supplier responsibility to keep the results of all inspections and tests conducted during the development phase and during the series production phase of the supply.

The Supplier must maintain records as long as the delivery is active (as long as the product is delivered to the customer for applications on original equipment or spare parts), plus 5 years when the records relate to non-critical/safety characteristics or plus 15 years when the records relate to critical/safety characteristics.

4.7. **Derogations**

In cases where the Supplier determine there are differences between characteristics of their product and the characteristics required by SILA, have the need to use this product and find that the differences do not impact on vehicle safety, functionality, aesthetics and fitting, they must ask for a derogation to the Plant which use the product.

No derogation can be released for characteristics whose severity in the FMEA is equal to or greater than 8.

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The Supplier must fill in the RDE 208 form "Derogation Request" and forward it to the Plant Quality:

- Applicant Supplier: place the name of the Supplier
- Project: Enter the reference, such as Fiat 198.
- Drawing Number: Enter the product drawing for which the derogation is asked
- Modification index: indicate the modification index of the product.
- Description: description of the product, as shown on drawing.
- Applicant role and signature: place the name and role of the applicant, followed by the Signature.
- Conditions for derogation: insert an x in one of these boxes to indicate why derogation is asked.
- Status: place what is the PPAP status
- Brief description reasons: describe in clear and concise manner what are the reasons for the
- Derogation request.
- Action plan: place here what are the actions, leaders and timing for coming back into compliance.
- Scope: write any other drawing numbers to which the derogation request can be extended.
- Derogation duration: indicate the start/end dates and the quantity of parts that should be derogated (the derogation cannot be longer than 90 days).

The derogation request is evaluated by SILA departments with the aim to give back a response within 5 working days or within 48 hours for urgent requests. The Plant Quality communicate the outcome of the evaluation.

If the derogation is accepted, the Supplier shall properly identify all packaging units of the product that is delivered under derogation by writing derogation number.

4.8. Charge back

As soon as it is determined that the Supplier is responsible for any qualitative and/or logistic malfunctions SILA put in place the economic charge back process towards the Supplier.

The charges may relate, but not limited to:

- sort out of supplies at SILA plant/s,
- sort out of SILA finished product at SILA's customers plants,
- slowdowns and/or stops of manufacturing lines at SILA or at SILA's customers,
- costs incurred by SILA or their customers in warranty actions, in according to SILA's customer procedure,
- costs incurred by SILA or their customers for recovery campaigns done at SILA's customers or recall campaigns, in according to SILA's customer procedure,

because of problems identified on SILA Supplier.

The resulting amount will be formally notified by SILA to the Supplier and subsequently deducted from the next due payment.

SILA's customer specific requirement and procedures can be found at:
www.iafglobaloversight.org .



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4.9. CSL1 / CSL2 / NBH

4.9.1. CSL1/CSL2

Controlled Shipping Level (1 or 2) is a demand by SILA, that a supplier put in place an additional inspection process at the supplying location to sort for a specific and specified non-conformance, implementing a root cause analysis and problem-solving process, and isolate SILA from the receipt of non-conformance parts/materials.

The additional inspection is enacted by the supplier and must be in addition to the normal production process controls.

In case of CSL2, supplier have to put in place a 3rd party redundant process to sort for a specific non-conformance. The redundant inspection is in addition to normal control and CSL1.

Communication of CSL2 letter to supplier's Certification Body have to be sent within 5 working days after receiving. SILA will take the authority to send to the Certification Body if not applied by Supplier.

4.9.1.1. Assessment phase

Plant Quality can make the request for a CSL1 or a CSL2 if the following criteria are applicable:

- Repeat RNC (Non-Conformity Report)
- Supplier's current controls are not sufficient to ensure conformance to requirements
- Duration, quantity, and/or severity of the problem
- Internal / External Supplier data
- Controlled Shipping Level 1 failure (for CSL2 application)
- Major disruptions
- Quality problem in the field (recall campaign, block of customer delivery, substitution of the complete customer stock, etc.)
- Variation of approved condition, not communicated and authorized

4.9.1.2. CSL1

Plant Quality make the request for a CSL1 writing and sending the form CSL1 263 to Central Quality that will verify if complies with criteria mentioned on § 4.9.1.1. If approved, Plant Quality will send the signed letter to Supplier and to all SILA Plants. The relevant Plant Quality that regionally is near the supplier will take the global lead of management activities.

