

 TI Fluid Systems	Supplier Escalation Procedure	Document No.: CP-8-ALL-80 Revision: G Revision Date: April 25 th , 2024
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1. PURPOSE / SCOPE:

- 1.1. The purpose of this Procedure is to provide all TI Fluid Systems facilities with minimum expectations with regards to escalating multiple supplier complaints.
- 1.2. The goal of this procedure is to respond to continued supplier concerns; ensuring support functions are notified and involved at the correct stage to solve supplier performance concerns by applying appropriate measures.
- 1.3. This procedure is relevant for all production materials.
- 1.4. The Escalation process should be initiated when **more than** three (3) complaints are received from one supplier in any given rolling 12-month period. This is irrespective whether the complaint is a quality concern, **warranty or logistics concern** different root cause, repeat concern or whether the complaint is for the same component.
- 1.5. The scope of this procedure is for all TIFS direct material supply from external suppliers globally for all divisions.

2. RESPONSIBILITIES:

- 2.1. The process owner of this procedure is the **Global Supplier Quality Director**.
- 2.2. The process approver is the **Global Quality Director**
- 2.3. It is the responsibility of the **Quality Manager and logistics / materials manager** within each facility to ensure that the requirements of this procedure are understood, and that effective training and resource is provided for this procedure and any subsequent changes.

3. DEFINITIONS:

- 3.1. SD – Supplier Development (pre-serial production - post 90 days).
- 3.2. SQA – Supplier Quality Assurance (post 90 days – serial production).
- 3.3. GPD – Global Purchasing Director
- 3.4. GQD – Global Quality Director
- 3.5. S/R/F – Safety, Regulatory, Functional
- 3.6. **SO – Supply On System**
- 3.7. **BD – Supply On Business Directory (Formally ASL Approved Supplier List)**

4. REFERENCES/ASSOCIATED DOCUMENTS:

- 4.1. IATF 16949 – Automotive Quality Management Standard
- 4.2. ISO 9001 – Quality Management Systems – Requirements
- 4.3. CP-5-ALL-58 – Directed / Mandated Supplier Procedure
- 4.4. CP-8-ALL-41 – Global Supplier Requirements Manual
- 4.5. CP-8-ALL-46 – Supplier Concern Management
- 4.6. CP-8-ALL-70 – Corrective Action Procedure
- 4.7. Supplier Escalation Letter Stage 1 – 3
- 4.8. SBIC – Supplier Best In Class Audit

5. Principle

Indicator	Activity	Responsibility	Activity	Tools
Incident Rolling 12 month <3	Continuous Data Review Power Bill	Quality issue = Plant SQ / OE Warranty issue = Plant QM / WM / SQ Logisticals = Logistical Manager		Power Bill Scorecard GOPS SNCR / 8D Supply On System Risk Assessment Matrix
Incident Rolling 12 month >3	Initiate Risk Assessment Product in acc CP ALL80			
	Risk Assessment RPN < 100 Product in acc CP ALL 80	Continuous Data Review Power Bill	Quality issue = Plant SQ / OE Warranty issue = Plant QM / WM / SQ Logisticals = Logistical Manager	Continuous Data Review Power Bill
	Risk Assessment RPN > 100 Product in acc CP ALL 80	Issue Escalation Level 1 in acc CP ALL 80	Quality issue = Plant SQ / OE / SQM Warranty issue = Plant QM / WM / SQ Logisticals = Logistical Manager	Continuous Supplier Control # Frequent Review # POA at Supplier # NCR Tracking
Incident Rolling 12 month >5	Risk Assessment Supplier in acc SQ Risk Assessment TAP	Issue Escalation Level 2 in acc CP ALL 80		Continuous Data Review Power Bill
		Issue Supplier Improvement Program	Quality issue = Plant SQ / OE / SQM Warranty issue = Plant QM / WM / SQ Logisticals = Logistical Manager Regional Purchasing Lead	Continuous Supplier Control # Frequent Review # POA at Supplier # NCR Tracking # Supplier Improvement Milestone Follow up Supplier Risk Assessment
Incident Rolling 12 month >7 without improving Factor		Issue Escalation Level 3 in acc CP ALL 80		Continuous Data Review Power Bill
		maintain Supplier Improvement Program	Quality issue = Plant SQ / OE / SQM Warranty issue = Plant QM / WM / SQ Logisticals = Logistical Manager Regional Purchasing Lead Contract Review / ASL Review	Power Bill Scorecard GOPS SNCR / 8D Supply On System Risk Assessment Matrix
				Continuous Supplier Control # Frequent Review # POA at Supplier # NCR Tracking # Supplier Improvement Milestone Follow up Supplier Risk Assessment

