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Verified:

Quality & Industrialisation Director

Maria Anzilotta

Signature on hard copy

Approved:

Chief Operating Officer

Giampiero Belcredi *Signature on hard copy*

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1. SCOPE AND FIELD OF APPLICATION

This Regulation defines the rights and duties, as well as the operational methodology that governs the relationships between Kiwa Cermet Italia S.p.A. (hereinafter abbreviated to Kiwa Cermet) and the Customer Organizations, in the provision of the services of Certification of IATF 16949 system.

The requirements stated in this regulation are an integral part of the agreement stipulated with Kiwa Cermet (quotation, *the Kiwa Regulation for Certification and General Terms and Conditions of Kiwa Cermet Italia for the performance of orders – hereinafter General Terms and Conditions*). These requirements refer solely to the aspects specifically connected with the scope of the requested certification.

The agreement expressly excludes any form of consultancy to the Customer that could jeopardise the nature of independence of the carried out assessments.

This regulation is also available on Kiwa Cermet website (www.kiwa.it).

2. GENERAL PRINCIPLES AND GUARANTEES FOR THE CUSTOMER

In its certification activity, as well as the *General Terms and Conditions*, Kiwa Cermet applies the following principles:

- a) Absence of discrimination: access to certification services is allowed to any Organization requesting them, in accordance with this Regulation, without any discrimination of commercial or financial nature or regarding membership of particular associations.
- b) Impartiality and independence: ensured through the following measures:
 - Certification activities are assigned to personnel with no interests in the Organization subject to certification, bound to observe the rules of conduct and independence set by Kiwa Cermet; regarding this aspect Kiwa Cermet undertakes to accept any justified concerns of the Customer concerning the existence of incompatibility of the duty assigned, which could compromise the impartiality or independence of judgement. Impartiality is also ensured thanks to the involvement of special bodies that control the modalities of provision of Kiwa Cermet services;
 - Precise application of formalised rules and procedures used by all the personnel of certification services and periodic consultation with suitable certification stakeholders;
 - Clear separation between the personnel carrying out the audit activity and the personnel responsible for the certification decision;
 - Total absence of any kind of assistance in defining and applying the requirements for obtaining the Certification.
- c) Prompt management of complaints, appeals and disputes, as defined in § 12 of this Regulation;
- d) Confidentiality: In addition to the provisions contained in the *General Terms and Conditions* and in *the Kiwa Regulation for Certification*, Kiwa Cermet requires all its personnel, including Auditors, to sign a confidentiality agreement as well as a document in which personnel commit to treat any information that comes into their possession in accordance with the provisions of the Privacy Act;
- e) Accreditation: Kiwa Cermet undertakes to inform the Customer of any rejection, suspension or withdrawal of the accreditation, as well as to support the Customer during the transition to another accredited Body; in such cases Kiwa Cermet will not be in any way responsible for any damage caused to the Customer by rejection, suspension or withdrawal of the accreditation; in the aforementioned cases, the Customer has the right to opt out of the contractual relationship with Kiwa Cermet, without prior notification and without any additional cost.
- f) Kiwa Cermet undertakes to maintain valid the agreement in place until any other transfer activities to another Body, as long as authorised by IATF, are completed according to applicable IATF rules in force.

3. REQUIREMENTS FOR WHICH ASSESSMENT IS REQUIRED

IATF 16949 (revision in force) - Quality Management Systems - Requirements for the quality management system for the production of standard equipment and spare parts in the automotive industry.

- The standard defines the requirements of the quality management system for customers that provide design and development, production and, when relevant, assembly, installation and assistance for products related to the automotive industry (including products containing software) and is applicable to all of the Customer sites where production parts are manufactured, and/or accessories specified by the customer.
- The prescriptions listed in the standard are to be considered binding and enforceable, except with respect to subparagraph 8.3 for Customers who have no responsibility with respect to the product design and development (this exclusion does not include the design of the production process).
- Only the production sites manufacturing and supplying production components and/or spare parts to automotive customers are certifiable with regard to the aforementioned standard.
- The support functions, located at the production site or at a remote site, do not qualify for independent certification, but must be included in the field of certification.

ISO 9000:2015 requirements as complementary standards to the IATF 16949, of which it is a supplement.

Specific Customer requirements (so called CSR) automotive

Rules to obtain and maintain IATF recognition (International Automotive Task Force), fifth edition, for IATF 16949, 1 NOVEMBER 2016.

FAQ (Frequently Asked Questions) and S.I. (Sanctioned interpretations) of the Rules in force.

Kiwa Cermet reserves the right to ask the Organization for all documents deemed necessary to gather evidence of compliance to the above stated requirements.

4. REGULATORY REQUIREMENTS AND LIMITS OF LEGALITY CONTROL

The legal conformity of the Management System to which the certification refers shall be considered by Kiwa Cermet an essential pre-requirement for issuing the certification.

The certification issued by Kiwa Cermet does however only regard the conformity to the reference standard(s), and so it does not constitute a guarantee of compliance with the mandatory requirements. Such compliance is the specific competence of the Customer Organization, which retains responsibility, towards itself and towards others, for the legal obligations involved in the activities object to certification.

In this regard, the audit activities of Kiwa Cermet shall not be considered as a form of waiver of responsibility with regard to possible assessments carried out by the Competent Authorities.

