CIE AUTOMOTIVE TO THE “SUPPLY CHAIN”

CIE AUTOMOTIVE is a Global full service supplier of components and sub-assemblies for the automotive market. Using all our different technologies we are able to produce components for many of the vehicle areas: engine, gearbox, transmission, chassis, interior and exterior trim and also for roof systems. We have the appropriate know-how and experience to produce them in a solid, efficient and competitive way so that we can fulfill our customer needs.

With the backing of our CEO, in October 2015 CIE Automotive joined the United Nations Global Compact to develop, implement and so disseminate policies and practices of business sustainability, in the following topics:

10 Principles of the United Nations Global Compact:

2. Forced and compulsory labour.
3. Freedom of association.
4. Remuneration and welfare benefits.
5. Working hours.
7. Discrimination.

As a supplier for CIE Automotive your commitment to meet all this requirements and expectations is vital to the continued growth, success and partnership for our mutually beneficial relationship.

This “Global Supply Chain Manual”, applies to all suppliers of CIE Automotive in worldwide operations. This manual is located at www.cieautomotive.com/suppliers. Acceptance of this document is required to be an approved supplier to CIE Automotive. It is the responsibility of suppliers to understand and utilize this manual.

CIE Automotive suppliers are expected to work towards “Zero Defects” and “Continuous Improvement” philosophies, and extend these philosophies and the requirements of this manual to their suppliers.
CIE Automotive Mission

CIE Automotive is a supplier of components and sub-assemblies for the global automotive market, basing its actions on the use of complementary technologies and various associated processes.

We are growing sustainably and profitably to position ourselves as the benchmark partner by satisfying our customers with comprehensive, innovative and competitive solutions with high added value.

We strive for excellence on the basis of the following commitments:

- Constant improvement of processes and efficient management thereof.
- Encouragement of participation, involvement and teamwork in a pleasant, safe setting.
- Transparency and integrity in everything we do.
- Care for and improvement of the environment.

CIE Automotive Vision

We aspire to be the benchmark industrial group specializing in high added-value process management.

We seek to become the paradigm of a socially responsible company through our commitment to:

- People and their fundamental rights.
- The environment, by fostering initiatives to promote greater environmental responsibility.
- Creating value.
- Cooperation with stakeholders.
- Excellence in management.

We set out to be:

- A benchmark in the value chain in terms of quality, technology and services.
- A benchmark in green innovation and green design.
CIE AUTOMOTIVE VALUES

At CIE Automotive we attach importance to people:

- By respecting their fundamental rights.
- By providing them with fair employment conditions.
- By fostering their capacity for initiative, creativity and innovation, participation and teamwork, their ability to achieve goals and add value, a positive attitude to change and to constant improvement.

At CIE Automotive we attach importance to the environment:

- By maintaining a focus on risk prevention.
- By working to minimize any negative impacts.

At CIE Automotive we attach importance to transparency in management:

- By promoting responsibility, integrity and commitment to a job well done.
- By making public all important data about our business in a clear way so that they can be known and understood.

At CIE Automotive we attach importance to stakeholders:

- By promoting honest relations.
- By respecting their rights.

At CIE Automotive we attach importance to legality:

- By complying with national and international regulations.

HONESTY, EQUITY AND INTEGRITY ARE THE BASIS OF ALL OUR VALUES
QUALITY AND ENVIRONMENT

QUALITY

CIE Automotive adheres to the principles of total quality as a fundamental part of its business strategy. All the people who make up CIE Automotive are committed to total quality. Our quality policy is based on: risk prevention, training, systematic review (PDCA) and constant improvement in a search for operational excellence.

Our objective: to satisfy all participants in the cycle.

Our quality policy has the single goal of satisfying those who, with us, play a part in this cycle and who we call stakeholders:

These commitments are reflected in our management model, of which they form an inseparable part. The CIE AUTOMOTIVE model is verified and certified in accordance with international standards IATF 16949, ISO 9000, ISO 14000 and ISO 45000. The principal OEMs and TIER 1s on the market have approved our model.
ENVIRONMENT

The **CIE Automotive Group**, as a business with a vision of the future, in accordance with the principle of sustainable development, is permanently committed to caring for the environment in everything it does. This commitment, clearly set forth in its mission, vision and value statement, is fully integrated into our management model.

The **CIE Automotive Group** works to maintain the balance between its industrial activity and its environment. Our commitment to systematic review enables us to prevent or minimize the environmental impact of our activities right back to product design. Moreover, our knowledge of production processes allows us to decide on which aspects we want to focus our efforts in order to minimize our consumption of raw materials, energy, water and other factors of production.

**CIE Automotive Group** has a latest-generation recycling system that enables us to reuse internally. Water is a resource of which intensive use is made to produce parts that require materials processed at high temperatures. CIE Automotive has its own facilities for treatment and recovery of different grades of water to reduce its waste disposal to a minimum.
PURCHASING IN CIE AUTOMOTIVE

MISSION

To purchase the materials and services necessary for CIE Automotive’s production activities in general to work properly, on the global supplier market.

To strive for economic rationality, by seeking minimum total cost.