6. SUPPLIER COMPLAINT MANAGEMENT AND ESCALATION OVERVIEW

6.1. RASI Chart

Escalation	Supplier Quality Assurance	Regional SQA Manager	Plant Quality Manager	Regional Quality Director	Supplier Development	Logistics	Logistic Manager	Purchasing	Global Purchasing Director	Global Quality Director	Global SQA Director	Divisional EVP
Zero Issues	-	-	-	-	-	-	-	-	-	-	-	-
Escalation 0 ≤ Two (2) Concerns	R/S	I	A	I	-	R/S	A/S	-	-	-	-	-
Escalation 1 >Three (3) Concerns RPN ≥ 100	R/S	I	A	I	S	R/S	A/S	I	I	I	I	-
Escalation 2 > Five (5+) Concerns RPN ≥ 100	S	S	A	S	S	S	S	R	I	I	I	I
Escalation 3 > Seven (7+) Concerns, RPN ≥ 100 With No Improvement	S	S	A	S	S	S	S	R	S/A	S/A	S/A	I

Key:
R – Responsible
A – Approval
S – Support
I - Inform

6.2. Escalation 1 > three Concerns

6.3. Escalation 2 > Five Concerns

6.4. Escalation 3 > Seven Concerns

6.5. At the direction of the **Global Supplier Quality Director** discretionary escalation / de-escalation of non-safety related high quantity rejections or customer dissatisfaction issues can be made.

7. Escalation 0 PROCEDURE

7.1. Follow Supplier Concern Management Procedure CP-8-ALL-46

7.2. Note for Critical / S/R/F complaints / concerns: Suppliers can be placed immediately onto Escalation 3 at the discretion of the divisional / global Quality and / or Purchasing Director.

8. ESCALATION PROCESS FOR THIRD AND ADDITIONAL SUPPLIER COMPLAINTS:

8.1. **More than Three** complaint **are** received from a Supplier within the same rolling 12-month period, the escalation process **to be considered**. To initiate escalation, it must be confirmed that:

- All complaints are formal - informal complaints can be ignored for this escalation process.
- All complaints are valid - cancelled / rescinded complaints should be ignored.

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- A management review / risk assessment has been conducted and approved prior to moving to escalation where applicable. Ref process outlined in Appendix A
- [Regional Plant Supplier Quality Management and or purchasing lead](#) will indicate escalation Level 1 initiated against the supplier in the [Business Directory](#) / SupplyOn.

8.2. Where more than three complaint is confirmed, **ESCALATION LEVEL 1** should be initiated and based on the RASI the lead responsible function will arrange:

Escalation Letter Stage 1

- SQA / Logistic to update the draft letter with details of Supplier, Component Parts Numbers and Complaints.
- SQA / Logistic to issue letter to Supplier within 10 working days.

Supplier Review.

- A meeting face to face or virtual (ref: Global Supplier Requirements Manual clause 8.4.2.4.1 and 8.7.1.7) should be organised and hosted by SQA / Logistic with the supplier. Where necessary the meeting should be supported by additional Plant Management, for example Quality Manager and / or Plant Manager.
- This meeting is an opportunity for the Supplier to present 8D status of complaints.

Supplier Improvement Plan:

- Additional to the 8D reporting, the Supplier must present an improvement plan outlining how they will prevent further quality / logistic concerns and recover to TIFS expected performance level, which includes at a minimum:
 - Detailed containment plan(s) to prevent future outflow of non-conforming product.
 - Interim corrective action(s) implementation.
 - Permanent corrective action(s) with implementation plan.
- SQA / Logistic should on a regular basis follow up progress against the Supplier Improvement Plan.
- During review of the Supplier Improvement Plan, where supplier actions taken are considered insufficient to protect TIFS, SQA / Logistic should initiate implementation of CSL1 activity.
- A supplier working to implement an agreed improvement plan shall only be moved to escalation level 2 if repeat complaints are found at a TIFS facility.