5. DEFINITIONS

- **"Customer"** shall mean the global scope (including all related production sites and supporting remote locations) which require the IATF 16949 certification and any further eligibility extension given by the pro-tempore IATF Rules.
- **"Production of parts specified by the customer"** refers to those parts which form an integral part of a vehicle. The only manufacturing parts specified by the customer that do not meet this requirement and therefore must be included are fire extinguishers, car jack, floor mats use and maintenance booklets and emergency triangles and any further eligibility extension given by the pro-tempore IATF Rules.
- **"Site"** shall mean the location where a value-added production process is carried out. A site may also include more than one address (so-called extended site, in this respect see the detailed requirements in IATF Rules 5th edition Appendix 4) and any further eligibility extension given by the pro-tempore IATF Rules

Note: The value-added activities performed by an Organization at the premises of their Customer can be considered a remote location or a site but not independently certifiable (they will be identified as "service" on the certificate of the main site).

- The sites without production or that only produce products not related to the Automotive industry cannot be certified.

- **"Production"** shall mean *"the execution or manufacturing process of production materials, production of spare parts, assembled parts or heat treatment, welding, painting, surface protection treatments or other services automotive parts finishing"* and any further eligibility extension given by the pro-tempore IATF Rules.
- **"Spare parts"** shall mean those parts manufactured according to OEM (*Original Equipment Manufacturer*) specifications and supplied, or provided by the OEM for spare part applications including remanufactured parts and any further eligibility extension given by the pro-tempore IATF Rules.
- **"Accessories"** shall mean additional parts manufactured according to OEM specifications, which are supplied or approved by the OEM and are mechanically fixed or electrically connected to the vehicle before or after delivery to the end customer and any further eligibility extension given by the pro-tempore IATF Rules.
- **"Automotive"** shall mean: passenger cars, light commercial vehicles, trucks for heavy transport, buses and motorcycles. Not included: off-road vehicles (for the mining, forestry, construction industry etc.), aftermarket parts and equipment for industry and for agriculture and any further eligibility extension given by the pro-tempore IATF Rules.
- **"Aftermarket parts"** refers to those parts not supplied or provided by the OEM for replacement applications, which may or may not be produced according to OEM specifications and any further eligibility extension given by the pro-tempore IATF Rules. The sites that only manufacture aftermarket parts are not IATF 16949 certifiable.
- **"Support function"** shall mean a structure in the site or at a remote site where non-productive processes take place and that supports one or more of the Customer sites. They are not IATF 16949 certifiable, but must be included in the scope of the IATF 16949 certification.

6. ACCESS REQUIREMENTS FOR THE CERTIFICATION

Before starting the Certification process with Kiwa Cermet, the Organization must meet the following requirements:

- Have a management system that meets ISO 9001 and IATF 16949 requirements and IATF Rules in force at the time of application for certification;
- Fully implement said system;
- Accept the conditions set forth in this Regulation;
- Authorise access to premises, plants, areas and information (documented and not-documented) necessary to carry out the Audit;
- Appoint an own Representative as the main contact person of the Audit Team and do not allow any consultant to be present during the audit in any role;
- Provide Kiwa Cermet with all available information in regard to previous or existing third party certifications against IATF 16949 and ISO 9001
- Provide Kiwa Cermet with the official country-related document showing the Organization's headcount
- Be responsible for the application of the requirements provided for by the occupational safety laws in force. In the absence of binding provisions, the Organization agrees to provide Kiwa Cermet with complete and detailed information regarding the specific risks existing at the facilities where Kiwa Cermet personnel is expected to operate and PPE necessary for carrying out the appointment, informing Kiwa Cermet personnel concerning their correct use. In this regard, the Organization has to provide appointed Kiwa Cermet personnel the Company documentation concerning the workplace safety (D.V.R., safety plan, procedures, etc.), limited to aspects of specific interest. If for those omissions, injuries occur or illnesses are contracted, no charge can be required for any reason to Kiwa Cermet.
- Accept, without additional costs, the possible presence of auditors from the accreditation/control body as observers, which shall be communicated by Kiwa Cermet with a clear illustration of their roles. The purpose of the Auditor presence is to control that the audit methods adopted by Kiwa Cermet comply with the accreditation requirements.

7. PROVISION OF THE CERTIFICATION SERVICE

7.1 Starting of Certification Process

Based on the information provided by the Organization, Kiwa Cermet prepares an Offer for Certification, indicating the reference Standard/s and the scope of the Certification reported by the Customer Organization.

Returning to Kiwa Cermet of the Offer of Certification, signed by the Organization, constitutes the formal request for certification activities, as well as the acceptance of contractual and economic conditions (defined in the Offer), of the conditions contained in this Regulation, *in the Kiwa Regulation for Certification*, as well as of the *General Terms and Conditions* (also available on website www.kiwa.it¹).

When Kiwa Cermet receives these documents, Kiwa Cermet examines them verifying that:

- ◆ the requirements of the certification service have been clearly defined and understood by both parties;
- ◆ Kiwa Cermet is able to perform the activities requested;
- ◆ data and documents requested are all complete, including the scope required, the certification structure and processes required by the Organization;
- ◆ there are no differences from the information supplied at the time of requesting the quotation.

If the result of the above-mentioned examination is positive, Kiwa Cermet assigns the customer an order number. In case of negative result, Kiwa Cermet is entitled to request any necessary additions or changes before the formal start of the procedure, or communicate the impossibility for said start, providing the Customer with reasons.

