

# CNI SUPPLIER REQUIREMENTS MANUAL

## 1.0) SCOPE / PURPOSE:

- CNI recognizes the Global ISO 9001:2008, ISO/TS 16949:2009 and ISO 14001:2004 Standards and other customer requirements as they apply to automotive production and relevant service part organizations. Accordingly, all CNI production suppliers are required to establish documents and implement effective production, quality, and management systems compliant with these requirements, including those specified by the Customer Specific Requirements. Customer Specific Requirements can be found at: <http://iatfglobaloversight.org/content.aspx?page=OEMCustomer-SpecificRequirements>
- This manual reinforces CNI's Purchase Order Terms and Conditions and identifies CNI's customer specific requirements, ISO 9001, ISO/TS16949:2002, and ISO 14001 are applicable to all Supplier Manufacturing sites and include production parts, service parts, and production materials as well as assemblers of production parts that are supplying CNI plants.
- CNI and CNI's customer reserves the right to verify products supplied to CNI as well as supplier compliance to ISO 9001:2008, ISO/TS16949:2009, or ISO 14001:2004 on-site for those suppliers identified as having a high impact to safety, fit, form function, quality, and/or customer down-time.

### 1.1) Supplier Approval Requirements are as follows:

- The Supplier must utilize a qualified/certified Auditor with evidence of successful completion.
- The Supplier must send updated TS/ISO certificates to CNI when the supplier is recertified and/or current certificate expires
- All suppliers selected to provide CNI with testing or calibration services must be accredited to the International Standard ISO/IEC 17025:2005 General Requirements of the competence of Testing and Calibration Laboratories.

## 2.0) PRODUCTION PART APPROVAL:

- All suppliers are required to obtain full approval from CNI's receiving facility per the requirements of the AIAG Production Part Approval Process (PPAP) Manual, 4<sup>th</sup> Edition.
- All sample submissions are to be Level 3 unless otherwise specified. Annual layouts are required to verify continuing conformance.
- All suppliers must provide evidence of Materials, Substances, and Recyclability data submission and acceptance by CNI with every PPAP submission. Suppliers are required to submit the IMDS information on the MD System Website found at [www.mdsystem.com](http://www.mdsystem.com). CNI's MD System website ID number is 11219. Once completed, the IMDS confirmation number must be clearly listed in the comments section of the Part Submission Warrant. The part numbers in the acceptance note must match the part numbers submitted for PPAP approval. PPAP approvals will not be granted for any parts not accompanying this documentation. CNI suppliers are responsible for cascading this requirement and collecting data from their respective sub-suppliers.
- MSDS sheets must accompany PPAP package.

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- NAFTA Certificate of Origin must accompany PPAP package. Supplier is responsible to provide updated Certificate of Origins on an annual basis

## **2.1) PRODUCT / PROCESS CHANGES:**

- CNI Corporate Purchasing and all receiving facilities must approve all changes in advance, to product/process.
- Samples may be required for review to evaluate potential impact on CNI's manufacturing processes.
- Submission for PPAP approval is required unless specifically waived.

## **2.2) PRODUCTION LOCATION CHANGES:**

- All production location changes must be approved in advance, to all product & process by CNI Corporate Purchasing and ALL receiving CNI facilities as required in AIAG, PPAP, 4<sup>th</sup> Edition, Section 1.3, "Customer Notification & Submission Requirements."
- Supplier must request approval in writing from Corporate Purchasing and all applicable CNI receiving facilities.
- The tool move plan must include the requirements of a production bank if necessary to ensure CNI's Production and Service requirements are not affected.
- PPAP approval is required prior to the shipment of production material from the new location as well as an Exit PPAP from the prior facility.

## **PPAP SUBMISSIONS OVER 1 YEAR OLD**

Whenever CNI is required to submit PPAP to their customer, all supplier PPAP documentation must be no more than one year old. At that time, all PPAPs over one year old are to be updated upon request by CNI, regardless of the supplier's business relationship with CNI's customer.

## **3.0) CONTAINMENT POLICY:**

- All suppliers are required to have a containment process to provide additional verification – outside normal processes, prior to shipment. The process must include identifying containment actions, isolating concerns, and implementing corrective actions. Exit criteria will be determined on an individual basis by the CNI production facility.

### **3.1) LEVEL I CONTAINMENT:**

Level I containment is required for new production parts and engineering changes to contain any failure modes due to the learning curve of new processes.

### **3.2) LEVEL II CONTAINMENT:**

Level II containment requires the supplier to implement extraordinary inspection of product to contain a specific failure. Containment actions must verify that requirements are met and be approved by the CNI production facility

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## **3.3) LEVEL III CONTAINMENT:**

Level III containment requires the supplier to provide an independent third party to inspect product offsite prior to release for shipment to the CNI production facility. Level III containment is initiated once the supplier fails to contain non-conforming product within their own facility.