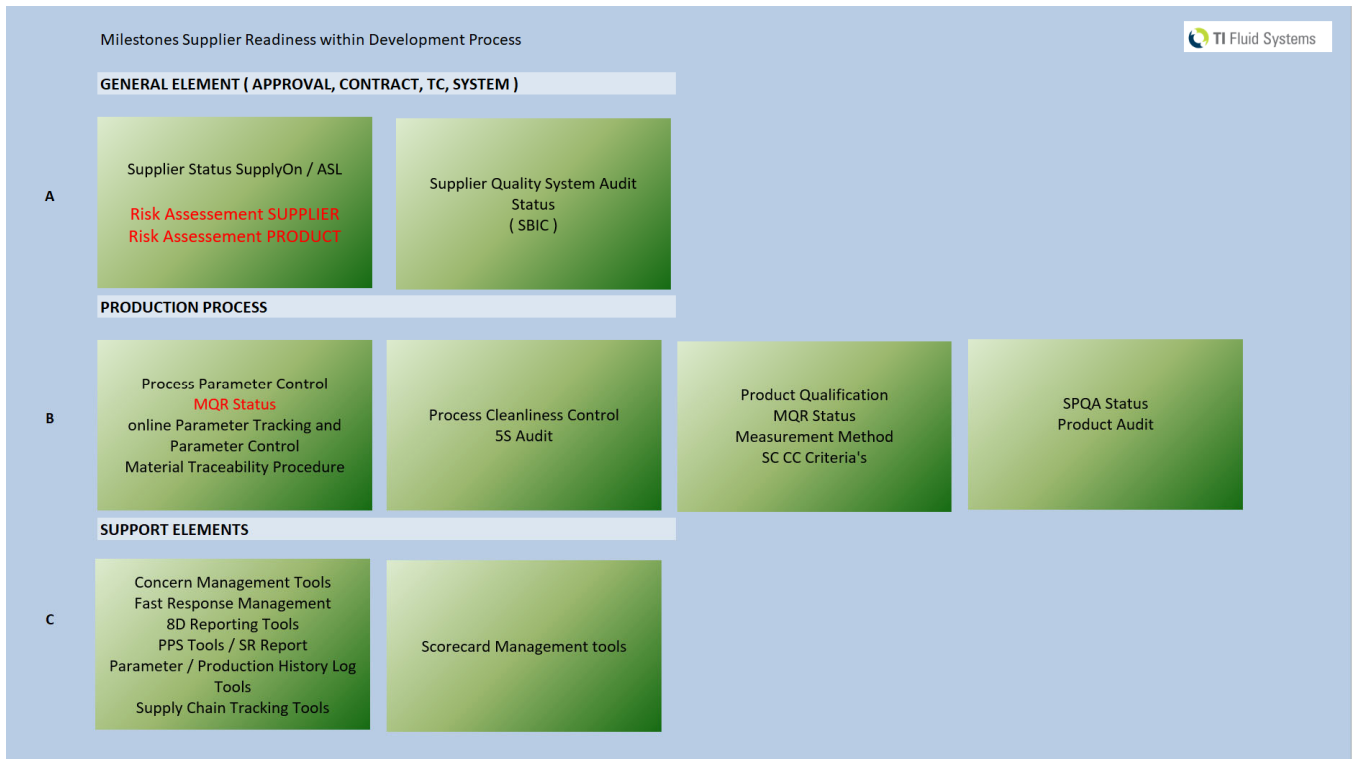
8.3. Where a **fifth** complaint is confirmed, **ESCALATION LEVEL 2** should be initiated and based on the RASI the lead responsible function will arrange:

Supplier Escalation in accordance with 5.0 Principle

Supplier Risk Assessment

- Supplier Risk Assessment to perform beside Product Risk Assessment
 - Supplier Improvement Program to be initiated by Regional SQM

8.3.3 Matrix Supplier Improvement Program



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Escalation Letter Stage 2

- Update draft letter with details of Supplier, Component Parts Number/s and Complaints and issue to SQA / SD / Logistic / Purchasing for additional signature.
- [Supplier Quality Management and or Purchasing lead](#) will indicate escalation level 2 initiated against the supplier in the [Business Directory](#) / Supply On
- [The Purchasing lead](#) will be responsible for sending the letter to the Supplier Senior Management Team.

