

**SUPPLIER QUALITY  
MANAGEMENT PRINCIPLES**

December 2006

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### Contents

0 - Introduction	3
1 - Enquiry, supplier selection and contract stipulation	5
2 - Development of the Product and Production process	7
2.1 - Initialisation	9
2.2 - The supplier's product-process development phase	10
- Develop a robust product definition	11
- Define the measuring and monitoring system	13
- Develop the production process	15
- Qualify the product	17
- Qualify the production process	18
2.3 - Qualification confirmation for the supplier's manufacturing process	20
2.4 - Problem escalation and resolution process	21
3 - Managing quality in mass production	22
4 - Processing changes in the supplier's product and/or manufacturing process during mass production	25
5 - Mobilising suppliers on processing incidents occurring in the field	26



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 0 – Introduction

The quality of our vehicles must satisfy our customers' expectations for both our PEUGEOT and CITROËN brands throughout the entire world.

The quality of our vehicles depends directly on the quality of the external supplies that represent over 70% of the manufacturing cost of a vehicle. The PSA PEUGEOT CITROËN Group is motivated in embarking on fundamental actions with its suppliers to support them in controlling development and production, to continuously improve their services and their reactivity in case of failure.

To contribute to the common objective of producing highest quality components, the PSA PEUGEOT CITROËN GROUP and its suppliers must share the same quality methods and tools throughout all the phases of a car or component project and throughout the model life.

**The purpose of this brochure is to explain how PSA PEUGEOT CITROËN works with its suppliers to satisfy customer expectations.**

PSA PEUGEOT CITROËN chooses the supplier who is most likely to satisfy the expressed requirement. This supplier must fully control development, start-up and mass production of the outsourced product. Therefore, the supplier respects the contractual commitments.

Throughout the entire relationship,

- The supplier's and manufacturer's teams must acquire the means for mutually beneficial cooperation in terms of results and continuous progress in all areas;
- PSA PEUGEOT CITROËN expects the supplier to provide anticipation, reactivity, and availability and supply all required expertise, according to the kind of problems that may arise.
- It is the supplier's responsibility to ensure that the product design satisfies the technical and logistics specifications as defined by PSA PEUGEOT CITROËN and product compliance throughout the development, industrialisation, and full production phases and in after-sales.
- PSA PEUGEOT CITROËN reserves the right to visit or audit the supplier (or its subcontractors) during the development phase and in full production.

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

The working methods and principles described in this document shall be adapted to the size of the development entrusted to the supplier in the following circumstances:

- Development of new products
- Development of new manufacturing processes
- Technical change to the product or component change Modification to the manufacturing process
- Change of supplier's production site
- Change of supplier's delivery site
- Change in the supplier's procurement sources.

**PSA PEUGEOT CITROËN expects each of its suppliers to apply the same rules as those described in this brochure to their contractors.**

The supplier is responsible for ensuring that his products satisfy the technical specifications requested by PSA PEUGEOT CITROËN and that his products delivered in the development and industrialisation period as well as in full production and in after sales are compliant.

If there is any doubt during development or full production, PSA PEUGEOT CITROËN reserves the right to conduct verification visits or audits at the supplier's premises and if necessary, accompany him in his verification visits at the premises of his suppliers.



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 1 – Enquiry, supplier selection and contract stipulation

**For each enquiry, PSA PEUGEOT CITROËN places several potential suppliers in competition with one another.**

**PSA PEUGEOT CITROËN only issues enquiries to suppliers who have the prerequisites that are considered to be essential** with respect to financial stability, quality, research and development, internationalisation, competitive advantage, industrialisation and logistics

Supplier certification according to the automotive quality standard ISO/TS 16949 is a prerequisite for a business relationship with PSA PEUGEOT CITROËN.

**For PSA PEUGEOT CITROËN, the pilot of this phase is the production buyer** who calls upon the services of the project manager, the quality guarantor from the Technical Area (GAOO) and the auditor from the Purchasing Division.

**The enquiry contains all the essential elements to enable the supplier to submit a complete and justified offer to PSA PEUGEOT CITROËN.**

It contains the following information:

- The **technical specification** containing all prioritised technical requirements that the product must satisfy in its various model life situations. It contains the product's quality objectives when new and used.
- The Management and Quality Assurance Clauses (CMQ) specify the management measures and operating modes:
  - during **development and industrialisation**: sharing and planning of tasks, deliverables and results expected from both parties and associated timing plans;
  - during **full production**
  - during the **management of incidents in after-sales**
- The **logistics specifications** (logistics specifications and operating modes)
- The **general project data** into which the enquiry fits (quantitative elements, key scheduling dates, location where the part is used...);
- **General purchase conditions**

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

**The structure of the supplier's offer is based on a format that is defined by PSA PEUGEOT CITROËN. The supplier's offer must describe and justify the solutions and commitments made to satisfy the requirements expressed in the enquiry specifications;** particularly concerning the respect of quality objectives.