To manage effectively by pursuing operational excellence.

To be a benchmark model for management on the market for our customers, suppliers and society.

To foster the creation of value, quality of life, safety for people and security of supply, care for the environment, social responsibility and orientation towards internal and external customers.

To foster personal and professional growth for employees working in every role.
PURCHASING POLICY

Objective, transparent, fair and unbiased, dealings and relations with all suppliers and partners.

Alignment of the Purchasing Department’s strategy and efforts around the delivery of established targets.

Pledge of support, throughout the entire supply chain, for the United Nations Global Compact, specifically including the protection of human rights and fight against corruption.

Identification and crystallisation of group synergies.

Development of long-term collaboration and innovation agreements with suppliers.

Search for mutual understanding and benefits in supplier relations.

Working, in-house and externally, to create awareness of the importance of improving companies’ environmental record and complying with health and safety regulations and labour rights.

Implementation of procedures and controls designed to guarantee objective and fair adjudications.

Performance of supplier selection on the basis of objective criteria which measure quality, service and CSR criteria.

Contribution to suppliers’ process development.

Motivation and active involvement of CIE Automotive’s employees in the purchasing function and maximisation of their skills in order to achieve excellent performance standards.
**WHAT DO WE PURCHASE?**

# CIE Automotive Purchasing Families

## PRODUCTIVE PURCHASE

<table>
<thead>
<tr>
<th>RAW MATERIAL</th>
<th>COMPONENTS</th>
<th>SUBCONTRATACION</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEEL</td>
<td>BAR-TURNING</td>
<td>TTT</td>
</tr>
<tr>
<td>ALUMINIUM</td>
<td>STAMPING</td>
<td>SUPERFICIAL COVERING</td>
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<td>PLASTIC</td>
<td>FORGING</td>
<td>FOUNDRY</td>
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<tr>
<td>ALLOY COMPONENTS</td>
<td>FORGING</td>
<td>FORGING</td>
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<tr>
<td>TOOLING RAW MATERIAL</td>
<td>STAMPING</td>
<td>STAMPING</td>
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<tr>
<td></td>
<td>SINTERING</td>
<td>MACHINING</td>
</tr>
<tr>
<td></td>
<td>THERMOFORMING</td>
<td>INSPECTION &amp; ASSEMBLY</td>
</tr>
<tr>
<td></td>
<td>TISSUE</td>
<td>CUTTING</td>
</tr>
<tr>
<td></td>
<td>INJECTION &amp; OVERINJECTION</td>
<td>WELDING</td>
</tr>
<tr>
<td></td>
<td>GLASS</td>
<td></td>
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## NON PRODUCTIVE PURCHASE

<table>
<thead>
<tr>
<th>MRO</th>
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<th>PROFESSIONAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PNEUMATIC</td>
<td>WASTE PROCESSING</td>
<td>CONSULTING</td>
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<td>MARKETING</td>
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<td>FUELS</td>
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</table>

## OTHER PURCHASE *

<table>
<thead>
<tr>
<th>TOOLING</th>
<th>LOGISTICS</th>
<th>INVESTMENTS</th>
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</thead>
<tbody>
<tr>
<td>CONTROL TOOLING</td>
<td>TRANSPORT</td>
<td>MACHINERY</td>
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<tr>
<td>MACHINING</td>
<td>STORAGE</td>
<td>EQUIPMENTS</td>
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<tr>
<td>TTT &amp; WELDING</td>
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<td>BUILDINGS</td>
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<tr>
<td>STAMPING TOOLING</td>
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<td>OTHERS</td>
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<td>MOLDS</td>
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<tr>
<td>TUBE FORMING</td>
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<tr>
<td>SPARE PARTS</td>
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</tr>
<tr>
<td>REPAIRING &amp; MODIFICATIONS</td>
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</tbody>
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* These purchasing families could be considered as productive or non productive according to different situations.

[http://www.cieautomotive.com/suppliers](http://www.cieautomotive.com/suppliers)
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10. **Quality Notifications**
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11. **Supplier Performances**
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14. **Additional Considerations**
    - Occupational Health and Safety
1. CIE AUTOMOTIVE GLOBAL SUPPLY CHAIN PROCESS

CIE Automotive
GLOBAL SUPPLY CHAIN PROCESS

Non-productive material/investments

Productive Material

Evaluation of Supplier's Aptitude

Supplier Nomination

Framework + General Purchasing Conditions + PO

ISO9001 Certification requirements

UNIEN+ISO/IEC 17025 (external laboratories)

Corporate Social Responsibility

Monitoring and development of Supplier

Evaluation of deliveries/quality/service

Evaluation Register

Development of Supplier

Does Supplier comply?

Yes

No

Request and monitoring of improvements

3 years without improvements

Business Hold/Search for alternative Supplier

Sourcing for potential suppliers

RFQ Checking and Order to supplier

Supplier Nomination

Corporate Social Responsibility

Purchase Order

Reception product or service

PSW approval

Order for mass production

Reception Product/Service

Approval and payment of invoices
2. SUPPLIER’S SELECTION

The registration via the Supplier Portal becomes a necessary requirement to these Productive Suppliers working with CIE, and will bring multiple benefits to your company:

- Join the panel of suppliers of the CIE Automotive Group worldwide.
- Facilitate in an agile way the minimum documentation required to be a supplier of CIE Automotive.
- Keep your Company’s data updated, as well as the users with access.

