INTERNATIONAL AUTOMOTIVE OVERSIGHT BUREAU

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December 2024

Subject: Transfer of Red Suppliers from IATF KPI Hub to the IATF Complaint Management System (IATF CMS) within the IATF Database and associated certification decisions.

Dear IAOB Certification Bodies,

IAOB issued a letter (*re:* Transfer of Red Suppliers from IATF KPI Hub to the IATF Complaint Management System (IATF CMS) within the IATF Database dated April 2023) to the IAOB Certification Bodies explaining the launch of the IATF Complaint Management System (IATF CMS). This December 2024 letter replaces the April 2023 letter.

The International Automotive Task Force (IATF) advised all stakeholders on 31 March 2022 it launched the IATF Performance Complaint Management System (IATF CMS) within the IATF Database (refer to Stakeholder Communique 2022-004). With the launch of the IATF CMS, any performance complaint against an IATF 16949 certified organization will be managed using the IATF CMS workflow tool. Complaints can be initiated by either an IATF OEM or the relevant Oversight office.

IAOB publishes monthly customer satisfaction information in the IATF KPI Hub. The customer satisfaction information uses a color-coding system (i.e., **red** or **green**). A **green** color is used to identify suppliers meeting the customers' expectations and a **red** color is used to identify suppliers not meeting the customers' expectations. When a supplier is not meeting performance expectations (i.e., **red** supplier), the Certification Bodies are instructed to consider this as a performance complaint and initiate the decertification process.

When the customer satisfaction information is published at the beginning of each month, the IAOB (on behalf of the relevant customer will initiate a new performance complaint within the IATF CMS for each supplier that is not meeting the customer's performance expectations (i.e., any supplier that changed from a **green** color in the previous month to a **red** color in the current month, i.e., "changed to **red**").

Note: The only exception is if the Certification Body already has an open suspension for the same customer performance issue.

Once the performance complaint is initiated, the Certification Body is expected to follow the steps and timing defined in the IATF CMS user manual, which is aligned to the decertification process described in Rules 8.0.

The Certification Body is required to undertake an immediate analysis of the situation to determine the severity and risk to the customer(s), taking into account, where applicable, IATF OEM customer-specific requirements, per Rules 8.2.

As part of the analysis, IAOB expects the Certification Body to contact the supplier to obtain copies of the relevant customer scorecard report(s) (refer to the IATF OEM Quick Reference Guide where applicable), and relevant supporting details, to understand if any special circumstances exist related to the performance issue (e.g., rescinded, disputed, etc.), and what corrective actions the supplier is taking (or has taken) to resolve the issue(s). The Certification Body must obtain a "plan to green" (e.g., step down chart) to understand when their performance is expected to achieve **green** status.

Based on this analysis, the Certification Body shall determine if certificate suspension is required or not, per Rules 8.3. Certificate suspension is not automatic, and the proper analysis should be conducted.

If the suspension decision is positive, a major nonconformance shall ***not*** be issued. The IATF CMS tracks the issue, and the complaint is like a major nonconformance.

A decision to not suspend the certificate could be based on one of the following reasons:

1. there is verified evidence (e.g., written agreement from the customer, supplier code issue) that one of the sites of the client is not responsible for the poor performance identified by the customer, then that site's certificate should not be suspended;
2. there is verified evidence the performance issue was rescinded by the customer and the next month's status will refresh to "**green**";
3. there is verified evidence the performance issue is currently being disputed and the validity of the dispute is confirmed by the customer; or
4. the Certification Body already has an open suspension for the same customer and the same customer performance issue.

Note: A decision not to suspend the certificate solely based on the customer-approved corrective action plan is not acceptable.

If the certificate is suspended, the IATF CMS will require the client to submit their root cause analysis and corrective action plan within the required timing. The Certification Body is responsible for reviewing the corrective action plan provided by the client and deciding to either **accept** the plan or **reject** the response within thirty (30) calendar days of receipt of the client's response and prior to the special audit.

The Certification Body shall conduct a special audit, per Rules 8.4, to verify the effectiveness of the corrective actions. An onsite special audit shall not be conducted until the Certification Body has accepted the client's corrective action plan in the IATF CMS. IAOB recommends a minimum of one day for the special audit.

If the **red** supplier status is due to any issue associated with manufacturing quality, at least 30% of the special audit time shall be in manufacturing.

Certification Bodies should use the Recommended Trails to Follow in Red Supplier Special Audits to help prioritize the verification activities during the special audit. The table is available through Appendix 1 of this letter. The scope of the special audit shall also include any new customer complaints since the CRN was issued with verification of containment actions. The "plan to green" (e.g. step-down chart) shall be reviewed to understand when their performance is expected to achieve green status. The audit documentation needs to include what in the quality management system is not effectively implemented, thus allowing poor customer satisfaction metrics.