The enquiry is an iterative process between PSA PEUGEOT CITROËN and the consulted supplier on technical, economic and quality issues.

**PSA PEUGEOT CITROËN specifications and supplier's offer** are updated to incorporate the results of the various iterations between the PSA PEUGEOT CITROËN teams and the supplier's teams.

The enquiry process ends with the **selection of the supplier** with the most appropriate final offer to provide the best solution to the requirements expressed at the required quality level, with competitive overall product acquisition cost and reliable procurement for PSA PEUGEOT CITROËN plants.

For safety products, **only suppliers for whom the capacity to develop and produce safety products has been checked** by a PSA PEUGEOT CITROËN assessment **can be selected**.

To be selected, the supplier must undertake in writing **to implement the plan to eliminate possible risks** identified during the iterative enquiry process.

**The supplier selection letter forms the contract between the two parties;** it concludes the supplier selection process. It notably contains the final version of PSA PEUGEOT CITROËN specifications and the supplier's offer. It must be signed to be able to move on to the next phase.



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 2 – Development of the Product and Production process

**The two main objectives of this phase are:**

- **to develop products that satisfy the requirements in the technical specification**
- **to set up an industrial and logistic system to guarantee product conformity in the requested quantities and lead times.**

**For PSA PEUGEOT CITROËN, the pilot of this phase is the project manager of the Technical Area** who calls upon the services of the quality guarantor of his technical area (GAOO) and the project buyer.

**The prioritised Technical Specification requirements** dictate the product/process development structure.

For all the requirements, the supplier and PSA PEUGEOT CITROËN define the product/process design justification and validation approach (calculations, manufacture and testing of prototype parts, product FMECA, process feasibility...). The validation approach must be adapted to the level of criticality of each requirement.

During the development phase, the supplier must elaborate and supply the following to PSA PEUGEOT CITROËN:

- The product definition elements (drawings, bills of materials, list of materials used, list of components supplied by tier 2 suppliers, etc);
- The justification and validation elements of his product design;
- The process design (process layout drawing, production site, surveillance plan, process description and associated controls, list of tier 2 suppliers, etc...)
- The justification and validation elements of his process design;
- The justification, validation and qualification elements for the products and manufacturing processes of his own suppliers for which he is responsible


## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

Formal reviews between the PSA PEUGEOT CITROËN teams and the supplier's teams are scheduled throughout this entire phase to ensure progress in task completion in accordance with the timing plan and guarantee convergence towards the objectives.

Development progress is managed by the Progressive Product and Process Qualification (Q3P) system.

It is the supplier's responsibility to qualify the product and the process. This qualification is subject to PSA PEUGEOT CITROËN acceptance depending on the justifications presented by the supplier during the development phase.

During this phase, the supplier must inform PSA PEUGEOT CITROËN of any slippage observed or of any risks identified and implement suitable corrective actions.

**Note:** In the rest of this document, the pictogram  means that a data exchange format exists, the blank form of which can be accessed via B2B.



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 2.1 - Initialisation

**PSA PEUGEOT CITROËN and the supplier start the product/process development on shared databases during an initialisation review.**

The PSA PEUGEOT CITROËN and supplier teams confirm the technical, technological and industrial elements which are already mastered and the innovations which are yet to be mastered for which a specific tracking will be required. The teams focus on the potential additional risks identified during the preliminary technical analyses and determine the specific actions necessary. This management of risk is scheduled precisely in:

- **The Product development schedule**, including the selection schedule for tier 2 suppliers and the plan of action to be carried out to guarantee that all the requirements are satisfied
- **The industrial and logistics development and implementation schedule, including the schedule** to select the suppliers of equipment and tools, to set up and finalise the means of production and the production rate increase of the tier 1 supplier.
- **The practical details to implement the possible risk elimination plan.**

During this review, the Progressive Product and Process Qualification (Q3P) plan is confirmed. Throughout the development phase, the Progressive Product and Process Qualification (Q3P) approach formalises the exchange of demonstrations, justifications and validations of the supplier's technical choices and their acceptance by PSA PEUGEOT CITROËN.

