



**UK-NSI Co. Ltd.**  
**Supplier Requirements Standard**

The latest version of this standard can be obtained on the UK-NSI Co. Ltd. web site

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## Revision History

21/03/19 Reviewer(s): M O'Carroll & S Robinson

- Document revised redrawn in line with latest standards & requirements all sections updated
- Scope redefined
- Table of contents, References, Terms and Definitions added.
- Removed duplicated information from Green procurement Guidelines, Social Responsibility & Conditions of Purchase.

09/03/2020 Reviewer(s): M O'Carroll & S Robinson

- Added new section on Record retention & Technical cleanliness.
- Wording change to supplier selection – removed requirement for VDA potential analysis.
- Reference section updated to include Supplier change request.
- Social Responsibility section updated to include reference to ISO 45001.
- Additional information around statutory and regulatory requirements.
- Non-conformance section updated to include administration charge & RMA requirement.

## Scope

This document is intended to establish UK-NSI Co. Ltd. Quality Requirements. This document supplements the requirements outlined in the Purchase Agreement and UK-NSI Co. Ltd.'s General Terms and Conditions. This document does not supersede the Purchase Agreement.

## References

IATF 16949:2016 & ISO 9001:2015

1. Green Procurement Guidelines.
2. Social Responsibility.
3. Conditions of Purchasing.
4. Supplier Change Request

Items 1-4 above can be found at <https://www.uk-nsi.co.uk/suppliers>

UK-NSI Co. Ltd General Terms and Conditions.

## Terms and Definitions

NDA = Non-Disclosure Agreement.

RFQ = Request for Quotation.

QAF = Quotation Analysis Form.

PPAP = Production Part Approval Process.

APQP = Advance Product Quality Planning.

PSW = Part Submission Warrant.

AIAG = Automotive Industry Action Group.

IPP = Initial Production Parts.

## Supplier Selection and Approval

Suppliers are approved and added to the approved suppliers list by meeting the following criteria:

- Submission of the following documents to UK-NSI Co. Ltd. purchasing department: NDA, RFQ & QAF
- Supplier has achieved IATF16949 accreditation with an approved certification body.
- An initial audit will be conducted by UK-NSI Co. Ltd. Quality and or Purchasing or a member(s) of Nippon Seiki Quality or Purchasing team.

If the supplier is not IATF16949 accredited, then they may still be approved based on the following.

1. ISO9001 accreditation. An initial audit will be conducted by UK-NSI Co. Ltd. Quality and or Purchasing or a member(s) of Nippon Seiki Quality or Purchasing team.
2. Customer specified – approval is given based on customer project nominated supplier or component.

## Production Part Approval Process

The supplier shall be issued with a supplier PPAP Requirements Notification, listing all elements for the Product Approval Process in line with the latest AIAG PPAP Manual, in addition to the standard elements, the supplier shall submit or retain evidence of the following as applicable:

- Packaging Specification(s)
- Sub-Supplier PSW (where applicable)
- Approved Parts Quality Standard
- Team Feasibility Sign-off
- Predicted Capacity statement
- Run at Rate Results

Submission of PPAP documentation should be in electronic format, numbered and titled in line with selected items on the PPAP Requirements Notification. Where possible submissions should be in .pdf format.

## Parts Quality Standard

UK-NSI Co. Ltd issue a Parts Quality Standard document during the RFQ phase. This document will outline both UK-NSI. Co. Ltd. and its Customers minimum process requirements which will be defined by UK-NSI Co. Ltd. It is the Suppliers responsibility, during the development phase, to propose how the quality of the product will be controlled. Initial submission of these controls must be presented during the RFQ phase using the Parts Quality Standard Document(s). This document will be reviewed before nomination can take place. This will be a working document for the life of the product and may be subject to change.

## Initial Production Parts (IPP)

Initial Production Parts are defined as the first batch or delivery of a product where the status of supply has changed and approval by UK-NSI Co. Ltd. has been granted through Part Submission Warrant, Corrective Action Report or Deviation request.

On the first delivery of the affected parts the Supplier shall attach an IPP label to each box / package / container. This label is applied in addition to all other labelling used by the Supplier. It shall be positioned in a prominent place.

The IPP label shall be used by the Supplier on the first delivery only, except when instructed otherwise by UK-NSI.

[Appendix 1.](#)

## Record Retention

The supplier shall maintain and control documentation to ensure lot traceability and allow quality history investigation upon discovery of a quality concern. Documentation shall be retained as follows:

- Production part approvals, tooling records, purchase orders and amendments (including purchase orders and amendments for customer-owned tooling) shall be maintained for the length of time that the part (or family of parts) is active for production and service requirements plus one calendar year unless otherwise specified.
- 20 years for lot control records (i.e., materials, sub-components, manufacturing conditions, inspection results, change points and shipping records), PQCT, Preventative Maintenance, and calibration.
- 3 years for internal quality system audits and management review.

