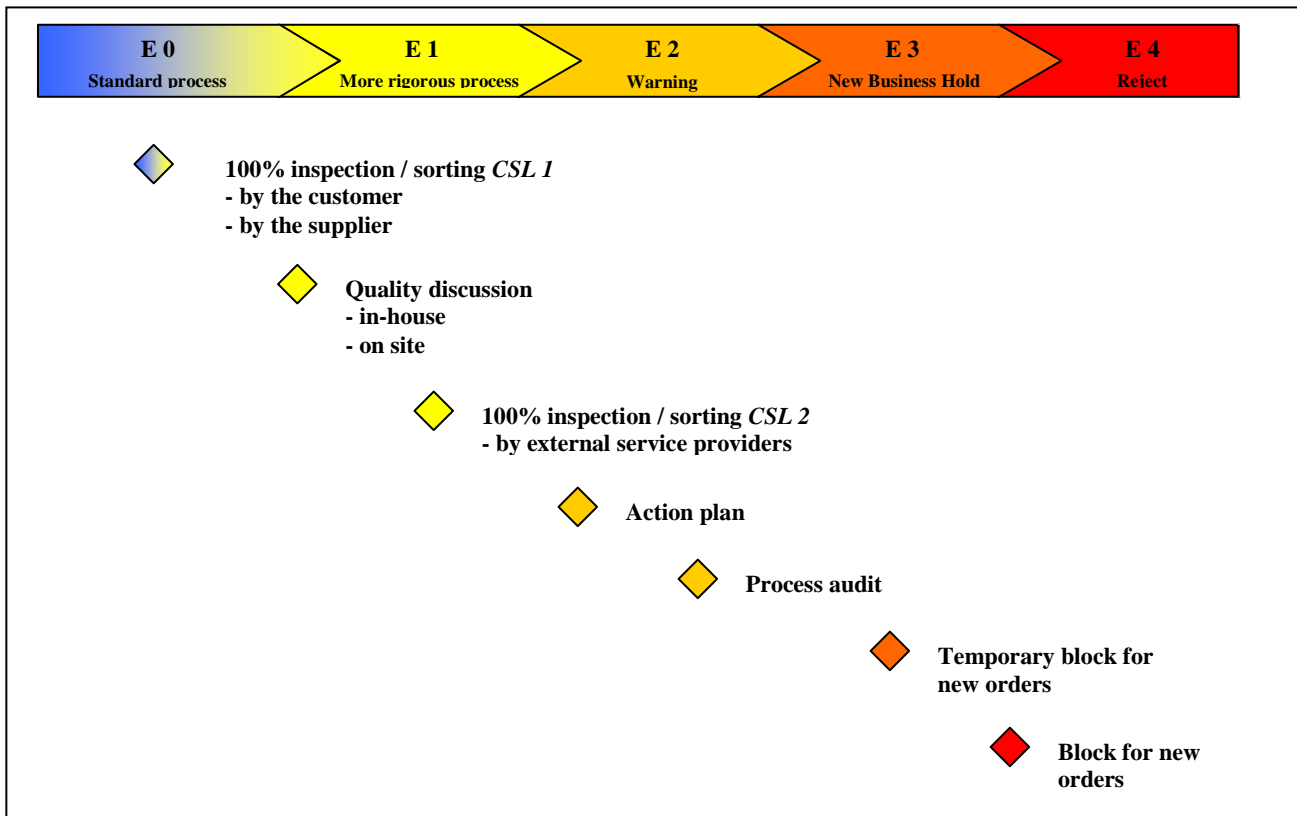


QAA 6

Version dated: 01.07.2012

Escalation process

The escalation process of the customer for suppliers of production material as well as related services such as coating or heat treatment is described in the following.



1 Escalation levels

1.1 Escalation level E 0 – Standard process

In the standard process (Escalation level E 0), deliveries from the customer are checked with normal dynamic sampling at goods receipt in accordance with the contract and a complaint made if there are deviations from the specification.

The competent quality assurance department can, after a complaint, informally request a special audit by the suppliers using an inspection report for individual deliveries, e.g. to check the next three deliveries. This request applies to the faulty feature and the faulty product.

1.2 Escalation level E 1 – More rigorous process

If the quality problems caused by the suppliers accumulate, increased demands for checking goods at the supplier's premises can be made by the customer. For this the purchasing department in the customer's recipient plant imposes the escalation level E 1 and informs the management at the supplier's about the requirements.

If the supplier causes no more complaints thanks to appropriate corrective actions over a period determined by the customer, the escalation level is downgraded from E 1 to E 0 by the customer by means of a formal *status report*.

1.3 Escalation level E 2 – Warning

If the supplier should cause further quality problems during the period in which he is classified at escalation level E 1, the customer may further escalate. For this the purchasing department in the customer's recipient plant imposes the escalation level E 2 and informs the management at the supplier's about this.

In the case of especially critical defects, the escalation level E 2 may be imposed without prior classification of E 1.

If the supplier causes no more complaints thanks to appropriate corrective actions over a period determined by the customer and also fulfils any requirements determined by the customer, the escalation level is downgraded from E 2 to E 1 by the customer by means of a formal status report.

1.4 Escalation level E 3 – New Business Hold (NBH)

If all the activities do not lead to significant improvement in the quality, or if the time spent at escalation level E 2 is too long, the supplier will be temporarily blocked by the customer's purchasing department from taking orders for new projects with the issuing of the *New Business Hold (NBH)* status. The purchasing department notifies the supplier's management department about this formally by means of a *status report* in which the criteria to be fulfilled for removal of the *New Business Hold* status are determined.

Further reasons for issuing the *New Business Hold* status can be:

- The certification of the quality management system has expired or been invalid for longer than six months
- Lack of cooperation of the supplier in the case of necessary corrective actions
- Lack of reliability with supply

The withdrawal of the *New Business Hold* status is done only after checking the effectiveness of the determined measures by the customer and is notified formally to the supplier by the customer's purchasing department using a *status report*.

1.5 Escalation level 4 – Reject

If despite support from the customer no significant improvement in the quality is achieved or specified requirements are not met, the supplier will be permanently excluded from new business and a change in supplier carried out as quickly as possible.

2 Requirements

2.1 Controlled Shipping Level 1 (CSL 1)

Controlled Shipping Level 1 (CSL 1) means that the supplier, in addition to the normal scope of inspection before every delivery to the customer, must perform an additional 100% inspection for material numbers and characteristics determined by the customer. These as well as the documentation requirements are notified to the supplier in the *status report* by the customer.

The tested products must also be labelled separately just like the packaging. Type and content of the labelling must be agreed with the customer.

2.2 Controlled Shipping Level 2 (CSL 2)

Controlled Shipping Level 2 (CSL 2) means that the supplier, in addition to his normal scope of inspection before every delivery to the customer, must have an additional 100% inspection performed by an external service provider for the material numbers and characteristics determined by the customer. These as well as the documentation requirements are notified to the supplier in the *status report* by the customer.

The supplier must create a sorting instruction for the external service provider which must be released by the customer beforehand. He is responsible for the proper execution of the sorting work, documentation of the results and the quality of the delivered products.

The tested products must also be labelled separately just like the packaging. Type and content of the labelling must be agreed with the customer.