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 2.2 – The supplier's product-process development phase

The work to be carried out by the supplier during this phase is characterised by a progressive construction of quality and by the simultaneous management of product / process development, associated performance indicators and surveillance plans.

The progressive convergence of intermediate results towards the final result allows the qualification of the product and the production process:

**Develop a robust product definition:** Establish a definition that satisfies the requirements in the technical specification and for which the industrial feasibility is verified.

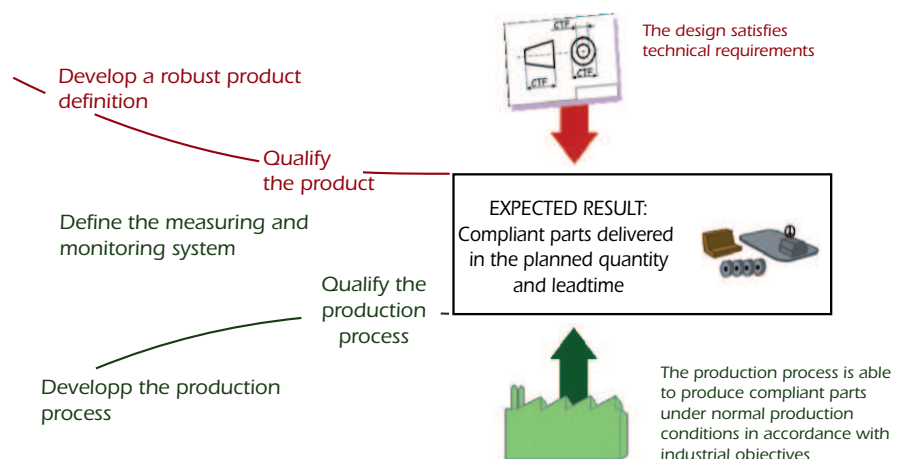
**Define the measuring and monitoring system** planned to control deviations from the production process and to ensure conformity of manufactured products

**Develop the production process:** Define and set up the production system, manufacture and deliver products that comply with the definition (from a process that is representative of full production conditions) and finalise the production process.

**Qualify the product:** Show that products that comply with the definition, which are manufactured according to a production-representative process and which possess in the technical specification.

**Qualify the production process:** Show that the production process implemented is capable of producing products that comply with the definition (capable process) and in the required rates (process capacity).

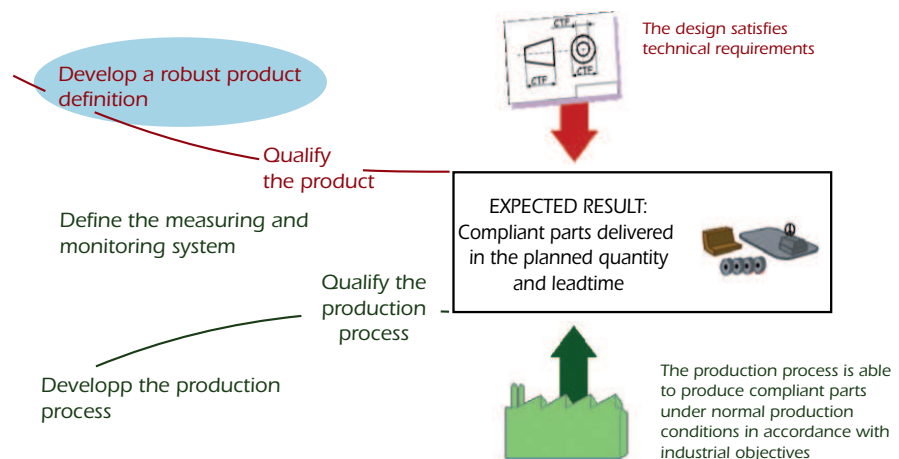
**The tier 1 supplier must guarantee that the above actions are carried out by himself or by his suppliers for the whole technical perimeter.**





## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### Develop a robust product definition



### A Technical and Functional Characteristic (CTF) is:

- Physical magnitude that can be measured (length, mass, time, frequency...)
- or a qualifiable target parameter (e.g. material composition, colour with respect to master sample, OK/NOK criterion)

of the finished product, the conformity of which is required to guarantee that the product, defined as such, satisfies all the requirements in the technical specification

**The Validation Plan** describes the tasks which must be carried out in order to guarantee that the product / process solution meets all technical requirements. This plan is carried out by the supplier where he is responsible and by PSA PEUGEOT CITROËN for the integration into the vehicle. It describes:

- the justification approach, calculations, tests
- the checking of results within tolerance limits


### The supplier:

- Proposes a product solution and flowchart of the associated production process
- Determines and prioritises the CTF for each requirement (nominal and tolerance) by modelling the functions required.
- produces the first part of the validation plan: carries out calculations, assessments or tests to justify the relevance of the solution with regards to the critical requirements, operating safety and reliability

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

- Assesses the industrial feasibility of the solution
- Completes the validation plan by checking the results within tolerance limits for each CTF
- Modifies the solution to make it relevant and feasible if assessment results are negative.


