

2nd March 2020

Subject: Launch of the IATF KPI Hub

Dear SMMT Certification Bodies,

The International Automotive Task Force (IATF) is increasing their focus and efforts to further strengthen the value and creditability of the IATF 16949 certification scheme.

The efforts are focused on raising awareness of customer satisfaction between regular IATF 16949 audits. To do this, some of the IATF OEM members are providing customer satisfaction information to Global Oversight on a monthly basis. Global Oversight is joining IATF OEM customer satisfaction information to the audit and certification information in the IATF Database and then publishing it monthly to the respective Certification Body. This allows stakeholders to understand if IATF 16949 certification is aligned to supplier performance (or not).

Certification Bodies who have issued IATF 16949 certificates to an organization with unsatisfactory customer performance should be asking themselves the question “should the client still be certified?”.

The customer satisfaction data uses a colour-coding system (i.e. **red** or **green**). A green colour is used to identify suppliers meeting the IATF OEM’s expectations and a red colour is used to identify suppliers not meeting IATF OEM’s expectations. The criteria for a red or green are based on the same scorecard information the IATF OEMs publish to their suppliers and the same information CB auditors should review during on-site IATF 16949 audits. The IATF OEMs do not provide any specific scorecard details about what caused the performance to be rated as green or red. This information shall be provided by the client to the Certification Body upon request.

Each SMMT Certification Body will be given access to the IATF KPI Hub where they can access a dashboard and history report showing the performance of their clients who supply to an IATF OEM participating in this initiative. Currently Ford, GM and Groupe PSA are providing their customer satisfaction data; however, we expect this initiative to grow with other IATF OEM members in 2020 and beyond. FCA and Jaguar Land Rover are expected to join by mid-year 2020.

At this time, certified clients and IATF 16949 auditors will not be granted direct access to the IATF KPI Hub.

The Society of Motor Manufacturers and Traders Limited
2680 Kings Court, The Crescent, Birmingham Business Park, Birmingham, B37 7YE, UK
Telephone No. +44 (0)121 717 6600 Web Site www.smmt.co.uk

When the customer performance ratings are published at the beginning of each month, the Certification Body shall review the dashboard and subsequent data report to determine which of their certified clients, if any, have a red rating (not meeting expectations). Attachment A provides a defined process for how to handle clients who have a red status. As an initial method of prioritization, the Certification Body shall focus on any client rated red to more than one IATF OEM.

When the current month's data report shows a supplier turned from green (meeting expectations) to red (not meeting expectations), the Certification Body shall view this as a performance complaint, per the Rules 8.1 a) and initiate the decertification process. The start date of the decertification process is the date the IATF OEM customer performance data was released in the IATF KPI Hub. The timing requirements in the decertification process shall be applied.

The Certification Body shall undertake immediate analysis of the situation, including a review of any IATF OEM customer-specific requirements, per Rules 8.2. To perform the analysis, the Certification Body shall contact the client to obtain copies of the relevant OEM scorecard report and relevant supporting details to understand which of the IATF OEM's performance criteria were not met and what actions the supplier is taking (or has taken) to resolve the issue(s) contributing to the red rating.

Actions submitted by the client shall include the containment action(s) to protect the customer and how long such containment actions have been (or will be) in place. The analysis shall be completed within a maximum of 20 calendar days from the start date of the decertification process. Failure of the client to provide the relevant OEM scorecard information shall result in an automatic suspension and immediate on-site special audit to gather the information not provided.

Based on the analysis, the Certification Body shall determine if certificate suspension is required, per Rules 8.3. If the suspension decision is positive, a major nonconformance against IATF 16949, clause 9.1.2.1 – Customer Satisfaction Supplemental, shall be issued.

If the suspension decision is negative, the Certification Body shall keep a record of the justification. A negative suspension decision shall be used for exceptional cases only. If the Certification Body already has an open suspension for a specific IATF OEM customer performance issue (e.g. BQRS < Level 3), the Certification Body is not required to initiate another suspension or issue another nonconformance.

As identified in the Rules 8.4, an on-site special audit is required within 90 calendar days from the start date of the decertification process for a suspended certificate. SMMT reserves the right to witness any special audit conducted as part of the decertification process and SMMT will be witnessing as many of these audits as possible in 2020.

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If a client was red in the previous month and is red with the release of the current month's data, the Certification Body shall again contact the supplier to obtain updated scorecard information to understand if any new performance issues have occurred. The Certification Body must obtain a "step down" chart (or other internal chart) to understand when their performance is expected to achieve green status. If an open suspension still exists, another suspension or nonconformance is not required.

As identified in Rules 8.5, the Certification Body shall decide to reinstate the certificate, withdraw the certificate, or 100% resolve the nonconformance within a maximum of 110 calendar days from the start of the decertification process. If the nonconformance is 100% resolved, another onsite special audit is required within a maximum of three (3) months. This does not currently align with the Rules, 5.11.3 requirements but is being implemented as part of this initiative.