In any case, CIE Automotive selects, maintains or removes suppliers from its supplier’s panel worldwide, on the basis of objective criteria, taking into account the following skills:

CORPORATE SOCIAL RESPONSIBILITY

“Suppliers Corporate Social Responsibility Commitment”, is mandatory for both frequent suppliers, since they form part of the panel of suppliers of CIE Automotive, as well as for new suppliers. [www.cieautomotive.com/rsc-proveedores](http://www.cieautomotive.com/rsc-proveedores)

CONFIDENTIALITY

All information, regardless of the level, form and nature thereof, received by The Supplier from CIE AUTOMOTIVE, must be confidential and hence The Supplier is strictly and irrevocably obligated:

- Not to reveal or transmit in any other way information to third parties.
- To return to CIE AUTOMOTIVE, at the end of the provision of services, all documentation in written or graphic form or stored on computer media furnished to The Supplier.
- Not to use the information for any other purpose other than the performance or execution of the services required by CIE AUTOMOTIVE.
- To adopt in its business organization at all levels, the appropriate measures to ensure compliance with all that has been indicated, accepting mutual responsibility in the event of breach of the confidentiality agreement by its staff, shareholders and administrators.

CIE Automotive reserves the right to require a specific confidentially document in order to ensure that the information received is not used by the latter in relations with other parties.
All products and services supplied must meet the applicable requirements regarding regulations, documentation and safety. The Supplier shall put in place processes to guarantee compliance with government restrictions and safety regarding substances with restricted or prohibited use, including purchased products or those relative to the production process. The involved documentation to the product shall be kept for a minimum of 10 years. For parts subject to safety and regulations, this period shall be of 15 years.

In order to comply with legislation, the supplier shall fulfil any legal obligations and requirements applicable at any given moment, specifically including EC Regulation 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorization and restriction of chemicals (REACH) and any modifications that may be made to said regulation in the future, as well as any other regulation applicable to this field in the origin or destination country. [www.echa.europa.eu/regulations/reach/legislation](http://www.echa.europa.eu/regulations/reach/legislation).

**CONFLICTS MINERALS**

Companies, governments and civil society organizations are paying increased attention to certain “Conflicts Minerals” and their derivatives, including tin, tantalum, tungsten and gold, sourced from the called “Covered Countries”. The extraction and trade in these “Conflict Materials” contribute financially to violence. CIE Automotive suppliers must fulfil the regulations about the use of these conflict minerals sourced in the “Covered Countries”. (See Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1502).
**Civil Liability Insurance**

The Suppliers shall take out a civil liability insurance to cover possible damages caused by faulty products supplied by the Supplier both to CIE AUTOMOTIVE and to others, including client charges, loss of value, added value to the purchased product, loss of earnings, etc. The Supplier shall deliver a copy of the insurance coverage to the Purchasing Department of CIE AUTOMOTIVE as requirement, before the supply of the product or service, according to the following minimum Insurance Coverages:

- Civil Liability Activity & Operations.
- Subsidiary Civil Responsibility.
- Civil Liability for accidental environmental pollution.
- Professional Civil Liability.
- Trade Civil Liability.
- Cross Civil Liability.
- Product Civil Liability.
- Recall.
- Assembly & Disassembly.
- Bonding & Mixing Insurance.
- Legal defense & Bail Bonds.

**Financial Solvency**

The aim of a solvency regime is to ensure the financial soundness of suppliers, and in particular to ensure that they can supply according to the established requirements and needs, to guaranty, at the same time, CIE Automotive’s “Groups of Interest” expectations and to anticipate any adverse events and better handle such situations. CIE Automotive reserves the right to ask the supplier, the markets or through legal sources established, about providers Financial Solvency.

**Quality, Environment & Service. Final Customer Requirements**

All providers, as preliminary guarantee, must be at least certified according to ISO 9001, and have a current certificate available that demonstrates compliance. These criteria, verified by 3rd party auditors, shall include the verification of the fact that the supplier is aware of the Customer Specific Requirements for CIE Automotive’s customers and knows how to access to these requirements, as well as to all the applicable rules and tools.

[www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/](http://www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/)
CIE Automotive reserves the right to audit the supplier’s Management Model, according to its own procedures and audit systems or that of its clients.

Nevertheless, CIE Automotive expects that all suppliers for productive materials or process, raw material, components, subcontracts, and, if applicable, transport and tool, are certified according to the standards IATF 16949, ISO 14000 and ISO 45000. The minimum certification for external laboratories is ISO-IEC 17025 or equivalent.

Any supplier, who is designated by CIE Automotive as a "small supplier", will be evaluated by an audit team based on the process approach IATF 16949. The supplier shall provide the Action Plans arising from such audit. (See below notes 0, 1, & 2).