Face to Face / Virtual Review

- Reference Global Supplier Requirements Manual clause 8.4.2.4.1 and 8.7.1.7
- SQA / Logistic should arrange the review, ensuring sufficient additional resources are available as required (SD / PUR etc).
- During the review, the Supplier Management Team should present a detailed investigation into why the improvement plan introduced at escalation level 1 was not sufficient and how they will prevent further quality complaints and recover to TIFS expected performance level.
- During this review, where actions taken by the supplier are considered insufficient to protect TIFS, SQA / Logistic should mandate implementation of CSL1 or where CSL1 was already implemented CSL2.
- [Supplier Improvement Program to be launched](#)

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TI Process Audit at Supplier Manufacturing Facility

- An audit of the supplier manufacturing process should be led by SD and required supporting functions following established divisional guidelines. Alternate auditors will be confirmed on a case-by-case basis, looking at availability and locality of resource. The audit should be performed against TIFS running process and verify actual results looking at:
 - Process Flow
 - Process Failure Mode Effects Analysis
 - Control Plan and Control Plan test results (minimum 3 months).
 - Set up verification logs.
 - Maintenance Logs (minimum 3 months).
 - Operator Instructions for the process.
 - Staff experience / skills matrix and turn over for the last year (salaried and hourly).
- 8.4. The output of the meeting will be a written agreement between all parties of actions to be taken to improve.
- 8.5. Where additional, repetitive, or critical / S/R/F complaints occur and / or where a supplier does not proactively respond to previous escalation levels, the supplier will be moved to **ESCALATION LEVEL 3** within the **Business Directory** and the Purchasing Lead should arrange:
- 8.6. Escalation Letter Stage 3
- This letter will be issued by the relevant Purchasing Manager to the Supplier Senior Management and details higher level activity to follow.
 - **Supplier Quality Management and or purchasing** lead will indicate escalation level 3 initiated against the supplier in the **Business Directory**.
- 8.7. Level 3 suppliers are considered a critical risk for TIFS and may result in a business hold situation, dependant on each supplier status.
- 8.8. **Notification to Certification body may be considered for Level 3 Supplier.**

Appendix A – Escalation Process

No	Supplier	All Other	Logistics (non OTD)	On-Time Delivery	Quality	Warranty Related	Total	S	O	D	Total [100]	Risk Assessment / Actions
1	Ricor Ltd	2	4	4	49		59	5	8	5	200	Escalation level 3 / Certification body informed
2	Kohler Automobiltechnik GmbH		4		13		17	5	6	5	150	Escalation 2 / Action in progress
3	Hyundam Industrial Co. Ltd.				13		13				0	Mandated supplier
4	Padmini VNA Mechatronics Pvt. Ltd.			11	1		12				0	Mandated supplier
5	Ricor Polska Sp. Z.O.O.				6		11	5	4	5	100	Escalation level 3 / No new SNCR
6	Stanzwerk Ag			10	1		11	6	9	2	108	Escalation 1 / Action in progress
7	Hidro Rubber Iberica Sa		3	2	4		9	5	6	4	120	1 new SNCRs. Low risk - Escalation to be started by Rastatt
8	Hyundam Slovakia SRO		2		7		9				0	Mandated supplier
9	Schurholz GmbH & Co. Kg Stanztechnik		3		6		9				0	Mandated supplier
10	Allmeier Präzision Aktiengesellschaft Baugruppen Und Systemlösungen		5		3		8				0	Mandated supplier

Risk Priority Calculation = S x O x D

Suppliers with RPN values ≥ 100 will be subject to escalation.

Severity

Rank 1 (Minor) – Unreasonable to expect that the minor nature of the nonconformance will have any noticeable effect on the item, system performance, subsequent process, or assembly operation. Customer will most likely not be able to detect the nonconformance.

Rank 2 – 3 (Low) – Due to the nature of this nonconformance TIFS experiences only slight annoyance. TIFS will probably notice slight deterioration of the item or system performance or a slight inconvenience with a subsequent process or assembly operation, i.e., minor rework.

Rank 4 – 6 (Moderate) – Nonconformance causes some TIFS dissatisfaction. TIFS will notice item or system performance deterioration that may result in unscheduled rework/repair and/or damage to equipment.

Rank 7 – 8 (High) – High degree of TIFS customer dissatisfaction due to the nature of the nonconformance, such as inoperable item or system. Nonconformance does not involve safety or government regulation but may result in serious disruption to subsequent processing or assembly operations and/or require major rework.

Rank 9 – 10 (Very High) – Nonconformance affects safety or involves noncompliance to government regulations. May endanger machine or assembly operator (9 with warning, 10 without warning)

Occurrence

Rank 1 (Remote) – Nonconformance unlikely. No occurrence associated with this process or almost identical processes – lpb max 1 000.