### **The main expectations and deliverables of the activity are:**

- Validated product definition
- For each requirement: the list of associated CTFs  for the product thus defined (for measurable physical magnitudes, tolerances are applied to the CTFs)
- The calculation, test and product design justification reports
- Production process flowchart
- The industrial feasibility assessment reports for the solution
- The definitive version of the validation plan

In parallel, PSA PEUGEOT CITROËN assesses supplier solution integration in the system(s) to which it contributes and sends the necessary information to the supplier.

The elements of proof at the product qualification stage are progressively acquired throughout the development phase.

The progress of these activities is measured by estimating the pertinence and feasibility of the product-process solution compared with the requirements.

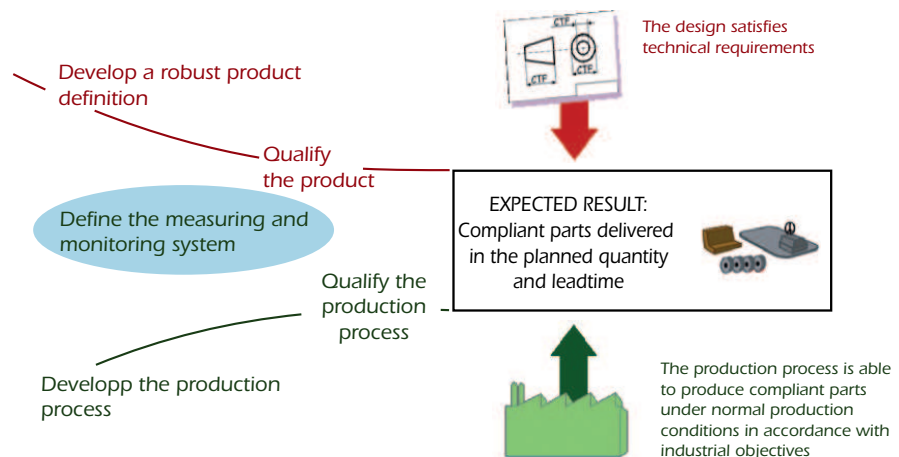
This estimate is formed and validated progressively by PSA PEUGEOT CITROËN after examining the justification elements and the list of CTFs  presented by the supplier during the project reviews.

**The activity is complete when the solution is adapted and feasible and the associated CTFs have been identified and defined.**



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### Define the measuring and monitoring system



Based on the detailed product / production process design, for which risks have been analysed, the supplier determines all the characteristics to be monitored and the associated surveillance plan. In production, the surveillance plan guarantees the product complies with its design.

#### Definition of a Monitored Characteristic:

Characteristic of the finished product, or the product in the process of being transformed, or parameter of the manufacturing process that is expressed as a measurable physical magnitude of a qualifiable target parameter:

- that can be monitored in mass production to guarantee that the product complies with its definition at the lowest cost
- and/or manufacturing process performance.

#### Definition of a Monitored Essential Characteristic (CSE):

Monitored characteristic:


- conformity of which is essential so that in the manufacturing flow, the downstream flow stages (i.e. PSA PEUGEOT CITROËN) can manufacture in compliance and thereby ensure that the completed component or vehicle complies with its definition,
- or for which non-conformity will be visible by the end customer.

For a given part, a CSE should be a CTF as a matter of priority but may also be a characteristic of an intermediate product or exceptionally a process parameter. Based on the list of CTF, on the associated customer risks, on the provisional or known process complexity and variability, the supplier proposes a list of CSE.

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

**PSA PEUGEOT CITROËN and the supplier agree on the CSE and these CSE are formalised in the Part Control Plan .**



The **Product Control Plan:**

The Product Control Plan (PCP)  is the document established by the supplier and officialised by PSA PEUGEOT CITROËN which lists the characteristics of a part for which proof of compliance must be provided by the supplier during the development phase and in full production. The content of this list changes progressively from a list of CTF established during the design phase to a list of CSE based on the analysis of the industrialisation phase.