Nominated Plant Quality conduct the CSL1 kick off meeting (via conference call or on-site meeting) to:

- Review the non-conformance that resulted in the CSL1 entry letter.
- Review and approve the supplier's containment process which includes:
 - Data collection
 - Communication back to SILA (including frequency).
 - Control of non-conforming product.
 - Lay out and inspection equipment
- Review and approve the supplier's escalation/reaction plan for the containment activity.
- Establish boundary samples (if applicable) and/or specifications for acceptance/rejection of the parts.



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- Establish exit criteria for the CSL1. Default criteria as follows:
 - 20 consecutive working days of data (from the date of implementation of permanent corrective action) which verifies that the normal production controls are effective for controlling the discrepancies identified in the Controlled Shipping activity.
 - Documentation (8D report is the minimum) showing the root cause was identified and verified, and indicating that corrective action was implemented and validated, with the use of error proofing (if applicable).

4.9.1.3. Verification for exit

Supplier have to meet defined criteria sending a request to Plant Quality, together the supporting documentations of performance and corrective actions. Plant Quality verify if Supplier has met the exit criteria, and if necessary, will perform a process audit for confirmation. If Supplier met exit criteria, Plant Quality write and send the exit letter to Central Quality for approval. Plant Quality send the approved letter to Supplier and to all SILA Plants. From that moment the Supplier is authorized to remove redundant controls.

4.9.1.4. CSL2

Plant Quality make the request for a CSL2 writing and sending the form CSL2 265 to Central Quality that will verify if complies with criteria mentioned on § 4.9.1.1. If approved, Plant Quality will send the signed letter to Supplier and to all SILA Plants. The relevant Plant Quality that regionally is near the supplier will take the global lead of management activities.

Supplier have to select and contact a 3rd party (provider) for issue a purchase order for Controlled Shipping Level 2 activities within 24 hours of receiving the CSL2 letter. List of providers can be asked to Plant Quality (It's possible to use the provider of SILA customers as appropriate).

Nominated Plant Quality conduct the CSL2 kick off meeting (via conference call or on-site meeting) to:

- Review the non-conformance that resulted in the CSL2 entry letter.
- Review and approve the supplier's containment process which includes:
 - Control of non-conforming product.
 - Lay out and inspection equipment
- Review and approve the CSL Third Party's containment process which include:
 - Data collection
 - Communication back to SILA Plant Quality (including frequencies)
 - Inspection instructions
 - Material identification after inspection
- Review and approve the supplier's escalation/reaction plan for the containment activity.
- Establish boundary samples (if applicable) and/or specifications for acceptance/rejection of the parts.
- Establish exit criteria for the CSL2. Default criteria as follows:
 - 20 consecutive working days of data (from the date of implementation of permanent corrective action) which verifies that the normal production controls are effective for controlling the discrepancies identified in the Controlled Shipping activity.
 - Documentation (8D report is the minimum) showing the root cause was identified and verified, and indicating that corrective action was implemented and validated, with the use of error proofing (if applicable).

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4.9.1.5. Verification for exit

Supplier have to meet defined criteria sending a request to Plant Quality, together the supporting documentations of performance and corrective actions. Plant Quality perform a process audit (if applicable) for confirmation and verify if Supplier has met the exit criteria. If Supplier met exit criteria and the established time has been completed without further non-conformance at SILA Plant, Plant Quality write and send the exit letter to Central Quality for approval. Plant Quality send the approved letter to Supplier and to all SILA Plants.
From that moment the Supplier is authorized to remove redundant controls.

4.9.2. NBH

New Business Hold is a process to escalate unresolved quality issues within the supplier's organization in order to get them successfully resolved. While on New Business Hold, that supplier will no longer be permitted to quote on new business.