After the process here described starts, in cases where during provision of the service changes are ascertained, with respect to the conditions stated by the Customer (and under which the offer and the agreement was signed), Kiwa Cermet reserves the right to amend the agreement terms and conditions, the Customer is entitled not to accept the new conditions, but pay Kiwa Cermet the fee for the activities carried out up to that point.

Kiwa Cermet shall communicate, the names of the Audit team to the Organization in advance; where there are conflicts of interest, the Organization may request replacement within 3 working days, formalising and giving reasons for the request.

7.2 Audit Cycles

The first three-year audit cycle includes:

- no. 1 initial audit consisting of: phase 1-Review of the adequacy and Phase 2- on-site audit;
- no. 2, 3 or 5 surveillance audits;
- no. 1 recertification audit.

The first cycle starts from the last day of the first audit of phase 2.

Subsequent three-year cycles begin from the last day of the recertification audit and include:

- no. 2, 3 or 5 surveillance audits;
- no. 1 recertification audit;

Surveillance audits are generally performed annually (they can also be carried out every 9 or 6 months) and are scheduled considering the last day of the start of the phase 2 of the first audit or the last day of the recertification audit in compliance with the deadlines: less than 3 months/more than 1 month. The recertification audit is planned considering the last day of the initial phase 2 audit or the last day of recertification and compliance with deadlines: less than 3 months/0 months, making sure that the last day of recertification audit does not exceed 3 years from the last day of the initial audit of phase 2 or the last day of the previous recertification. In the latter case, if you exceed the prescribed time frame, the Customer must repeat the certification process starting with an initial certification audit (phase 1 and phase 2).

7.3 Non-Conformity Management

The management of non-conformity described in this paragraph shall apply to all audits indicated in § 7.5 (except for the pre-audit).

¹ Kiwa Cermet will inform the Customer concerning the possible subsequent amendments to the contractual documents; it is responsibility of the Customer always having the update version of these documents, downloading them from website www.kiwa.it.

In the case of non-conformity occurring at the conclusion of an audit, the Customer must submit to Kiwa Cermet Italy (hereinafter Kiwa Cermet), within 60 calendar days maximum from the audit closing meeting on the site, the following evidence: corrections implemented; analysis of the causes that gave rise to the non-conformity including the methodology used for research, analysis and results; the corrective actions implemented to eliminate each cause of non-conformity, the considerations of the impact on other processes or products and verification of the effectiveness of implemented corrective actions.

Moreover, in case of major non-conformity, Kiwa Cermet requires the customer to submit, within 20 calendar days after the audit closing meeting on the site, evidence of implemented corrections and analysis of the causes that gave rise to the non-conformity including the methodology used for research.

Kiwa Cermet reviews the documentation submitted and makes a decision on the same, performing a special audit on the site, within 90 calendar days from the audit closing meeting on the site.

Kiwa Cermet always performs a special audit on the site, for the verification of corrective actions, in the case of major non-conformity, or at its discretion (on the basis of their knowledge and experience) in the event of minor non-conformity.

At the end of the special audit, Kiwa Cermet shall deliver an additional report to the Customer at the end of the corrective actions check, including the details of the termination audit for each non-conformity. If the plan of corrective actions for major non-conformity is not effectively implemented, the audit result is considered negative, the IATF database shall be updated accordingly and the certificate, if already granted by Kiwa Cermet, is withdrawn. If, however, it is the plan of corrective actions of a minor non-conformity that is not implemented effectively, the audit team shall record a major non-conformity following the process of implementation of corrective actions, and the previous minor non-conformity will be re-emitted with greater weight.

In the case of minor non-conformities, if the evidence is accepted, the non-conformity is closed and it is the responsibility of the audit team to check, the effectiveness of corrective actions made, during the next audit.

If, however, Kiwa Cermet deems the documentary evidence received, not acceptable, it must solve the issues to clear up with the Customer within 90 calendar days from the audit closing meeting. If a solution is not reached, the audit outcome is negative and the IATF database will be updated accordingly. Following a negative decision concerning certification, the Customer must recommence the initial audit certification phase (phase 1 phase 2) and the valid certificate if already granted by Kiwa Cermet will be immediately withdrawn.

In exceptional cases, where the implementation of corrective action cannot be completed within the maximum time of 90 calendar days from the audit on site closing meeting, Kiwa Cermet considers the non-conformity open but 100% resolved in the following conditions:

- a) containment defined in order to prevent risks to the customers including systemic review of the impact on the Customer process must be implemented;
- b) there must be documented evidence of an acceptable action plan, instruction and records to demonstrate the elimination of the non-conformity condition, including systemic review of the impact on the Customer process;
- c) special audit on the site must be scheduled, based on an agreed action plan before the next audit.

The identification of non-conformity cannot be the cause of termination of the audit.

7.4 Decision on the Certification

The decision on the certification, already granted or to be granted, is taken by internal Kiwa Cermet personnel (or with exclusive agreement) approved by the Oversight Office, at the latest within 120 days from the last audit day (and however before the expiry of the existing valid certificate), in relation to the following phases of the certification procedure:

- first certification after the initial audit;
- maintenance of the certification after each surveillance audit or special audit;
- certification renewal after the recertification audit;
- certification after audit transfer conclusion.

The decision making function, which can exercise the power of veto, operates as further defined by the applicable IATF Rules in force.

7.5 Audit

All audits described below (except for pre-audits and special audits), must include assessment of all production shifts. If there are, work teams that do not rotate, on weekends, the planning shall also include a verification of these shifts.