Note 0: Supplier Development of Specially Designated “Small Suppliers”. When a supplier to an organization is so small as to not have adequate resources to develop a system according to IATF 16949 or ISO 9001, certain specified elements may be waived by the organization of their supplier. The organization shall have decision criteria for determining “specially designated small suppliers”. Such decision criteria will be in writing, and applied consistently in the application of this provision. The existence and use of such decision criteria shall be verified by 3rd party auditors.

Note 1: ISO9001 and IATF 16949 contain fundamental quality management system requirements of value to any size of provider of production, service parts and materials. There are a number of methods to implement a compliant system, so it is recognized that a simpler Quality Management System approach could be used for the smaller suppliers of organizations to which IATF 16949 clauses applies.

Note 2: “Small” may also refer to volume supplied to automotive.

**Total Cost**

The expectation of CIE Automotive in this area is to establish a narrow relationship with its providers, since the start of development process till the EOP of the product or service, in order to obtain the competitiveness levels required by the market. Establishing a long term relationship is possible only when the supplier and purchaser jointly, decide to reduce the Total Cost of an item, process or service of the “Supply Chain”, maintaining a profitable situation for both parts.
**Supplier Portal**

The Supplier Portal is an online platform that is free to use and accessible from https://supplychain.cieautomotive.com/Home/Login.

This interaction channel is designed to deliver two objectives:

1. Make it easier for firms interested in working with CIE Automotive to register by standardising the assessment needed prior to their addition to the supplier panel.
2. Provide a query tool for procurement managers worldwide.

Once registered in the Portal, suppliers must answer four questionnaires covering the following areas: business management; environmental management; CSR management; and conflict mineral management. Each questionnaire has a specific weight; following objective assessment of their responses, suppliers are automatically sent an overall score. If positive, this score certifies membership of the supplier panel. If negative, the supplier receives details of the aspects in need of improvement along with a commitment on the part of CIE Automotive to help implement them. The detailed questionnaires are available for consultation on the Supply Chain tab of the corporate website. Thanks to this procedure, CIE Automotive ensures that its procurement processes are standardised, framed by the criteria of objectivity, impartiality and equal opportunities.

**Questionnaire Categories and Weightings**

- **Business Management**: 35,00%
- **Social Corporate Responsibility**: 25,00%
- **Environment**: 20,00%
- **Conflict Minerals**: 20,00%
3. **PURCHASING GENERAL CONDITIONS & FRAME AGREEMENTS**

All the purchase operations managed by CIE Automotive are governed according to the applicable “Purchasing General Conditions”, in each area. [www.cieautomotive.com/suppliers](http://www.cieautomotive.com/suppliers). No other special conditions will have superior range.

If CIE Automotive deemed it necessary, a “Framework Agreement” could be signed between both parts for one single product or service. This agreement could include the terms as:

1. Price and service objectives
2. Equipment
3. Approvals terms
4. Delivery costs
5. Labelling and packaging
6. Payment terms
7. Security stocks
8. Civil liability
9. Purchasing orders
10. Materials
11. Conformity with regulations
12. Confidentiality
13. Ownership of tools and goods
14. Subrogation
15. Exclusivity
16. Competition
17. Duration and termination
18. Special provisions
19. Guaranty terms
20. Processing of personal data

4. **QUALITY PLANNING. APQP**

**PRE-PRODUCTION AND PROTOTYPE PARTS**

To support design verification, planning and reporting, the supplier may be asked to provide prototype or pre-production parts. CIE Automotive defines pre-production or prototype parts as those that are manufactured on a process other than the final PPAP approved process. The supplier shall develop a pre-production or prototype control plan to ensure parts are manufactured to meet design records.

All pre-production or prototype parts containers shall be identified with a warning label concerning their existing special conditions.
PRODUCTION PART APPROVAL PROCESS

The first samples, pre-production and prototypes parts shall be submitted with the documentation and under the conditions indicated in the document “First Samples Presentation Requirements”. After the samples are submitted, any of the following may occur:

1. Final approval: The Supplier can begin to deliver the serial parts.
2. Provisional approval: The outsourcer may deliver parts for a limited period of time until final approval is granted. The Purchasing Department of CIE Automotive shall inform The Supplier of the need to submit new samples for obtaining final approval.
3. Sample rejection: Delivery of parts is NOT permitted until new samples are submitted and these obtain at least provisional approval.

After PPAP approval, an annual re-validation for the product could be required to the supplier, regarding topics as 100% dimensional report and required tests.

SPECIAL CHARACTERISTICS

Special Characteristics is a specification of the product or manufacturing process parameter which may affect the security, fulfillment of the norms, adjustment, function and working order of subsequent processes the product is submitted to. Within the special characteristics there are several levels:

- Security characteristics are those that affect the security of the vehicle.
- Regulation characteristics are those which must fulfill norms established for this kind of product.
- Security and Regulation characteristics are those to which both concepts are applied at the same time, security and norms.
- Special characteristics “designated by the client” are those which the client identifies as “special” in the drawing.
- Customer interface characteristics or “Pass through Characteristics”* (PTC), identified by the customer, or which through our customer (Tier 1) arrives to the final customer (OEM).