IAOB continues to reserve the right to witness any special audit conducted as part of the decertification process and the IAOB will be witnessing as many of these special audits as possible.

Following the special audit, the Certification Body is required to reinstate or withdraw the certificate within 120 calendar days from the start of the decertification process, per Rules 8.5.

The decision shall be based on one of the following recommendations:

a) reinstatement of the certificate where the accepted corrective action plan is found to be fully and effectively implemented and there have been no additional confirmed performance issues in subsequent months since the complaint was issued.
b) reinstatement of the certificate in exceptional case(s) where:
    - the implementation of corrective actions cannot be completed within the maximum of ninety (90) calendar days from the start of the decertification process due to "long lead" corrective action steps, and
    - the performance status of the site is either **red** or **green**,
    - An additional special audit is required to verify effective implementation of the "long lead" corrective action steps even though the site's certificate was reinstated.

    Note: A client's corrective action plan submitted in the IATF CMS cannot be considered 100% resolved, as that term relates to nonconformities from regular audits. However, the term "long lead" corrective action steps can be considered equivalent to 100% resolved.
c) withdrawal of the certificate where the accepted corrective action plan is found to be not effectively implemented (even if the plan includes "long lead" corrective action steps).

Note: It is not acceptable to reinstate the certificate solely based on the customer-approved corrective action plan.

If the decision is to reinstate the certificate due to exceptional circumstance mentioned in b) above, the Certification Body shall conduct another special audit, per Rules 7.2 b), within ninety (90) calendar days from the closing meeting date of the previous special audit conducted as part of the decertification process.

If a client is **red** for three (3) consecutive months, the IAOB will request a meeting with the Certification Body's management to review the situation. IAOB requires the Certification Body

to prepare a formal presentation (please use the IAOB Supplier Performance Initiative Template).

If a client is **red** for six (6) consecutive months and has a valid certificate, the Certification Body shall conduct a special audit (onsite or remote) to review the relevant customer scorecard report(s) and if there have been any additional confirmed performance issues in subsequent months since the complaint was issued, the certificate shall be withdrawn. The withdrawal explanation shall include what in the quality management system is not effectively implemented.

The IAOB also reserves the right to request a review of any **red** supplier at any time regardless of the number of months in **red** status.

If you have any questions, please contact Liz Spudic (lspudic@iaob.org).

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Appendix 1
Table of Recommended Trails to Follow in Red Supplier - Special Audits

Topic	Potential trails to consider determining the root cause of where the QMS failed resulting in the unacceptable performance
Investigation Scope	Identify areas in the organization where similar failure modes could occur. Do not focus on just the specific problems identified in the customer score cards or complaint(s). Look for the systemic issue in the QMS which permitted the unacceptable performance, do not just focus on the initially identified problems.
Corrective Actions	Review the problem statements for accuracy in describing the problem. Look at other complaints and related examples, selected based on risk to the customer, not suggested by the client, at least 3 samples for corrective action investigation, look for systemic issues, and full details for the history of the problem solving and corrective action process. Look for which process(es) failed in the QMS. An OEM acceptance of a corrective action is not sufficient to address the root cause of the QMS issues.
Read Across	Ensure use of read across of the permanent corrective actions to other lines, to other products, other sites, including corrections into QMS foundation documents – APQP, program management, control plans, FMEA, etc.
Validation of Implementation	Ensure the supplier used data to validate the permanent corrective action that was implemented eliminated the root cause of the problem and that the data collected was for a time appropriate for the problem (type, severity, duration, detection methods, etc.).
Interfaces	Focus on interface between remote support processes and production site (e.g., headquarters, Product / Process Design, Management Review, Supplier Management, etc.) using documents or outputs from the remote support locations used by that specific manufacturing plant.
Sustained Improvement	Look for senior management leadership driving a culture which ensures that permanent corrective actions are maintained over time, ensuring the long-term effects of improvement activities. There is always a root cause which led to the problem which leads back to a process within the control of the organization.
Internal Audits	Validate that the supplier is covering the same topics (interfaces, corrective actions, scope, read across, prevention of recurrence, etc.) in its internal audits to ensure effective problem solving and permanent corrective action implementation.
Prevention of Recurrence	Verify permanent corrective actions are effectively implemented for sustained prevention of recurrence using internal and external performance data and relevant update of control plans, FMEAs, APQP reporting, etc.
Standard Process	Look for standardized problem-solving and corrective action processes, as well as how the permanent corrective action is integrated into the QMS and daily work instructions / processes, to ensure long-term prevention of recurrence.
Trails	Create audit trails from the information and data reviewed during the Risk-Based audit time, which was added to the beginning of the audit, and continue to follow the trails in the regular audit days.