During the certification audit, renewal and transfer all production processes and all related shifts must be evaluated, while in the next surveillance cycle, all manufacturing processes must be checked on all shifts.

Each audit includes an initial meeting, in which the following are shared: the objectives, methods of conducting the activity, the classification criteria of non-conformity with treatment and corrective actions and the consequent confidentiality constraint to which Kiwa Cermet staff are bound; and a closing meeting, communicating the outcome of the Audit and where clarification on the formal results in the report are provided.

In the event that, significant differences between the company and the information supplied by the Organization are detected, during the audit, the Audit Group shall immediately communicate this difference to Kiwa Cermet, in order to resolve any contractual amendments with resulting updates of the audit term².

Each finding discovered during the Audit is classified as follows:

Major non-conformity: non-conformity that jeopardises the efficacy of the product and concerns:

- Deviation or total lack of conformity with respect to a specified requirement, identified on the basis of objective evidence
- Any non-conformity that would give rise to a shipment of non-conforming product
- Failure to comply with the legal requirements applicable to the product provided within the scope of the certification.
- A condition that can cause a failure or a substantial reduction in the use of products or services with respect to the predetermined function

Minor non-conformity: non-conformity that concerns any lack of standard requirements and which does not fall within the case of major non-conformities described above, or the partial non-fulfilment of one or more standard requirements and/or requirements of the agreement entered into with Kiwa Cermet.

Multiple minor non-conformities, pertaining to the same requirement of the Standard, in relation to the contents and the general outcome of the audit may entail the issuing of a major NC.

Unresolved minor non-conformity and/or taken over by the Organization will result in the issue, during the next audit, of major NC together with an additional major NC relative to the process of corrective actions.

Improvement element: situation identified during the course of the Audit that may provide clues or ideas for improving the product being certified.

After each audit, the Audit Group meets for the assessment of the recorded evidence, its classification and the drafting of a report.

In the final meeting, the Audit Team shall submit the Audit results to Management, describing any Non-Conformities detected. After the meeting, the Lead Auditor issues a Report describing the Audit findings. Any diverging opinions between the Audit Group and the Organization regarding the audit findings must be discussed and resolved. In the case of any unresolved diverging opinions, the Organization can express any reservations about the Audit results.

7.5.1 Pre-Audit

On request of the Customer, after the activation of the service, a pre-audit or pre-assessment (optional audit) can be carried out, in order to assess the adequacy of the quality management system compared to standard reference, for products/services for which the certification is requested. The results of this audit are expressed only in terms of non-conformities, they do not require the Customer to communicate to Kiwa Cermet the corrective actions it intends to take.

7.5.2 Initial Audit

7.5.2.1 Phase 1 - Review of the adequacy

The phase 1 audit is performed at the Customer site, its duration ranges from a minimum of one day to a maximum of two days. In exceptional cases, approved by the IATF, phase 1 can be performed without an on-site visit.

²"Significant differences" shall mean a difference involving the variation of duration of the audit.

For *Corporate Scheme Customers* (§ 8) Phase 1 of the initial certification audit is performed on each Organization site, with the exception of special cases justified and approved by the IATF.

In such cases, the Customer must be informed regarding the probable inaccuracy of the phase 2 audit plan.

During the review of the adequacy, performed by an audit team member nominated for the Phase 2 audit (preferably the LA), the Customer shall make available to the audit team the following documentation for the adequacy review:

- Description of the activities carried out at any remote and support locations;
- Description of the processes with the sequences and interactions, including the identification of remote support functions and outsourced processes;
- The key indicators and performance trends in the previous period lasting not less than 12 months;
- Evidence that the customer processes take into account all IATF 16949 requirements;
- Quality Manual including interactions with the on site or remote support functions³;
- Scheduling and outcomes of internal audits and management reviews carried out during the previous 12 months;
- List of qualified internal auditors and qualification criteria;
- List of customers of the automotive industry and, where appropriate, the relative list of the specific customer requirements list;
- Summary of customer complaints and answers, scorecard, assigned scores and special status (if applicable).

Kiwa Cermet may require additional documents from the Customer (for e.g. procedures or registration documents).

The phase 1 of audit has the following objectives:

- a) evaluate the documentation of the Customer management system, including relations and links with any remote functions to support and subcontracted processes;
- b) evaluate the location and the specific conditions of the Customer site and undertake the exchange of information with the Customer personnel to determine the suitability for the phase 2 audit;
- c) assess the status and the understanding of the Customer regarding the requirements of the standard, with particular reference to the identification of key performance or aspects, processes, objectives and operation of the management system;
- d) gather the necessary information regarding the scope of the management system, processes and the location/s of customer, related statutory and regulatory aspects and compliance with them;
- e) review the allocation of resources for the phase 2 audit and agree with the Customer on the details of phase 2;
- f) focus on the phase 2 audit planning, gaining a sufficient understanding of the Customer site management system, with reference to possible significant aspects;
- g) evaluate if the internal audits and the management review have been planned and carried out and that the level of implementation of the management system provides evidence that the customer is ready for the phase 2 audit;
- h) verify that both the customer and the subcontractor of the design are able to fully meet the requirements of section 8.3 of IATF 16949, including the interfaces between the Customer and subcontractors.