Rank 2 (Very Low) – Only isolated nonconformances associated with this process or almost identical processes – lpb 1 001 – 5 000


Rank 3 – 5 (Low) – Isolated nonconformances associated with similar processes – lpb 5 001 – 15 000

Rank 6 – 7 (Moderate) – This process has occasional nonconformances, but not in major proportions – lpb 15 001 – 25 000

Rank 8 – 9 (High) – This process or similar processes have frequent nonconformances – lpb 25 001 – 50 000

Rank 10 (Very High) – Occurrence of nonconformance is almost inevitable – lpb above 50 001.

In case of Reoccurrence Rank to be increased by 1

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Detection

Rank 1 – 2 (Very High) – Current controls almost certain to detect the nonconformance. Reliable detection controls are known with similar processes. Process automatically prevents further processing

Rank 3 – 4 (High) – Process controls show a high probability of detecting the nonconformance, process automatically detects nonconformance.

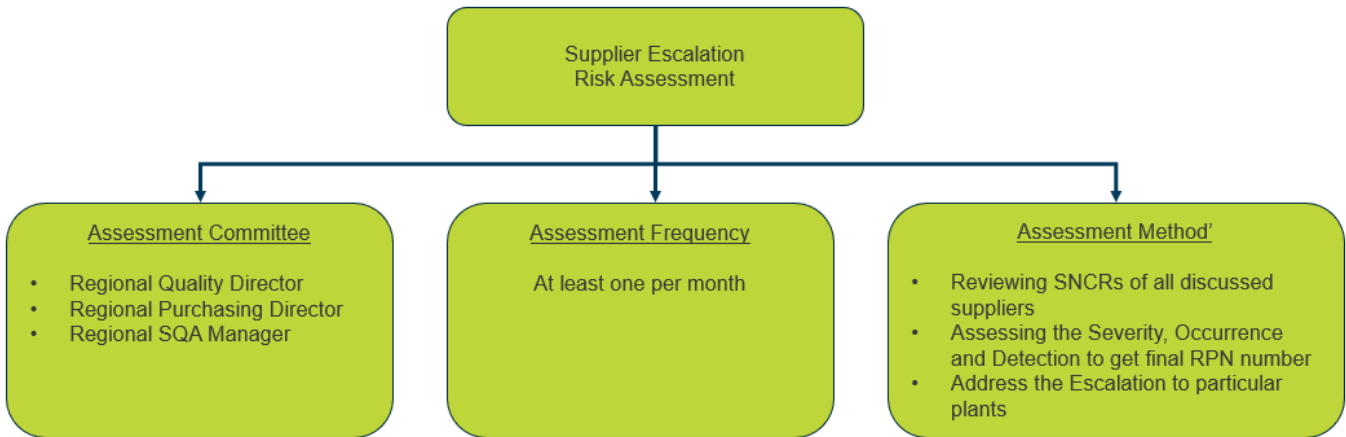
Rank 5 – 6 (Moderate) – Controls may detect the existence of a nonconformance.

Rank 7 – 8 (Low) – Controls have a poor chance of detecting the existence of a nonconformance.

Rank 9 (Very Low) – Controls probably will not detect the existence of a nonconformance.

Rank 10 (No Detection) – Controls will not or cannot detect the existence of a nonconformance. No known controls available to detect a nonconformance.

Escalation Risk Assessment – Process



Escalation Exit Criteria

To exit escalation the supplier must satisfy the following minimum mandatory requirements shown in bold font, other items are applied at the discretion of the escalation assessment committee:

- 6 months without NCR (or 3 months after closure of all NCR). Timing can be modified depending on supplier and kind of issues.
- Quality improvement plan from supplier
- Closure of all ongoing 8D with evidence (or checked during exit audit where applicable)
- Requalification of involved products – depended on escalation content (no requalification required for logistic issues)
- Agreement for payment on cost recovery (linked to SNCRs) on going.
- No findings on Firewall control (CSL1/2) – where applicable, could be defined for Escalation levels 2 and 3.
- Escalation exit audit - Audit to be conducted on site according to Supplier Escalation Procedure or as a Supplier Self-Assessment at the discretion of the SQA lead.

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Appendix B – Escalation Letter Template

(Cut and Paste to TIFS Letter Head)

Supplier Sales Manager
Supplier Name
Supplier address
Supplier location country

dd-mm-yyyy

Supplier performance Escalation X (chosed from 1.2.3)

Dear Supplier Sales Manager

TI Fluid Systems is a 1st tier supplier to vehicle manufacturer, and you as our system- or component supplier, we are committed to our customer’s expectations in premium on-time quality over the entire supply chain and utilization phase. Therefore, quality management of supplied components plays a critical role in our organization.