* “Pass through Characteristics”: functional components characteristics that are not used by the supplier “tier1” during their process but they are used by the OEM, so if there are quality issues from the supplier “Tier 2”, they will only be detected on the OEM.

- CIE Automotive special characteristics: Refers to those characteristics that due to the knowledge of the product or process CIE Automotive designates as “special”.

CIE Automotive
Special characteristics must be identified, (see table 1), in no confusing manner, in all the process and product documents referred to the part, or its sub-processes, quotation, contract review, engineering documents, production documents, delivery note, labels, etc.

<table>
<thead>
<tr>
<th>Type</th>
<th>Symbol</th>
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<tbody>
<tr>
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<td>Customer interface characteristics</td>
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<tr>
<td>Special Characteristic CIE Automotive</td>
<td>CIE</td>
<td>CIE/PCE</td>
<td>&gt;1,66</td>
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</table>

Table 1

CONTROL TOOLS AND MEASUREMENT SYSTEM ANALYSIS

The supplier must conduct studies of Repeatability and Reproducibility, Linearity, Bias and Stability to all gauges and measuring instruments used in the measurement of critical and or significant features, identified in the Control Plan. The supplier must conduct such studies periodically or when any change is introduced in the measurement system, operator, inspection gauge, or inspection method. [www.aiag.org](http://www.aiag.org)
TRACEABILITY

Traceability refers to the capability of tracing goods along the distribution chain on a batch number or series number basis. Traceability is an important aspect in the automotive industry, where it makes recalls possible, in order to identify and reduce the quantity of potential vehicles affected.

The supplier should establish the adequate system in the “supply chain”, to be able to identify and isolate in any moment, the parts, batch or assemblies eventually affected by a problem during whole the product life. CIE Automotive reserves the right to check and evaluate the performances for the established system, and ask for changes or improvements.

RUN & RATE

The supplier must realize the process of Run @ Rate as a method to verify the Capacity of production and Quality system. CIE Automotive reserves the right to attend these trials and to establish the duration, quantity and conditions of them. Note: With the Run @ Rate, the supplier must ensure that it meets the capacity committed by the quote, supported by the Purchase Order for production.

SPECIAL PROCESSES

If the Tier one or sub-tier suppliers will utilize a process that is covered by an AIAG CQI, the supplier shall perform a self-assessment to appropriate CQI, and provide the results to their CIE Automotive purchaser. The CQI standards are available at www.aiag.org.
Pre-Launch Control Plan, SOP Containment Plan and Quality Wall, are additional and temporary activities to raise the confidence level in order to ensure that all products shipped will meet CIE Automotive’s requirements.

The purposes of these additional procedures are:

- Protect CIE Automotive’s site from quality non-conformances during critical periods such as launching, start-up, ramp-up, quality issues during mass production or after revision of the manufacturing process or when manufacturing batches are separated by 1 year or more.
- The pre-launch control plan will serve to validate the Production Control Plan, and should take into consideration all known critical conditions of the part as well as potential areas of concern identified during development phases for new projects or modifications.
- Ensure that any quality issues that may arise are quickly identified, contained and corrected at the supplier’s location.
- Increase involvement and visibility of supplier’s top management.
- PPM Performance.

The validation process should contain the following elements, duration and considerations:

- Identification and training of the quality team to ensure the development, documents, registers, implementation of the verification process, analysis of the root causes and establishment and validation of Corrective Actions.
- Identification and training of the staff responsible for ensuring the development and implementation of the verification process.
- Establish the containment stations, which must be off-line, separate, and independent checks from the normal manufacturing process and located at the end of the process after packaging.
- Identify additional inspections, testing, and dimensional checks required at the containment station based on critical measurement points, high Risk Priority Number, special characteristic and issues identified during product and process development, including sub-suppliers processes.
- The containment stations must be implemented:
  - For a period of time or quantity of parts as specified by CIE Automotive, or until the Production Control Plan has been validated, whichever is longer.
  - If time or quantity is not specified, containment stations will remain in effect through ramp-up or a minimum of 2 weeks after SOP, whichever is longer.
  - If a problem is identified during mass production, the “Quality Wall” must remain in effect for a minimum of 2 weeks after implementation of corrective action.
• These containment stations do not replace any final control within the Supplier’s facility and has to be implemented after packaging in order to detect possible defaults due to packaging operations.
• Its application is under the responsibility of the supplier (implementation, staff, training, cost...).

In general, a standard “Special Containment Station” or “Quality Wall” should match basically with the following diagram:
6. PRODUCT/PROCESS CHANGE REQUEST & CONCESSIONS

CHANGE REQUEST

Once the product has achieved homologation, any modification which may affect either the product itself or its manufacturing process, including those of sub-suppliers, must be previously communicated in writing to CIE Automotive, with details regarding the repercussions involved. The supplier will not carry out any changes until prior authorization is received in writing. Final approval will depend on the subsequent PPAP approval CIE Automotive and/or by the final customer. If the modification is irreversible, the supplier must in all circumstances guarantee the supply of unmodified parts until the final approval of the modified ones. Except for cases in which there has been a previous agreement, all expenses caused by the modification will be covered by the supplier. In no case will be accepted re-worked parts without CIE Automotive’s specific written acceptance.