³ The Quality Manual must:

- define the purpose/scope of the Quality Management System;
- contain a sufficiently detailed description of the system in relation to all the requirements of the reference standard;
- although they can refer to specific procedures, it must not only include the declaration of intent, or generic prescriptions, but specify with a sufficient degree of detail, the responsibilities, methods and records put in place for the implementation of the requirements of the standard;
- a document summarising where the specific requirements of the Customers are taken into account within the management system;
- provide an indication of the Quality Management System processes and their interactions; including the type and extent of control of each process being outsourced;
- clearly state, properly justifying, any exclusions of requirements of the standard (limited to the design of the product).

Basing themselves on information gathered during the review of adequacy, the Kiwa Cermet audit team, determines whether the Customer has the requirements necessary to proceed to the phase 2 audit and gives a copy of the activity report to the Customer who signs it. In the phase 1 audit report no non-conformity is issued.

If the audit team determines that the Customer is not adequate to access to Phase 2 audit, the Customer must repeat the adequacy re-examination phase again¹. The reasons that should lead to a judgment of inadequacy are: lack or incompleteness of the required elements or a matter regarding the effective implementation of the management system that could lead to a major NC during phase 2.

Upon receipt of the audit report and further to its analysis, Kiwa Cermet will confirm the audit results to the Customer and will communicate the following actions. In this phase Kiwa Cermet may request that the customer make any additions or modifications with respect to the report issued by the audit team.

7.5.2.2 Phase 2 Audit

The phase 2 audit, based on the processes, is always conducted at the Customer site where the activities subject to certification are carried out. This audit is extended to all the requirements of the standard and to all processes/products/services and sites of the Customer management system (sampling of the sites is not permitted).

The phase 2 audit will begin within 90 calendar days from approval of the phase 1 audit.

In the scheduling of the audit, the remote support functions are assessed before the site/s.

At the end of the audit, Kiwa Cermet Audit Team gives a copy of the report of the activity to the Customer who signs it.

Upon receipt of the verification report and further to its analysis, Kiwa Cermet will confirm to the Customer, the audit inspections and will communicate the following actions. At this stage Kiwa Cermet can request the Customer to make any additions or modifications with respect to the report issued by the audit team.

In the event of non-conformity, these will be managed as specified in § 7.3.

After the approval stage of the certification, Kiwa Cermet informs the Customer about the decision concerning the certification, and, if the outcome is positive, issues the certificate that will be valid for 3 years from the date of certification decision.

7.5.3 Surveillance Audit

The surveillance audit based on processes, is always done at the places where the activities are subject to certification and aims to ensure that the certified customer management system meets the requirements of the IATF 16949 standard. In the event of delays in the audit due to the Customer, Kiwa Cermet shall activate the process of withdrawal of certification (§ 9).

At the end of the audit, Kiwa Cermet Audit Team gives a copy of the report of the activity to the Customer who signs it.

Upon receipt of the audit report and further to its analysis, Kiwa Cermet will confirm to the customer, the audit results and will communicate the following actions. In this phase Kiwa Cermet may request that the customer make any additions or modifications with respect to the report issued by the audit team.

In the event of non-conformity, the requirements set forth in § 7.3 shall apply, in addition Kiwa Cermet assesses whether to start the process of withdrawal of certification (§ 9) from the last day of audit.

7.5.4 Renewal audit

The renewal audit based on processes provides a comprehensive review of the Customer management system (including with regard to the documentary aspects), the analysis of its effectiveness and its performance over the certification period and also includes the review of outcomes of the previous surveillance audit reports. To this end, the audit is extended to all the requirements of the standard and to all products/services covered by this agreement. It is always executed at the places where the activities subject to certification are conducted.

The recertification audit takes into account the following:

- the effectiveness of the management system in its entirety, in the light of internal and external changes and its continued relevance to the field of application and structure of the certification;
- The commitment shown in maintaining the effectiveness and improvement of the management system in order to strengthen overall performance;

- the operation of the certified management system in relation to the achievement of the policy and the Customer objectives;
- the overall effectiveness of the management system and the interaction between all the defined processes.

Upon conclusion of the recertification audit, on receipt of the audit report and further to its analysis, Kiwa Cermet will confirm to the Organization, the audit results and will communicate the following actions. In this phase, Kiwa Cermet can request the Organization to make any additions or modifications with respect to the report issued by the audit team.

In the event of non-conformity, the requirements set forth in § 7.3 shall apply, in addition Kiwa Cermet assesses whether to start the process of withdrawal of certification (§ 9) from the last day of audit.

After the approval stage of the certification renewal, Kiwa Cermet informs the Customer about the decision and, in the event of a positive outcome, issues the new certificate that will be valid for 3 years from the date of certification decision.

7.5.5 Audit Transfer

The transfer audit occurs when an Organization already IATF 16949 certified by another certification body decides to transfer its certification to Kiwa Cermet.

In this case, the Customer will not have to cancel the agreement with the previous certification body before the completion of all the transfer activities.

Kiwa Cermet will advise the Customer to inform the previous Body of the said intention to transfer.

The scheduling and conduct of the transfer audit comply with the requirements applicable to the recertification audit (§ 7.5.4).

Kiwa Cermet must check the Customer suitability to the transfer as further described in the IATF rules to the current review and only after obtaining specific approval from IATF DATABASE (automated e-mail).

Upon conclusion of the transfer audit, on receipt of the audit report and further to its analysis, Kiwa Cermet will confirm, the audit results to the Organization and will communicate the following actions. In this phase Kiwa Cermet can request the Organization to make any additions or modifications with respect to the report issued by the audit team.