## Change Control Requirements

The supplier shall notify UK-NSI Co. Ltd of any planned changes to the design, process or manufacturing site as defined by the latest AIAG PPAP Manual. Request shall be made by submitting the Supplier Change Request document to the UK-NSI Co. Ltd. Purchasing Department.

### Concessions (Temporary Deviations)

In exceptional circumstances it may be necessary to accept product / services which deviate from that which was agreed during PPAP submission. It is only possible to do so provided the deviation is not detrimental to the fit, function, appearance or reliability of the product / service concerned.

Should a supplier require to apply for a concession the following procedure will apply: -

- Request shall be documented and submitted to the UK-NSI Co. Ltd Quality Department.
- Affected parts are to be quarantined by the supplier and delivery to UK-NSI Co. Ltd. suspended.
- A formal written request for acceptance (concession) of the deviation is to be forwarded with samples to UK-NSI Co. Ltd. UK-NSI Co. Ltd will assess the concession request and advise the supplier in writing of their decision, approved or rejected.
- If the concession is approved the supplier shall clearly identify the parts, on all delivery notes and on batch identification labels, using the IPP label.

Any concession acceptance is not to be used as a precedent and will only be valid for the quantity or period stated on the concession, it is the supplier's responsibility to ensure their corrective action procedure is instigated to ensure prompt return to the PPAP approved status. UK-NSI Co. Ltd. may request a copy of this Corrective Action Report.

Any future non-conformity is to be treated separately and will be assessed on its own merits.

## Statutory and regulatory requirements

It is the supplier's responsibility to ensure that all products and services provided comply with all statutory and regulatory requirements for the country of receipt and where provided, the customer identified country of destination. Outlined below in the Green procurement guidelines and Social responsibility are some of the requirements, additional requirements may be communicated during the RFQ phase or throughout the life of the project as requirements arise.

### Green Procurement Guidelines.

UK-NSI Co. Ltd. is an ISO 14001 certified company, and due to its commitments to stakeholders and Environmental Management, expect partnership and co-operation within the supply-chain.

We expect the establishment and implementation of an Environmental Management System (EMS) put in place for undertaking a wide range of environmental conservation activities. You should set your own goals and targets and carry out activities toward the achievement of those goals and targets. Certification to ISO 14001 is preferred.

### Social Responsibility.

Corporate Social Responsibility (CSR)/Sustainability is a process for companies to integrate social, governance, environmental, health & safety and supply chain sustainability into operations and corporate strategy. UK-NSI Co. Ltd. have prescribed the supplier Social Responsibility requirements which can be found on the UK-NSI website.

UK-NSI Co. Ltd. is an ISO 45001 certified company, and due to its commitments to stakeholders, expect partnership and co-operation within the supply-chain. Certification to ISO 45001 is preferred.

## **Logistics: Product Packaging, Identification / Traceability and Delivery**

### **Product Packaging**

It is the supplier's responsibility to ensure that product arrives at the UK-NSI Co. Ltd. designated location, in accordance with the agreed packaging specification. This Packaging Specification shall be agreed as part of the PPAP.

### **Identification**

A Q.R. (Quick Response) coded label is mandatory on all deliveries to UK-NSI Co. Ltd. The label shall comply with the requirements as outlined in the QR Code Label Specification and positioned in accordance with agreed Packaging Specification. The label must comply with ISO/IEC 18004 standard and achieve a minimum grade of 2 or higher.

### **Traceability**

It is expected that the supplier shall retain traceability & be able to provide the relevant quality information in case of a problem.

### **Delivery**

**Time:** A timeslot for delivery shall be agreed in advance between the supplier & UK-NSI Co. Ltd. This should always be adhered to.

**Paperwork:** The advice note format is at the supplier's discretion but should contain the following information as a minimum:

- Supplier Name and Address.
- Purchase Order Number.
- Part Number.
- Part Name (Description).
- Quantity delivered.
- Delivery date.

### **Technical Cleanliness**

UK-NSI Co. Ltd. operate to ISO 14644-1 Classification of air cleanliness by particle concentration and expect the supplier to co-operate with component & packaging cleanliness.

### **Problem Improvement and Countermeasure (8D)**

It is the supplier's responsibility to ensure a Problem Solving / Corrective Action process is in place, in the event of a Non-Conformance and upon request from UK-NSI Co. Ltd the supplier shall provide an 8D. The minimum requirements for 8D is containment at UK-NSI Co. Ltd. within 24 hours of receipt of problem notification, root cause within 10 working days and corrective action within 30 days.

### **Non-Conformance**

Non-conforming product will be subject to one or more of the following actions: -

- Wherever possible non-conforming product is returned immediately to the supplier for replacement or credit.
- 100% inspection / sort of the non-conforming parts by the supplier at UK-NSI Co. Ltd.
- In exceptional circumstances where the lack or delay of adequate response jeopardises continuity of production, the non-conforming parts may be 100% inspected / sorted by UK-NSI Co. Ltd. This will be at the supplier's cost.