TI Fluid Systems adheres to a zero-defect policy. We expect all suppliers to provide -materials, services, and processes that are fully meeting specifications and delivered 100% within the prescribed delivery schedule. Suppliers are monitored in accordance with IATF16949 requirements.

TI Fluid Systems has determined that current quality control process set up by your organization is not sufficient to protect TI Fluid Systems from receiving nonconforming material produced by your facility.

By this letter we are requesting a detailed review of all incidents and concerns generated in YYYY again to analyse if root causes of these non-conformities were identified at all or correctly, counter measures were put in place appropriately, verified as effective. Concerns are enlisted in EPC activities and addressed in lessons learned. Please submit this overview in a PowerPoint presentation including your plan how you will recover from the current quality level and stabilize the production process in short term. We are also interested to understand how your organization will establish long term 0 defect deliveries on time. Please include this in the presentation as well.

This letter is to inform you about your company’s quality performance for the XX quarter of YYYY. The Reported Quality performance over last X months is showing an unacceptable status and went off track from our targets.

XX YYYY YTD performance was showing incidents in X of our TIFS Plants.

User plant 1: X Complaints. Delivery Performance XX (GRY status)

User plant 2: X Complaints. Delivery Performance XX (GRY status)

User plant 3: X Complaints. Delivery Performance XX (GRY status)

Overall: X Complaints, (GRY)

Escalation Status SD: 1 2 3

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Please submit the overview and the quality improvement plan before [DDMMYYY](#) to your TI Fluid Systems Supplier Quality Assurance representative. (SQA_name from_involvement plants), provide copy to us.

Resulting from above your organization (production location) is being listed as a concern supplier to be improved and rated by colour YELLOW in the [Supply On Business Directory](#). Next Level would be RED suspended from Bidding list for all new projects globally if no improvements are demonstrated.

(OR in case to RED)

Resulting from above your organization (production location) is being suspended from bidder list for all new projects globally and rated by colour RED in [the Supply ON Business Directory ASL](#) – new business hold.

After receipt of the overview and our common review with SQA, we will continue monitoring quality performance for improvements over the following 3 months or until our next quarter ASL review.

Your sincerely (Please adapt signatures and names as required)

[XXXXXX](#)

Commodity Manager / Regional Purchasing Director

[XXXXX](#)

SQAM / QD

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9. REASON FOR CHANGE TABLE:

REV. LTR.	REV. DATE	DESCRIPTION OF CHANGE	APPROVAL HISTORY
A	30 March 2012	First release of Procedure.	Global Quality Director
B	30 January 2014	Updated to remove Supplier Development Position. Authority is now split between SQA and Purchasing. Also, escalation level 1 is initiated on three concerns, previous was two concerns.	Global Quality Director
C	30 January 2014	Changed numbering to reflect CI area of QMS. Previous document was TS-OP-P-008.	Global Quality Director
D	18 th May 2021	Branding change – TI Fluid Systems was TI Automotive, TIFS was TI multiple locations. Reformat document 2.1 and 2.2 add to responsibilities. Document number change: CP-8-All-80 was TS-CI-P-010 1.4 “rolling 12-month period” was “year (Jan-Dec) 1.5 added: external suppliers globally for all divisions. 3.5 S/R/F added to definitions. 4.3 Added: CP-8-ALL-46 – Supplier Concern Management 5.1 Added RASI chart 6: Added escalation 0 6.1: Added CP-8-All-46 6.2 was 5.1. 7.2 Supplier Review: Added ref Global Supplier Requirements Manual clause 8.4.2.1 and 8.7.1.7 7.2 Supplier Improvement Plan – Added: Minimum requirements and criteria for Escalation Level 2 Added Appendix A: Escalation Letter Template	Global Quality Director
E	18 th June 2021	7.3 – An audit of the supplier manufacturing process should be led by SD and required supporting functions following established divisional guidelines. Was: An audit at the supplier manufacturing process should be performed by SD following established guidelines.	Global Quality Director
F	11 th May 2023	5.1 RASI Chart updated for RPN calculation. 7.1 Added: ref process outlined in Appendix A Added Appendix A – Escalation Process Appendix B was Appendix A	Corporate Quality Systems Director
G	25 th April 2024	Branding Change 5 – Principle chart added 6 – Escalation limits changed 8.3.3 – Matrix Supplier Improvement Program added All other updates shown in Blue font	Global Supplier Quality Director