The PCP  summarises the following:

- the criterion for checking the compliance of characteristics,
- the method and / or checking means used to check the criterion have been respected,
- the conditions of the checks (sampling, type of selection, frequency...)

**The main deliverables are:**

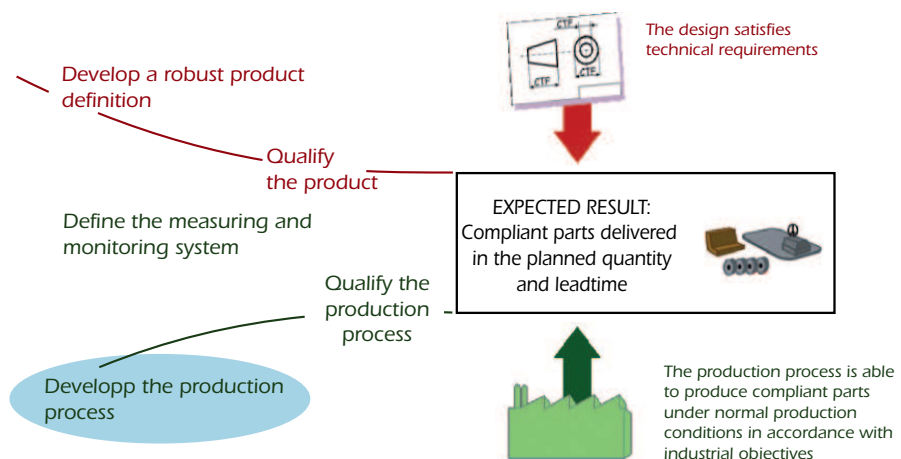
- The production process monitoring scheme 
- The Part Inspection Plan (PCP) 

**The activity is complete when PSA considers that the planned system is capable of ensuring product conformity.**







## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### Develop the production process






### The supplier:

- sets up his general production system and implements the specific tools necessary for the production of the part.
- puts in place verified and capable checking fixtures necessary for the development and for full production.
- begins to manufacture products from the production process, delivers parts from homogenous batches which comply with the definition. An inspection and measurement report  is produced for each batch (in compliance with the measures planned in the PCP ), which gives the first process capability assessments for each measurable CTF. These results are part of the product validation in accordance with the validation plan.
- finalises his process by manufacturing the appropriate product quantities and assessing his production results. He updates the surveillance plan and the PCP  in order to control production dispersion.
- delivers the requested quantities of compliant products to PSA PEUGEOT CITROËN. The batches produced under homogenous conditions and which comply to the definition are accompanied by an inspection and measurement report . When product conformity has been obtained by reworking, this information is given in the inspection and measurement report.

The proof required to qualify the process are progressively acquired during the course of the development. Progress is measured by the aptitude of the process to produce compliant products (particularly the convergence of process capability with respect to measured CTF)

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

The expected outcomes of the activity are:

- The full production-representative production system and its detailed description,
- The updated surveillance plan  and PCP 
- the inspection and measurement report  for the whole production
- The delivery of compliant products with the reports described above.  
All these products **are called Initial Samples**.

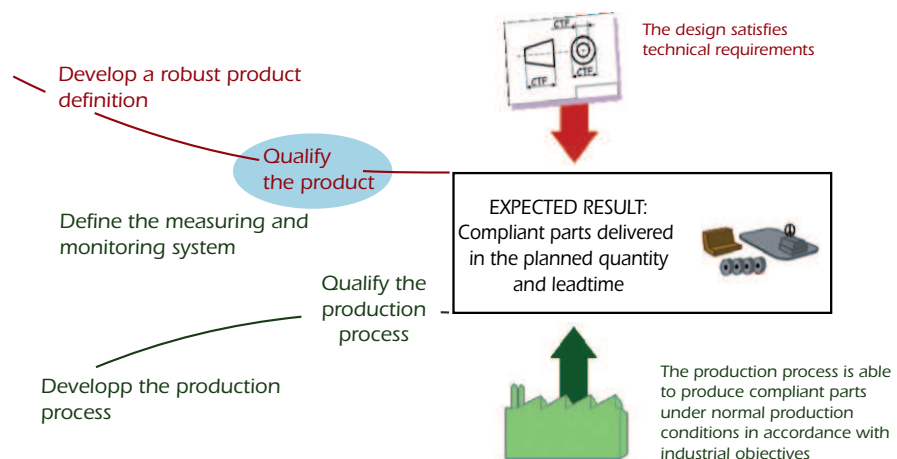
Having products that are guaranteed as being compliant is a required condition to deliver products to PSA PEUGEOT CITROËN and begin the product qualification activity.