4.9.2.1. Assessment phase

Plant Quality can make the request for a NBH if the following criteria are applicable:

- Confirmed supplier plant disruption
- Unauthorized process (included location) or tool modification
- Outcome of Supplier Performance
- Unresolved quality issues over an extended period of time
- Recall campaign or similar.

4.9.2.2. Entry activities

The Plant Quality make the request for NBH writing and sending the form NBH 269 to Central Quality for approve. Plant Quality set a meeting or a conference call with Central Quality and Plant Purchasing, in order to discuss the content of element reported on NBH request form and decide to put the supplier on hold.

If the committee decide to put on hold, the NBH is approved and Plant Quality send the approved letter to Supplier and to all SILA plants. Starting from that moment the Supplier cannot be involved for new business till the duration of the NBH.

Communication of NBH letter to supplier's Certification Body have to be sent within 5 working days after receiving. SILA will take the authority to send to the Certification Body if not applied by Supplier.

Supplier, according to the NBH letter have to meet the indicated exit criteria in order to request the exit of this status.

Plant Quality monitor the Supplier performance and if after the period mentioned on NBH letter, Supplier do not reach the exit criteria, the NBH closing data could be postponed and NBH letter can be revised, or in case of bad answer from Supplier, a new sourcing can be initiated by Plant Purchasing.

4.9.2.3. Exit activities

At the date of forecasted date of NBH exit, if Supplier met all exit criteria, Plant Quality write and send to Central Quality the NBH closing letter (form NBH 269), with all relevant documents that confirm the Supplier's improvement.



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5. TERMS AND DEFINITIONS

ISO 9001	Quality management systems - requirements.
IATF 16949	Automotive Standard. Requirements for the application of ISO 9001 for the series production and spare parts in the automobile industry.
Traceability	Ability to trace the history, application or location of what is under consideration. When considering product, traceability can relate to materials and component parts, the history of its creation, distribution and location of products after delivery.
Sub-Supplier	Organization which supplies raw materials, components, semi assembled to SILA Supplier that this one use to manufacture the product for SILA.
Control Plan	Documented description control systems and processes used by the Supplier to inspect goods.
Non-conformity	Non-fulfilment of a requirement.
Preventive action	Action to eliminate the cause of a potential non conformity or other undesirable potential situation.
Corrective action	Action to eliminate the cause of a detected non conformity or other undesirable situation.
Correction	Action to eliminate a detected non conformity.
Rework	Action on a non-conforming product to make it conform to the requirements.
Repair	Action on a non-conforming product to make it acceptable for the intended use.
Laboratory accreditation	<p>An external laboratory used for equipment calibration must be accredited according to ISO 17025 norm or equivalent national norm, unless there's formal evidence that the laboratory has been approved by the car manufacturer through their audit or a second party audit. In case the use of a qualified external laboratory is not possible, the equipment manufacturer can calibrate it but they must ensure they fulfil paragraph 7.1.5.3.1 of IATF 16949.</p> <p>For the list of accredited laboratories see the ILAC web site www.ilac.org, to catch the national accreditation body, and then, search the appropriate accredited laboratory.</p>



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6. DOCUMENTS SENT TO THE SUPPLIER

The following forms are distributed to the Supplier together with this document:

- 8D 214 "Problem solving worksheet"
- ADFP 191 "Supplier Feasibility analysis and declaration"
- APQFP 183 "Supplier APQP - Planning"
- APQFR 184 "Supplier APQP – Review"
- APQFM 185 - "Supplier APQP - Supply chain map"
- RAA 192 – "Mold development planning"
- APP187 "Production process audit"
- PPAP CCP 194 "Part submission warrant"
- PPAP RAE 195 "Appearance approval report"
- PPAP RVD 196 "Dimensional test report"
- PPAP RPF 197 "Performance test report"
- PPAP RPM 198 "Material test report"
- RNC 154 "Non conformity report"
- RWP 239 "Work status report"
- SCR 272 "Supplier change request"
- SCC 276 "Supplier code of Conduit"