CONCESSIONS

Concession is understood as an agreement for the manufacture and delivery of a product in different conditions to the approved in the PPAP. All the products under this circumstances, must be subject of a prior agreement for manufacturing or delivery, taking into account the following conditions and characteristics of concession:

Product concession:

- Product manufactured in accordance with the series process which deviates somewhat from the blueprint requirements or other technical specifications.

Process concession:

- Product manufactured by means of an alternative, not previously approved process, which nevertheless complies with all the blueprint requirements and other technical specifications.
- The derogations relating to packaging and labeling should be considered in this chapter
- Product + process concession: When both the previous conditions are present at the same time.

Characteristics of concession:

- Established for a specific quantity or period of time.
- Established for a series of specific characteristics.
- The concession will be requested to CIE Automotive before initiating production.
- If the parts have already been manufactured, the concession request will be sent to CIE Automotive before the product is delivered.
- Under no circumstances will the parts be dispatched without the prior approval.
- All requests and subsequent approvals should be expressed in writing.
Traceability & Identification:

- All parts supplied under concession must be perfectly traceable.
- All parts supplied under concession must be clearly identifiable, in accordance with agreed requirements.

Exceptions: If, in the interests of urgency, production commences without the corresponding concession, this shall be requested to CIE Automotive, on the next working day, and in all cases before the parts are dispatched.

7. **CONTROL FOR CUSTOMER OWNED TOOLING & GOODS.**

**General Requirements**

The tools, dies, molds, punches, hearts, manufacturing mounts, assembly, inspection or tests that are owned by CIE Automotive or its customers are under the guard of any supplier, must meet the following requirements:

- Identify a visible and permanent mark on tools and equipment marked as "property of CIE Automotive" and name of the plant to which it belongs.
- Complete and sign the Loan Agreements for each tool.
- Protect from damage and deterioration during transportation and storage.
- In the case of Tools, maintain the original conditions under its initial validation to ensure product quality through periodic maintenance programs.
- In the case of inspection, measuring and test equipment, it is required to be controlled as established.

**Deposit Goods Contracts**

The property of the goods remains in the hands of the depositor, CIE Automotive. No agreement for the reservation of ownership of the goods will be admitted. In the event that the goods were conceived, handled or constructed in a direct or indirect manner by the depositary, the property will also be transferred to CIE Automotive. Any changes or additional conditions and extensions will only stand if they are in writing, and expressly approved by both parties. The initial period for the deposit is one year, and it will be automatically extended by one further year if there is no express indication to the contrary by either one of the parties. At least one month’s notice must be given before its deadline or any of its extension periods concludes. The price for the deposit is zero.
8. PACKAGING, PRESERVATION, LABELLING & SHIPPING

PACKAGING AND PRESERVATION

The parts shall be packaged as agreed by CIE AUTOMOTIVE and The Supplier. In the event that no specific packaging has been defined, The Supplier shall protect the goods during transport to prevent deterioration, mixing, contamination by external agents.

LABELLING

All products and must be labelled as per the requirements of CIE Automotive, preferably using ODETTE or compatible labelling. In the event that this requirement is not established, labelling shall be carried out in such a way that the products can be unmistakably related to the accompanying documents, that the established traceability system is guaranteed - indicating the reference, quantity and manufacturing order or batch, document date and number-, and that shall be suitable for transit, arriving intact at the CIE Automotive plant.

SHIPPING

In each shipment of material, the supplier must notify and send complete documentation for proper handling during shipment to the CIE Automotive Plant. The required potential documentation is as follows, and should be agreed between the supplier and plan Purchasing Manager:

- Delivery note.
- Accounting invoice. It is suggested to send the original invoice directly to the Accounts Payable area of CIE Automotive to avoid possible loss of it.
- Certificate of Origin (current year) - only for foreign suppliers.
- Packing List.
- Bill of Lading or Airway Bill, only to foreign suppliers.
- Shipping Instructions Letter, only for ocean shipments.
- Shipment Guide No., when using a packaging company.
- Quality Certificates.
9. **SCHEDULE PERFORMANCE**

**PURCHASING ORDERS**

CIE AUTOMOTIVE shall send to the Supplier an order indicating the product reference, name, engineering level, approximate yearly consumption, unit price, supply conditions, quality requirements, and delivery documentation.

Once the product or service is approved, a supply schedule or alternative document shall be issued, which must adhere to the dates and units indicated therein. If, due to supply failure, CIE AUTOMOTIVE is forced to halt its production lines, The Supplier shall be held liable for the costs incurred both by CIE AUTOMOTIVE and by others.

The Supplier must confirm acceptance of the supply schedule within 48 hours. Otherwise, the schedule sent by CIE AUTOMOTIVE shall be deemed accepted.

In all events, the real quantities received and those indicated on the delivery note must be the same; the use of rounding up or error margins shall not be accepted for quantities.