The delivered products delivered to PSA PEUGEOT CITROËN to carry out the product integration tests in the system(s) and to carry out his pre-production runs.



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### Qualify the product



The supplier checks for each CTF that the results are within tolerance limits.

The supplier finalises the validation plan by showing that definition-compliant products, which are manufactured according to a production-representative process and which possess deviations in characteristics that are accepted by the definition, satisfy the requirements in the technical specification by carrying out the calculations and tests agreed with PSA PEUGEOT CITROËN.

In parallel, PSA PEUGEOT CITROËN carries out tests and models the supplier solution into the system(s), evaluates the results and forwards them to the supplier if necessary.

The progress of this activity is assessed jointly with PSA PEUGEOT CITROËN by the percentage of requirements satisfied by the product.

#### **The deliverables for this activity are:**

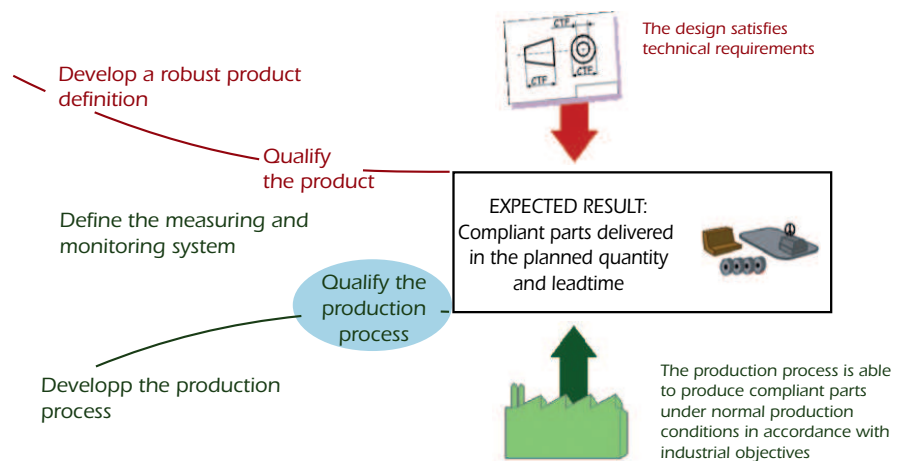
The reports from performance or reliability tests and calculations.

When all requirements are satisfied, the activity is complete and product qualification is delivered by the supplier..





Product qualification is required to deliver process qualification.

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### Qualify the production process



### The supplier:

- completes setting up the production system,
- manufactures products from this system and measures and inspects his production at a frequency that is adapted to the state of progress of finalisation (capability). An inspection and measurement report  is produced for each batch (in compliance with the measures planned in the PCP ) , which gives the process capability assessments for each measurable CTF,
- completes process finalisation by manufacturing the appropriate product quantities and by assessing his production results
- when product compliance is obtained by additional checks and sorting operations, these elements are permanently included in the manufacturing process and the surveillance plan ,
- assesses process capacity to produce compliant parts at the planned potential,
- delivers the requested quantities of compliant products to PSA PEUGEOT CITROËN. The batches comply with the design and include the inspection and measurement report . When product conformity has been obtained by reworking, this information is given in the report.

At the end of this activity, the proof required to deliver process qualification are acquired. The progress of this activity is measured by the convergence of process capability with respect to the CTF and by the ability of the process to produce compliant parts at the planned production rate.





## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

For safety parts, an approval visit at the supplier's premises will be organised by PSA PEUGEOT CITROËN. This will include an evaluation of the process, sampling of parts and the checking of their compliance.

In the absence of these results for all products developed, the ramp up at PSA PEUGEOT CITROËN is not possible.


### **The expected outcomes of the activity are:**

- The full production system that is capable of producing in compliance with the required rate
- The elements that demonstrate this capability
- The updated surveillance plan  and PCP 
- The delivery of compliant products with the reports described above.

### **These products are called Initial Samples**

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 2.3 – Qualification confirmation for the supplier's manufacturing process

- The supplier delivers products from the full production means under full production conditions.
- During the production ramp up phase at PSA PEUGEOT CITROËN, the supplier carries out tighter checks in accordance with the PCP .
- The supplier provides proofs of conformity for all the characteristics within the specified tolerances over the time period agreed by PSA PEUGEOT CITROËN and the supplier.
- The quality tracking at zero KM of products delivered as measured by PPM of defective parts is put in place.