In the event of non-conformity, the requirements set forth in § 7.3 shall apply.

After the approval stage of the certification transfer, Kiwa Cermet informs the Customer about the decision and in the event of a positive outcome issues the new certificate that will be valid for 3 years from the date of certification decision.

7.5.6. Special audits

Kiwa Cermet may carry out special audits to investigate on complaints concerning the performance of the management system, faced with significant changes in the Customer site and/or the certified management system, or as a result of suspension of the certificate to verify the effective implementation of corrective actions identified for major non-conformities, as a result of withdrawal of the certificate or to verify the effective implementation of corrective actions identified for non-conformity that are considered open but resolved to 100%.

Kiwa Cermet shall notify the Customer of the conditions in which the special audit will be conducted in advance.

Upon conclusion of the special audit, on receipt of the audit report and further to its analysis, Kiwa Cermet will confirm, the audit results to the Organization and will communicate the following actions. In this phase Kiwa Cermet can request the Organization to make any additions or modifications with respect to the report issued by the audit team.

In the event of non-conformity, the requirements set forth in § 7.3 shall apply.

8. CERTIFICATION OF THE CORPORATE AUDIT SCHEME

The *Corporate Scheme* applies in cases where multiple production sites are audited collectively and together with the common support locations.

The conditions required by the Customer, to be checked according to a *Corporate Scheme*, are the following:

- ◇ the management system for the quality of the Customer must be structured and managed centrally;
- ◇ the management system for the quality of the Customer must be subject to internal audit IATF 16949 on all sites.

In addition to other requirements applicable to the procedure for the *Corporate Scheme certification*, the following information must be considered:

- no sampling can be applied to the sites to be ~~tested~~ assessed: all sites must be verified in all audits;
- The customer shall assess the extension of any non-conformities found in a single site. In case, the latter, are attributable to deficiencies applicable to multiple sites, the Customer must adopt corrective actions for both the central site as well as for individual sites;
- The Customer is obliged to inform Kiwa Cermet in the case of closure of one or more sites covered by the certification;
- Each site falling within the certificate of *Corporate Scheme* receives a single specific certificate.

The distribution methods of audit days between sites and remote support functions are the responsibility of Kiwa Cermet as well as the method of calculation of man/days established in accordance with the current IATF rules.

9. SUSPENSION, REVOCATION, WITHDRAWAL AND REDUCTION OF THE CERTIFICATION

In general, the certification can be suspended, reduced or withdrawn for the reasons mentioned in *the Kiwa Regulation for Certification*.

In addition, if any situation occur such to indicate that the initial conditions of the IATF 16949 certificate are no longer satisfied, Kiwa Cermet has the option to initiate the certification withdrawal process. In particular, the initial conditions to start this process can be:

- a. Kiwa Cermet receives a complaint regarding the performance of the Customer from an IATF OEM member, from its IATF Oversight office or any automotive customer;
- b. the Customer shall notify Kiwa Cermet to have received the notification of a special state by an IATF OEM; said communication must take place within 10 calendar days of being notified of such special status by the OEM Customer, or as otherwise specified by it.
- c. non-conformity issued by the Kiwa Cermet audit team at the end of the surveillance and recertification audit;
- d. significant changes in the Customer ownership structure or discontinuation of the product production which fell under applicability for the certification;
- e. surveillance audit is not conducted according to the schedule and permitted intervals;
- f. failure to submit the information needed for the audit planning to Kiwa Cermet;
- g. After a decision by Kiwa Cermet, in case of: Customer failure to comply with the contractual and economic conditions agreed with Kiwa Cermet or changing of the contractual terms implemented without the approval of Kiwa Cermet.

Despite the start of the withdrawal process, Kiwa Cermet performs an analysis of the situation and decides within 20 days from the date of commencement of the process, whether to suspend the certification process or not. This analysis should include, in the case of non-conformities, the review of the root causes identified by the customer and its methodology, analysis, results and implemented correction (see 7.3).

If the start of the process of withdrawal is linked to major non-conformities or surveillance audits not performed in the period, Kiwa Cermet must compulsorily decide to suspend the certificate.

During the suspension, the certificate IATF 16949 is valid.

In situations where the decision is to suspend the certificate Kiwa Cermet notifies the Customer of the decision taken, within 10 calendar days of the suspension decision, requesting them to send a corrective plan of action, no later than 20 calendar days from receipt of the notification of the suspension. In the event the surveillance audit is not carried out within the allowed time, Kiwa Cermet will reprogram and perform said audit within 90 calendar days of the suspension. In addition, the IATF database is updated to that effect.

The period of suspension may not last more than 110 days from the date of suspension. After said period withdrawal of the certification shall occur and hence the agreement with Kiwa Cermet will cease to be valid.

Kiwa Cermet will check the implementation of corrective actions, if necessary by use of on site audit, (to be considered as a Special Audit § 7.5.3) within 90 calendar days from the beginning of the withdrawal process. The decision to conduct a special audit is at the discretion of Kiwa Cermet and appropriate documentation must be kept of said decision; are exceptions, and it is therefore obligatory to carry out a special audit, the cases in which major NCs are detected or a special delivery status has been notified.

In view of the verification outcome of corrective actions, Kiwa Cermet decides whether to proceed or not with the reinstatement of the certification. If the causes that led to the suspension have not been removed, Kiwa Cermet shall proceed with the withdrawal of the certification.