When a client is red for six (6) consecutive months, the SMMT will request a meeting with the Certification Body's management to review the situation. SMMT requires the Certification Body to prepare a formal presentation (please see **Attachment B** for content requirements). The SMMT also reserves the right to request a review of any red rated supplier at any time regardless of the number of months red status.

SMMT management understands this is a new process and as such, we expect many questions and scenarios will occur that require discussion. When this occurs, please contact Louise Lewis (llewis@smmt.co.uk)

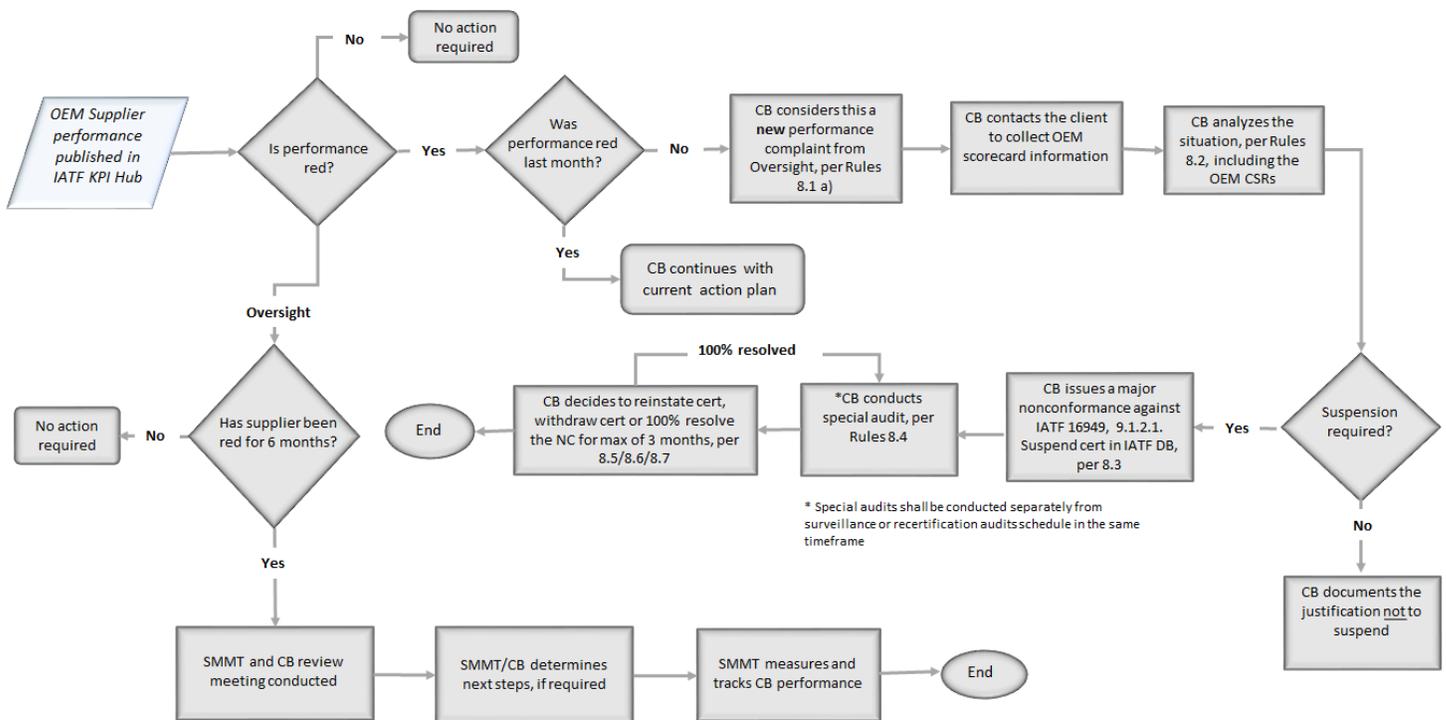


Niall Kealey
SMMT IATF Oversight Manager

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2680 Kings Court, The Crescent, Birmingham Business Park, Birmingham, B37 7YE, UK
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Attachment A Red Supplier Corrective Action Process

Subject: CB Red Supplier Corrective Action Process



Attachment B

Red Supplier Meeting Presentation

Slides shall contain, at a minimum, the following information:

- Supplier Name (Country, IATF cert number)
- Name of OEM, supplier code, and length of time Red
- Summary of why they are Red based on OEM criteria
 - Identify if the issue is related to production or service
 - Identify if issue was caused by something other than quality or delivery (i.e commercial issue over pricing, etc.)
- Actions implemented by the CB
- Justification for not suspending, if appropriate
- Summary of any special audit conducted, including results
- Step down chart provided by the client showing path to getting green and monthly data against each of the OEM criteria
- CB conclusion about the situation or key points