In the event that deviations are detected after three quantity audits, CIE AUTOMOTIVE shall impose a charge equal to the average percentage of deviation from the turnover between the two companies, during the 12 months prior to detection of the difference in quantities.

In the event of the interruption of activity due to force majeure, this schedule shall be cancelled until activity is restarted.

Goods shall be accepted at our warehouses with the delivery note issued by The Supplier, which must state the order number, reference, quantity, batch or manufacturing order, and be accompanied by the certificate agreed between both parts.

**CONTINGENCY PLAN. SUPPLIER RISK MANAGEMENT**

The supplier must prepare contingency plans to meet the requirements of CIE Automotive in any event of interruption in production and delivery of parts. The supplier must notify to his contact in CIE Automotive within a period not exceeding 12 hours. The nature of the problem must be communicated and immediate action must be taken to ensure the supply of product.

Production interruptions could include, but not limited to, natural disasters, political instability, war, capacity issues, quality problems, labor strikes, planned production stoppages and other events that prevent the provider from meeting the required volumes or comply with any APQP event within launcher (example: R @ R or PPAP).
**CONCERTED QUALITY INCOMING**

Reliability should be another key consideration for CIE Automotive suppliers. Reliable suppliers deliver the right goods or services on time and according to the specifications agreed in the order or in the contract. The use of a reliable development, engineering and management during the project as well as the use of control and statistic tooling during the manufacturing should have as result reliable process and product. CIE Automotive expects to have the most of the purchased goods in “Concerted Quality Incoming”. If after a meaningful period without any incidents during the incoming control, production and use of the product, the mentioned status will be apply, being the goods delivered directly to the production line, removing the incoming control.

As reinforce for this goal, the supplier should implement the Statistical Process Control (SPC) in the critical and significant features defined by CIE Automotive and the defined by the nature of the process. For further information, refer to SPC Manual (AIAG) latest edition [www.aiag.org](http://www.aiag.org).

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### 10. QUALITY NOTIFICATIONS

**QUALITY NOTIFICATIONS**

A “Non Conformity Report” must be issued by CIE Automotive plant in the following assumptions:

- Quality: Appearance, dimensional, finishing, contamination, metallurgical, lack of transactions, etc.
- Packaging: Mislabeling, improper container, mixed parts in the packaging, poorly packed or stowed, etc.
- Carriers: Merchandise damaged by improper handling.
- Submission: Over or under shipments (fulfillments under or above 100%), late deliveries, etc.
- Transportation: Failure to complete shipping instructions set by CIE Automotive.

**SEVERITY CLASSIFICATION**

According to the phase of the process where was detected the problem, there were the following levels of criticism:

- Suspicious parts or defective parts has been detected in the product flow (Before delivery to the Productive line)
- Suspicious parts or a defective part has been detected in the productive line.
- A Productive line has shut-down per defective material found and/or lack of material delivery (See Cost Recovery Policy).
- A CIE Automotive Customer line has shut-down because of defective material found and/or lack of material delivery.
- A defective material claim has been created for material with a critical characteristic.
**MATERIAL DISPOSAL**

The suspect or defective material could be the following disposal:

a) Collection of material by the supplier within the next (3) business days of notification of the problem, after that time the CIE Automotive plant will dispose of the material in its sole discretion and thus the costs incurred will be charged to the supplier's account.

b) Return the material to the supplier and charge the shipping costs generated to the suppliers account.

c) Discard the material in the CIE Automotive Plant and charge the costs incurred to the suppliers account. The supplier should send a Returned Material Authorization number (RMA) or a signature of acceptance from the DMR.

d) Rework in CIE Automotive Plant and or the third party supplier plant, with the supplier’s staff or CIE Automotive own resources (if available).

The quantity rejected after the first disposal will be accounted for PPM’s.

**RE-CALL RESPONSIBLE**

The supplier must have a Re-Call responsible per damages at the final vehicle user in the case a defective part originate an accident, at the moment the problem arises the responsible will be communicated to immediately start the investigation, the responsible will be present during the investigation, present evidences and remain until the conclusion of the investigation. (This is applicable when supplier is design owner or there’s a critical characteristic marked into the drawing).

**8D REPORT. REACTIVITY**

The supplier must implement containment actions in a period no longer than 24 hours after notification.

If necessary, CIE Automotive will take the required actions such as selecting, inspecting and reworking of the material or parts required allowing no interruptions to the production line and until the parts received are compliant with the disposition by the suppliers. These costs will be irrevocably charged to the supplier.

The supplier must respond in the 8 Disciplines format section in, a period no longer than 10 business days about Root Causes analysis and Corrective Actions Plan, and no longer than 30 business days for the closing of all phases of the 8D report. Should the supplier require more time it must send a request in writing to the involved CIE Automotive plant.
CIE Automotive expects the application of analysis tooling for “Root Cause” detection, (Isikawa, SPC, Pareto, PDCA, FMEA, 6σ…), in order to establish strong “Corrective Actions”, to avoid the recurrence of the problem.