Said decision (reinstatement or withdrawal of certification) is notified by Kiwa Cermet to the customer within 10 calendar days from when it is resolved.

The withdrawal of the certification determines the automatic resolution ex art. 1456 c.c. of the agreement to which this regulation applies, except, in any case, the refund of any damage suffered by Kiwa Cermet.

Following withdrawal of the certification, the Organization will lose the right to use the Kiwa Cermet Certification Trademark, it is cancelled from the certified Organizations register and is required to return the certificate of conformity to Kiwa Cermet.

Apart from cases of withdrawal previously indicated, Kiwa Cermet may decide to withdraw the certification if the permanent cessation of the activities subject of certification occurs or the case in which the Organization does not intend to continue with keeping the certification.

The reduction of the certification leads to the issuing of a new certificate, indicating the field of application for which the certification is still valid, while the previous certificate must be returned to Kiwa Cermet. In addition, the Customer Organization must promptly adapt all its communication and advertising material pertaining to the certification referred to the new reduced field of application.

Kiwa Cermet communicates any such suspension, revocation, withdrawal or reduction (as well as reinstatement) to the IATF Oversight office of reference, updates the IATF database and reserves the right to inform other third parties who request it, as well as to publish the information on its website.

10. LETTER OF CONFORMITY

In the following two cases, Kiwa Cermet cannot issue a certificate of conformity, but can issue a letter of conformity, for a maximum of 12 months:

1. a new site with less than 12 months data on internal and external performance of the automotive and/or spare parts production;
2. Customer that is not an automotive supplier, but can prove to be on an active offer list of their customer that requires certification according to IATF 16949.

In the second case, at the end of the 12-month validity of the letter of conformity, if the Customer does not submit any agreement, but still appears on the list of active offers for their customer that requires certification according to IATF 16949, another letter of conformity can be requested. In this case the review of adequacy of phase 1 is not required and in the phase 2 a maximum reduction of 50% of the audit days provided by specific table in the IATF rules is allowed.

A letter of conformity may only be issued if the customer is able to provide the information required for the review of adequacy, including data on internal and external performance and a cycle of internal audits and management review, and if the site subject to the initial audit (phase 1 and phase 2) is found to comply to IATF 16949.

If the 12-month period of validity of the letter of conformity is reached, the letter of conformity has not been converted into a certificate, the IATF 16949 no longer is valid and is withdrawn by Kiwa Cermet.

The moment the customer has 12 months of production, or enters into a agreement with its Customer requesting certification IATF16949, the certification process proceeds with an initial audit (phase 1 and phase 2) as prescribed in the preceding paragraphs, in order to get a certificate of conformity.

For the phase 2 audit (if the audit is planned prior to the expiration of the letter of conformity) a maximum reduction of 50% of the days of the phase 2 audit is applicable. In this case, Kiwa Cermet shall appoint at least one member of the previous review team for the entire audit cycle for the next three-years.

11. ISO 9001 CERTIFICATION

The evaluation activity conducted with reference to the IATF 16949 standard, if requested by the Organization, is used by Kiwa Cermet with the same scope of application even for the granting and maintenance of the applicable ISO 9001 certification.

In any case, ISO 9001 standard is the legal basis for which the IATF 16949 consists in a set of additional requirements; therefore it is not possible to carry out an IATF 16949 audit without assessing the ISO 9001 requirements. IATF 16949 should therefore be considered as a supplement and used in conjunction with ISO 9001 (see also the introduction to IATF 16949:2016 standard).

12. COMPLAINTS, APPEALS AND DISPUTES

12.1 Complaints

The Organization may present documented complaint regarding its dealings with the certification activities provided by Kiwa Cermet.

The complaint may arise from problems encountered during the certification process, such as for example, delays in completing the various phases and/or incorrect conduct by Auditors of the Body.

Kiwa Cermet records all complaints, examines them and informs the claimant of the actions taken. Kiwa Cermet will establish with the claimant whether and to what extent the content of the complaint and its resolution should be made public.

12.2 Appeals

If the claimant is not satisfied with the response received, or intends to appeal against the decision of Kiwa Cermet, he can present an appeal in writing.

The petitioner must state the grounds for his appeal and, where the appeal refers to a decision made by Kiwa Cermet (e.g. the expression of a Major non-conformity), it must be presented to Kiwa Cermet within 10 calendar days of the decision being communicated.

Kiwa Cermet will give the petitioner a written reply and will give notification of any actions to be taken within 30 days of the date of receiving the appeal.

A detailed description of how to present complaints and appeals is given on the website www.kiwa.it.

12.3 Disputes

If the result of the appeal is not accepted by the petitioner, any dispute between the Client and the Contracted Party will be managed as art. 18 comma 1 *General Terms and Conditions of Kiwa Cermet Italia for the performance of orders*.

13. USE OF THE MARK AND OF THE CERTIFICATE OF CONFORMITY

The Customer with the quality management system certified IATF 16949 by Kiwa Cermet can use Kiwa Cermet certification Mark (registered trademark) shown in figure 1.

Using the certification mark the Customer has to fulfil all the applicable rules mentioned in *the Kiwa Regulation for Certification* and the following rules.