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 2.4 – Problem escalation and resolution process

Resolving problems that are encountered during development or industrialisation is based on open-minded communication, trust and working in partnership with the supplier.

The purpose of the problem escalation and resolution process is to react efficiently in time to prevent or correct an unanticipated situation during development or industrialisation at a supplier's premises that may seriously compromise PSA PEUGEOT CITROËN's vehicle or component project.

At each of the meetings organised in the development and industrialisation management phase, the supplier will inform PSA PEUGEOT CITROËN of the potential problems in the next phase. The supplier must alert PSA PEUGEOT CITROËN of any problem that occurs between two meetings and process it immediately.

If the problem cannot be resolved by the supplier's and PSA PEUGEOT CITROËN's teams concerned, solutions with resources to match the specific problem will be implemented.

To manage problem resolution, the level of hierarchical managers involved, both with PSA PEUGEOT CITROËN and the supplier, increase based on the level of difficulties encountered and the risks involved.

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES


### 3 – Managing quality in mass production

**The PSA PEUGEOT CITROËN pilot for this phase is supplier quality department of the PSA PEUGEOT CITROËN plant concerned.**

**The tier 1 supplier must guarantee that the above actions are carried out by himself or by his suppliers for the whole technical perimeter.**

The supplier must guarantee that each delivered part complies with all the required characteristics by the rigorous application of the surveillance plan. He must provide proof thereof via archived measurements.

Traceability must be ensured via product marking and recorded measurement of the production conditions according to the level of traceability defined by PSA PEUGEOT CITROËN in order to protect customers in the event of an anomaly being detected and to reduce the impact in after sales.

- **Monitored Essential Characteristics** (CSE) are tracked very closely:
  - Recordings of measurements taken based on the measures provided in the Part Control Plan (PCP)  must be archived by the supplier for the agreed period. A periodic tracking summary of CSE conformity must be kept up to date and be ready to be presented to PSA PEUGEOT CITROËN at any moment.
  - In mass production, the capability of the supplier's manufacturing processes that allow the CSEs to be checked must be regularly checked by the supplier and maintained at the agreed level. The supplier's commitment to strictly guarantee conformity of each CSE does not exempt him from guaranteeing conformity of all the characteristics that define the outsourced product.

#### **Anomaly situation**

- If it proves to be impossible to maintain capability at the initial level, the monitoring plan must be tightened accordingly and PSA PEUGEOT CITROËN must be informed.
- Should the supplier discover an out-of-tolerance deviation on a CSE at his premises, he is required to immediately implement suitable protective measures (individual inspection, sorting) with the aim of protecting PSA PEUGEOT CITROËN. If this abnormal situation should continue over a period that is greater than the equivalent of one week's consumption, the supplier is required to inform PSA PEUGEOT CITROËN. All possible rework operations must be added into the procedure and made secure with regards to the CSEs in the same way as for the full production process.



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

- If products with a non-compliant characteristic are manufactured and if the supplier considers that the part's non-conformity has a minor impact which does not prevent it from being used by PSA PEUGEOT CITROËN, he must ask PSA PEUGEOT CITROËN for an authorisation to deliver the parts concerned. This exceptional written agreement must be obtained by the supplier before any delivery and may only concern a limited quantity of parts or be for a limited period.
- The supplier must immediately alert the PSA PEUGEOT CITROËN site(s) if he discovers a risk of having shipped parts with a non-compliant characteristic.
- If a confirmed supply failure is detected by PSA PEUGEOT CITROËN, the supplier is alerted by the Quality Department of the plant concerned.  
The supplier must immediately follow an "8D" type initiative to:
  - Implement immediate measures to protect the customer;
  - Produce a medium-term action plan and submit it to PSA PEUGEOT CITROËN.
- Production quality compliance is a contractual commitment entered into by the supplier with respect to the Purchasing Department of PSA PEUGEOT CITROËN. This commitment specifies that, in the event of a defective part, escalation procedures are applied. The trigger criterion and levels (PPM, Number of incidents...) are adapted to the product and technology concerned. They are compatible, for a given product, with the objectives set at the sub-system and/or vehicle level.
- When a supplier's production site continuously fails to meet its quality commitments, PSA PEUGEOT CITROËN provides a Supplier Site Pilot (PSF) to help him achieve a satisfactory situation with conformity brought under control.
- When the expected results are not achieved, despite involvement of the PSF provided for the supplier, the mass production quality breach procedure is initiated. This interventionist procedure is conducted jointly by a representative from the Purchasing Division, a quality auditor and a PSF on the supplier site.
- In the hypothesis where the supplier would have **risky behaviour** that could compromise PSA PEUGEOT CITROËN's trust, suitable measures will be taken until a return to normal behaviour.