All non-conformance is now also subject to:

- An administration fee of £40 per incident.
- Reject Material Authorisation (RMA) required for each incident.

## Supplier Performance Rating

### Monthly

UK-NSI Co. Ltd will monitor supplier performance and produce a KPI scorecard, which will be communicated monthly to the supplier. The following criteria are measured:

### Supplier KPI Rules:

#### PO Adherence:

Defined as a measure of the suppliers' ability to deliver the required quantity on the required date.

The output to the chart is calculated as follows:

Amount of late deliveries within the month, against the total deliveries in the month, expressed as a percentage, deliveries being PO lines & late being interpreted as anything other than the exact order line qty & day.

#### Timeslot / Date Adherence:

Defined as a measure of the supplier's ability to deliver within the allocated timeslot

The output to the chart is calculated as follows:

Amount of missed deliveries within the month, against the total deliveries in the month, expressed as a percentage. On time deliveries, where applicable, expressed as a percentage of total deliveries.

#### Delivery Discrepancies:

Defined as a measure of deliveries arriving in an acceptable condition with a demerit for anything that does not meet the specification? This includes incorrect quantities to paperwork, missing or incorrect paperwork, damaged delivery, wet delivery etc. The list is not exhaustive and is subject to change

The output to the chart is calculated as follows:

The number of deliveries per month vs deliveries not to specification, expressed as a percentage

#### PPM Score:

Defined as a measure of the number of bad parts versus parts usage each month. For the KPI (where applicable) the actual score is shown as a graph but for the overall score the calculation is as follows: 0% over target = 0 demerit, 1-25% over target = 25% demerit, 26-50% over target = 50% demerit, 51-75% over target = 75% demerit, 76-100% demerit

#### Stoppage Time:

Defined as a measure of the amount of time the UK-NSI Co. Ltd. or its Customer(s) production line stopped producing, due to lack of parts as a result of a supplier problem.

The output chart is calculated as follows:

Any stoppage will result in an automatic score of 0%, irrespective of period of stoppage.

#### Response Data:

Defined as a measure of the supplier's ability to respond in a timely and accurate manner to concerns or requests

A response may be required for the following examples.

- 8D submission,
- Request for stock check
- Request for information.

These are examples only and the list is not exhaustive

The output to the chart is calculated as follows:

100% - Will be awarded where no response has been required during the month.

90% - Will be awarded where acceptable responses have been received during the month (10% demerit for response necessity)

50% - Will be awarded where an unacceptable response has been received during the month. (where response required)

0% - Will be awarded where no response has been received. (where response required)



To realise a GREEN status, a result of 95% must be achieved.



To realise a YELLOW status, a result of 85% to 94% must be achieved.



To realise a RED status, a result of 84% and below is achieved.

The overall monthly result is calculated with the following weighting:

Where PPM is applicable

- PO Adherence – 15%
- Timeslot/date adherence – 15%
- Delivery discrepancies – 20%
- PPM score - 20%
- Response data – 10%
- Stoppage time – 20%

Where PPM is not applicable

- PO Adherence – 15%
- Timeslot/date adherence – 15%
- Delivery discrepancies – 20%
- Response data – 10%
- Stoppage time – 20%

### **Annually**

As well as monthly KPIs, suppliers will be subject to an annual review of their status, which will be based on the following:

- KPI results – 3 month rolling score.
- Supplier self-audit score– submitted annually.
- Annual documentation – return of requested documents.
- Commercial performance – as discussed / agreed with purchasing
- Premium Freight – arranged & paid by supplier

The overall result is calculated with the following weighting:

- KPI results – 40%
- Supplier self-audit score – 20%
- Annual Documentation – 5%
- Commercial performance – 30%
- Premium Freight – 5%

The score is updated quarterly and will be communicated to the supplier annually unless there is a significant change.



## Escalation procedure

Suppliers are expected to achieve a 'green' status on an ongoing basis. Where this is not the case, and at the discretion of UK-NSI Co. Ltd, a supplier may be escalated to a supplier support status. The next steps will be discussed, and the actions will depend on the issue(s) to be addressed. The timeframe and necessary actions required for de-escalation will be agreed at the outset, the following non-exhaustive list of tools may be utilised:

- Supplier control / actions log.
- Supplier 8D / corrective actions.
- Supplier audit / visit.
- Continuous Improvements plans.
- Joint VAVE exercises.

If de-escalation and return to 'normal' supply is not achieved within the agreed timeframe, further escalation shall be considered within both organisations, until the matter is resolved. If the issue(s) continue or the responses are not deemed acceptable, de-selection will be considered.

Appendix 1.

| <h1>I.P.P</h1>                   |
|----------------------------------|
| <p><u>Change Description</u></p> |