Fig. 1

IATF 16949:XXXX

Kiwa Cermet certification mark:

- a) Must be shown together with the mark and/or name of the certified Organization;
- b) Must be shown together with the standard with the edition year. The Customer can use the Kiwa Cermet trademark in reference to one or more standards simultaneously, provided that the Customer management system is certified by Kiwa Cermet with respect to all the above standards;
- c) Must be used on a white or transparent background;
- d) Must be used with the colours in figure 1; as an alternative to black the colour "Kiwa bleu" (Pantone 300) can be used;
- e) Must be used in such a way as to ensure the certification cannot be attributed to requirements other than those for which it was issued; for example the quality management system certification must not be used in such a way that it could be mistaken for a product certification, and so the mark cannot be used on products or on their packaging. Any statement affixed to the product packaging⁴ or inside the accompanying product information⁵, regarding to the fact that the Customer has a certificate management system, should not be used so that the certification of the management system is being confused with a product certification. Any statement affixed on the packaging or accompanying the product, regarding to the possession of the certification of management system by the certified Customer, must contain the following references:
 - identification (e.g. brand or name) of the certified Customer;
 - Kiwa Cermet Italia identification;
 - type of management system (e.g. quality, environment) and the applicable standard;

e.g. *"The XXXX Organization has a Quality Management System Certified by Kiwa Cermet Italia S.p.A. in accordance with XXXX: XXXX"*.

- f) Can be enlarged or reduced ensuring the proportions in figure 1 and it must always ensure that the words and numbers inscribed in the trademark are legible;
- g) Can be applied on the shipping/handling systems of the products provided that they are matched to the Organization certified logo/name;

These requirements also apply in the case where transferable trademarks are used (for e.g. adhesive).

The Customer must inform the personnel who can make use of the mark, of the above requirements.

Reproduction is permitted (including in colour) of the certificates of conformity issued by Kiwa Cermet, provided that they reproduce the original entirely.

The certificate is the only document that shows the IATF logo; the logo cannot be used under any other form, except by total reproducing of the certificate.

14. COMMITMENTS OF THE ORGANIZATION

The Customer undertakes to:

⁴ Product packaging is considered what can be removed without the product being damaged or disintegrated.

⁵ Accompanying information is considered as separately available or easily detachable. Type labels or identification plates are considered as part of the product.

- not allow their consultants to participate during the audit in any way by ensuring that they are not present at the site during the assessment activities;
- not to refuse any witness audit performed by IATF with regards to Kiwa Cermet and any internal witness audits carried out by Kiwa Cermet (this does not require any additional burden on the Customer and does not alter in any way the performance of the audit);
- not refuse access to IATF representatives or their delegates;
- not refuse Kiwa Cermet request to provide the Audit Report to IATF;
- promptly inform Kiwa Cermet and in writing, of any significant change of their quality management system or other changes that may affect compliance, including:
 - interruption of their business;
 - changes in the application request for certification (including the site/s, the scope, documentation, significant changes in products/processes and/or the number of personnel involved);
 - changes of ownership, legal, commercial and Organizational status;
 - promptly inform Kiwa Cermet if it decides to transfer their IATF 16949 certification to another body recognised by IATF

In order to make said changes Kiwa Cermet will assess the subsequent actions (such as: the need to perform an additional Audit, possibly accompanied by a review of the certificate, or start a new certification process).

- inform Kiwa Cermet in writing of the notification of a special state by an IATF OEM, within 10 calendar days of receiving the notification, or as otherwise specified by its customers;
- promptly inform Kiwa Cermet of exceptional events, judicial and/or administrative procedures, accidents, emergencies which occurred, or legislative non-conformity;
- in case of withdrawal send notification to customers requesting certification, informing them that it is no longer certified with regards to the IATF 16949 and return the certificate to Kiwa Cermet.

If a change is not communicated to Kiwa Cermet it can lead to the issuance of a major non-conformity and/or to the withdrawal of the certificate granted to the Customer (§ 9).

15. RIGHT OF UNILATERAL WITHDRAWAL FROM THE CONTRACT

Kiwa Cermet may freely withdraw the agreement with the Customer Organization by giving written communication to the Customer Organization with a notice of six months from the effective date of withdrawal. The withdrawal by Kiwa Cermet determines the withdrawal of the issued certification. The Organization is in any case obliged to pay Kiwa Cermet the amounts due for the services received during the notice period, as established in the last valid quotation.

In the case the Organization wishes to terminate the agreement, the unilateral withdrawal, during the period of Certification validity, requires the respect of notice times established in *General Terms and Conditions of Kiwa Cermet Italia for the performance of orders* and in *the Kiwa Regulation of Certification*.

In particular, for notice of less than three months from the scheduled Audit and greater than two weeks, the Customer must pay 50% of the cost for the instalment scheduled for the subsequent activity as agreed in the agreement. For periods of notice of less than two weeks, the conditions specified in the *General Terms and Conditions* shall apply.

In case of termination of the Agreement, Kiwa Cermet will issue an invoice for the expenses of closing the certification file, in accordance with the last valid quotation.

16. UNILATERAL CHANGE OF THE CONTRACT

Kiwa Cermet reserves the right to modify this Regulation at any time. Any new clauses / changes made will be effective from the time they are communicated to the customer, in writing.

The Organization that does not intend to accept the changes, can withdraw from the contract, by giving written notice by registered letter with return receipt or certified mail within 30 calendar days, under penalty of forfeiture, from the day following the communication to Kiwa Cermet.

The withdrawal will take effect from the last working day of the month in which the customer's communication is received.