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

This notably concerns the following situations:

- A defect concerning a safety characteristic not reported by the supplier, has been detected by PSA PEUGEOT CITROËN and has required a blockage of its shipments.
- The supplier has unilaterally modified a part or manufacturing process without receiving prior written agreement from PSA PEUGEOT CITROËN.
- An audit on quality control in production has been carried out by PSA PEUGEOT CITROËN and the result has been declared as being unacceptable.
- The supplier has continuously delivered parts for which the rate of non-complaint parts does not respect of the quality commitment for the product line considered.
- A production site of the supplier is involved in a full production quality breach initiative.



## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

### 4 – Processing changes in the supplier's product and/or manufacturing process during mass production

For changes in the product and or manufacturing process at PSA PEUGEOT CITROËN's or at the supplier's request, the measures planned in development and/or industrialisation apply to all the elements affected by the modification.

Change refers to the following:

- a technical change to the product or a change of components,
- a modification in the manufacturing process at the supplier's premises,
- a change of supplier's production site or PSA PEUGEOT CITROËN delivery site,
- a change in the supplier's procurement sources.

When the change is initiated by the supplier:

- The supplier makes a written request to the PSA PEUGEOT CITROËN buyer, supported by all the technical documents and all the measures that he plans to make the change safe.
- The PSA PEUGEOT CITROËN buyer confirms his prior agreement to the supplier in writing.
- The measures implemented for the development and industrialisation of the change are adjusted to the scale of the modification to the product and/or process.
- The quality requirements in development and industrialisation must be satisfied.
- The product acceptance measures based on the procedures related to Initial Samples (EI) systematically apply.

The changes never release the supplier of his responsibility to respect the performance levels in the specifications and the quality performance levels that were initially negotiated.

## SUPPLIER QUALITY MANAGEMENT PRINCIPLES

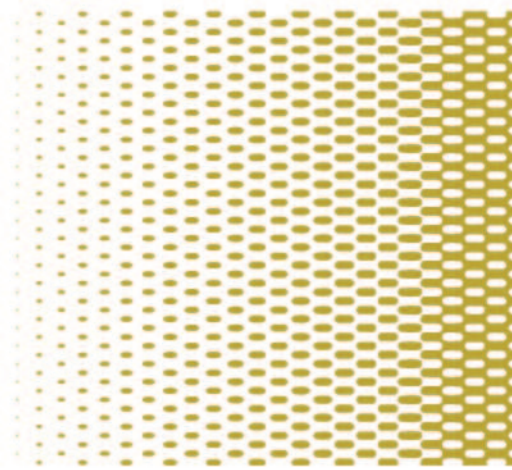
### 5 – Mobilising suppliers on processing incidents occurring in the field

The supplier's active involvement in minimising the impacts of a quality failure both for PSA PEUGEOT CITROËN and its customers is subject to particular care and attention.

PSA PEUGEOT CITROËN expects its suppliers to carry out the following actions:

- Continuously analyse the "warranty information" communicated by PSA PEUGEOT CITROËN, alert the Purchasing Division of any change shown by this analysis and propose suitable actions to be implemented.
- Contribute to setting up and carrying out analysis procedures on vehicles with the aim of reducing, or even eradicating removal of unjustified parts.
- In a crisis situation:
  - Appoint one representative who is capable of mobilising all the resources required to manage the crisis, guarantee the supplier's reactivity and to respect lead times.
  - Check conformity of the characteristics of the supplies concerned and where appropriate, bring them into line as soon as possible by informing PSA PEUGEOT CITROËN of the uncertain batches.
  - Carry out all analyses required using the available design elements (cause and effect diagram, logs of known incidents, FMECA, validation results, part qualification).
  - Carry out analyses on defective parts that have been returned to him and where appropriate, take part in analysis visits on customer vehicles.
  - Propose and apply "immediate" robust solutions with the aim of eradicating all or part of the confirmed or probable causes identified in order to reduce and/or eliminate the customer effect.





**PSA PEUGEOT CITROËN** 

Platforms, Engineering and Purchasing Division  
Purchasing Division