## **4.0) SUPPLIER RATING SYSTEM (SRS):**

- CNI evaluates significant direct production material suppliers based on the following criteria:
  - Rejected Parts per Million (RPPM)
  - Written Complaints
  - Delivery
  - Responsiveness

All changes in a supplier's manufacturing "address/remit to" information, etc. must be communicated in writing to the receiving CNI manufacturing site(s); who will notify CNI corporate Purchasing office of changes.

This information is used to prioritize opportunities for improvement within the CNI Supply Base, communicate performance to our suppliers, and to evaluate future sourcing opportunities.

## **5.0) CNI DEFECTIVE SUPPLIED MATERIAL COST RECOVERY POLICY**

- This policy is designed to utilize a consistent methodology to recover costs associated with defective externally supplied material to CNI manufacturing plants.
  - This policy will apply to externally supplied components. Parts will be returned to a supplier at the current purchase order price; and will not be marked up. Suppliers will be responsible for all value added costs to a part or assembly up to the point of defect discovery. CNI will work with the supplier to minimize total cost to the supply chain.
  - As a general policy, CNI will not sort supplier products. Supplier will be notified prior to any sort. With the permission of the CNI Plant Manager, sorting of defective material can be done within CNI facilities for 72 hours.
  - If a sort of product becomes necessary, a flat rate charge of \$55/hour per person will be assessed in the United States and Canada, and \$25/hour per person in Mexico. The hours accumulated for cost recovery can include material handling charges, equipment procurement (if any), inbound and outbound premium freight, as well as the actual sorting labor hours. If a third party containment firm is used, actual charges will be recovered.

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- Customer line interruption caused by a supplier quality or delivery issue will be charged to the supplier at the actual rate assessed CNI by our customer.
- Line interruptions (downtime) at CNI will be charged to the supplier at the same rates as sorting, times the number of people on our assembly line, times the number of hours of actual downtime.
- Initial response to a corrective action request is required within 24 hours; disposition of non-conforming material is required within 72 hours or material will be scrapped or returned collect at CNI's discretion.

## 6.0) ISO 14001 AND OTHER ENVIRONMENTAL REQUIREMENTS:

- All CNI suppliers must work proactively with CNI to reduce the environmental footprint of CNI's products by complying with the environmental requirements of our customers. Materials, substances, recyclability, life cycle assessment (LCA) data, etc., are to be reported according to legal requirements and/or those from CNI's customers.

## 7.0) SERVICE PARTS REQUIREMENTS:

- All suppliers are required to support service part requirements, at production contract pricing for 8 years after the build out of the program. Suppliers are responsible to maintain the tooling and fixtures necessary to support this requirement.

## 8.0) SHIPPING AND LABELING INSTRUCTIONS, SPECIFIC TO PRODUCTION MATERIALS:

- All CNI part numbers must appear on all Packing Lists, Packages/Containers/Rolls of Material, and Invoices. Custom's penalties, freight overcharges, etc. due to incorrect information on the paperwork will result in charge backs to the supplier.
- A minimum of two labels must be present on shipping containers. Suppliers are required to provide shipping labels as detailed in CNI Label Requirements at [www.cniinc.cc/supplier.htm](http://www.cniinc.cc/supplier.htm). Suppliers that provide rolled or laminated goods must also provide the following information.
  - Gross Yardage
  - Allowance Yardage
  - Net yardage (billable yardage) – bar-coded.
- All sample material shipped into CNI plants must be labeled with an 8 ½" x 11" yellow sheet of paper describing the sample order clearly. If a CNI part number has been assigned it must be reflected on the packing list and label. The assigned purchase order number must be referenced on all paperwork.
- CNI suppliers are responsible for CUM reconciliation of the material releases. If the year to date CUM does not match, the vendor must notify the proper CNI Vendor Planner immediately to reconcile. Any interruption in product supply due to this issue will be the responsibility of the Supplier.

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- If there are three consecutive weeks of releases that reflect no quantity for a raw material, the supplier is responsible for contacting the CNI Vendor Planner to verify that the part has become obsolete. If an obsolescence claim needs to be filed, CNI suppliers have 5 (five) days to file obsolescence claims after build out of a part otherwise the claim will be rejected.
- Dates shown on the material releases are delivery dates, not ship dates. Premium freight charges incurred by CNI due to supplier behind schedule conditions will be debited back to the supplier. All overtime charges incurred by CNI due to supplier behind schedule conditions will be debited back to the supplier.
- All shipments are required to be 100% on time.
- As of August 15<sup>th</sup> 2005, suppliers that supply products that are purchased for CNI-Brenamex, that must utilize wooden pallets, must be supplied on SEMARNAT approved wooden pallets. Pallet certification must accompany each order.