The acceptation or rejection for the proposed CC.AA., should be based in the following objective parameters:

- Corrective actions based on non-solid acts like, exposing, informing, human mistake…. Root cause not defined, accidental cause. **UNACCEPTABLE RESPONSE.**
- Corrective actions based only on documental supports modifications, instructions, control plan…. The root cause is detected. **CONDITIONAL ACCEPTATION.** Review in case of problem repetition
- Technical changes in the process. **ACCEPTABLE RESPONSE.**
- Technical and documental changes in the process. **PREFERRED RESPONSE.**

**COST RECOVERY POLICY & ASSOCIATED COSTS**

Prevention costs are incurred to prevent or avoid future quality problems. These costs are associated with the design, implementation, and maintenance of the quality management system. They are planned and incurred before mass production operation, and they could include:

- Product or service requirements: Establishment of specifications for incoming materials, processes, finished products, and services
- Quality planning: Plans for quality, reliability, operations, production, and inspection.
- Quality Assurance: Creation and maintenance of the quality system.
- Training: Development, preparation, and maintenance of programs.

Expectation of CIE Automotive is not support any cost becoming due to non-conformities produced by external partners and suppliers. The following failure mode could be susceptible to be charged to the supplier account:

- Re-call cost.
- Line stoppage.
- Administrative Initial Issue.
- Cost of Inspection, Selection and rework.
- Cost associated for quality problems recurrences.
- In general, costs incurred with the final customer (Tier I or OEM).
- In the case the rejected material has been detected until final CIE customer, the cost will be charged until the manufacturing level the part is found with the final customer charges.
- In the cases the material has been detected in the process flow, the parts will be charged at the manufacturing level those parts are found with the real cost to the supplier
- Audit to re-apply the CIE Automotive Quality Audit per low performance in the initial audit.
11. SUPPLIER PERFORMANCES

VALUATION & ACTION PLAN

The Plant Purchasing Manager will establish yearly targets to check the supplier’s compliance and taking into account the established targets and, potentially topics as:

- Product quality.
- Supply interruption.
- Client notifications.
- Service rate.
- Previous year results.
- Developments plan ongoing.
- Special requirements.
- Third party certifications.
- Claims number.
- Repetitive issues.
- Etc..

The Purchasing Plant Manager, will evaluate regularly, supplier’s performance. As result of this periodical valuation could result the following levels of compliance and Action Plans:

A  GREEN - ACCEPTABLE. Congratulations on achieving a GREEN supplier scorecard result for the previous valuation. Suppliers who constantly achieve a GREEN supplier scorecard result, will continue to be given consideration for new business opportunities.

B  YELLOW - FAIR. Internal corrective actions must be in place in order to achieve a GREEN supplier scorecard result. A constant YELLOW supplier scorecard result indicates that your company is not performing in a GREEN level. Supplier must demonstrate continuous improvement in order to remain a long term supplier to CIE Automotive.

C  RED - UNACCEPTABLE. The senior management team of your company is required to present per 3 months detailed corrective actions plan addressing the areas of concern to the respective facility.
12. CONTINUOUS IMPROVEMENT

CIE Automotive expectation is that the supplier set goals for Continuous Improvement and use appropriate data and information to continuously improve its indicators and achieve customer satisfaction. Therefore, the supplier should implement a philosophy of Lean Manufacturing (Lean Manufacturing) in their processes, as part of its Quality Management system.

CIE Automotive philosophy is to promote Continuous Improvement towards the Supply Chain and establish long-term relationships with our suppliers. Therefore, we have the opening to share lessons learned that can help the supplier to improve the performance of their processes and share knowledge that will benefit both companies.

13. NEW BUSINESS HOLD

One supplier is excluded from the CIE Automotive’s Supplier Panel, when is catalogued as “Business Hold”. This nomination is acquired as infringement for one or more of the following requirements:

- Non satisfactory performances in the Continuous Valuation.
- Non fulfilment in new projects development plan.
- Non fulfilment of economics commitments.
- Non-compliance with selection criterial.

The “Business Hold” nomination involves the prohibition to be included in new RFQ’s launching, or even for supplying parts or services to all the companies of CIE Automotive Group. The “Corporative Purchasing Department” of CIE Automotive will communicate internally about this situation, to all the sites involved in business with the referred suppliers.
14. ADDITIONAL CONSIDERATIONS

OCCUPATIONAL HEALTH AND SAFETY

This CIE Automotive’s “Global Supply Chain Manual” establishes too, the minimum required standards that our supplier and its subcontracted partners must respect and fulfill. These requirements are based in our commitment with the international standards as the “OECD Guidelines for Multinational Enterprises”, “United Nations Outcomes on Sustainable Development”, “International Labour Organization ILO”, or “Ten Principles of the UN Global Compact”.

All the services delivered by our suppliers and by its subcontracted partners, must fulfill the “Occupational Health and Safety” standards, required by the applicable law, including training, information and emergency measures about in the workstation, such us availability of Protective and Safety Equipment (PPE), and medical examinations to guaranty the adequate physical and physiological aptitudes.

See related information in the following links:

www.unglobalcompact.org/what-is-gc/mission/principles
Thank you