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 four (4) complaints are received from one supplier in any given rolling 12-month period. This is irrespective whether the complaint is a quality, warranty or OTD logistics concern different root cause, severity is formal and/or critical, repeated 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.

1.6. Internal escalation is performed on regional, operational level, based on operational or financial results, and guided by the Regional Quality Director. The monthly operational review can be the trigger for this. Internal escalation is not part of the scope for this procedure.

2. RESPONSIBILITIES:

2.1. The process owner of this procedure is the Regional Quality Director.

2.2. The process approver is the Regional Purchasing 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. RQD – Regional Quality Director

3.2. RPD – Regional Purchasing Director

3.3. SD – Supplier Development (pre-serial production - post 90 days).

3.4. SQA – Supplier Quality Assurance (post 90 days – serial production).

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)

3.8. OTD – On Time Delivery

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. CF-8-ALL-4206 - One Pager Escalation Template

4.8. Supplier Escalation Letter Stage 1 – 3

4.9. SBIC – Supplier Best In Class Audit

5. SUPPLIER COMPLAINT MANAGEMENT AND ESCALATION OVERVIEW

5.1. RASI Chart

Escalation	Plant Supplier Quality Assurance	Plant Logisitics	Plant Logistics Manager	Plant Quality Manager	Regional SQA Manager	Regional Logistics Director	Regional Quality Director	Regional Purchasing Director	TIFSSenior Management
Zero isssues	-	-	-	-	-	-	-	-	-
Escalation 0 ≤ Three (3) Concerns	R/S	R/S	A/S	A/S	I	I	I	-	-
Escalation 1 ≤ Four (4) Concerns RPN ≥ 100	R/S	R/S	A/S	A/S	I	I	I	I	-
Escalation 2 > Six (6+) Concerns RPN ≥ 100	S	S	S	A	S	S	I	R	I
Escalation 3 > Eight (8+) Concerns RPN ≥ 100 With No Improvement	S	S	S	A	S/A	S/A	S/A	R	I

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

5.4. Escalation 1 > Four Concerns

5.5. Escalation 2 > Six Concerns or Lack of effectiveness of implemented actions.

5.6. Escalation 3 > Eight Concerns or No improvement detected of the implemented actions.

5.7. At the direction of the Regional committee: Quality Director / Purchasing Director / Supplier Quality Director / Logistic Director / Supplier Development Director (when applicable),

discretionary escalation / de-escalation of non-safety related high quantity rejections or customer dissatisfaction issues can be made.

5.8. For each supplier escalated it is required to fulfil CF-8-ALL-4206 One Pager Escalation Template and share it with EMEA SQA team. This document should be updated until deescalation occurs.

6. ESCALATION PROCESS

6.1. Escalation 0

- Follow Supplier Concern Management Procedure CP-8-ALL-46
- Note for Critical / S/R/F complaints / concerns: Suppliers can be placed immediately into Escalation 3 at the discretion of the Regional Quality, Supplier Quality and / or Purchasing Director.

6.2. Escalation 1

- More than four (4) complaints 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/critical - informal complaints can be ignored for this escalation process.
    - All complaints are valid - cancelled / rescinded complaints should be ignored.
    - A management review / risk assessment has been conducted and approved prior to moving to escalation where applicable. Ref process outlined in Appendix A
    - Regional Quality, Supplier Quality, Regional Logistics and Regional Purchasing Directors will indicate a lead of escalation Level 1 initiated against the supplier in the Business Directory / SupplyOn.
    - Lead responsible function will arrange:

Escalation Letter Stage 1

- Local SQA / Logistic designees to update the draft letter with details of Supplier, Component Parts Numbers and Complaints.
- Local SQA / Logistic designees 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 local 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.
- Local 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, local 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.

6.3. Escalation 2

- Where a sixth complaint is confirmed, and lack of effectiveness of implemented actions are detected, ESCALATION LEVEL 2 should be initiated and based on the RASI. The lead responsible function will arrange:

Escalation Letter Stage 2

- Update draft letter with details of Supplier, Component Parts Number/s and Complaints and issue to Regional Quality SQA /Logistic/ Purchasing Directors for additional signature.
- Supplier Quality Management / Logistic Manager and or Purchase lead will indicate escalation level 2 initiated against the supplier in the Business Directory / Supply On
- The Purchase 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

- Purchasing / SQA / Logistic should arrange the review, ensuring sufficient additional resources are available as required (Regional Quality / PUR etc).

- During the review, the local 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, Regional Purchasing / SQA / Logistic should mandate implementation of CSL1 or where CSL1 was already implemented CSL2.

TI Process Audit at Supplier Manufacturing Facility

- An audit of the supplier manufacturing process should be led by Regional SQA/SD (when applicable) 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).

- The output of the meeting will be a written agreement between all parties of actions to be taken to improve.

- 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**.

6.4. Escalation 3

- Where additional, repetitive, or critical / S/R/F complaints occur and / or where a supplier does not proactively respond to previous escalation levels and/or implemented actions are not effective, the supplier will be moved to ESCALATION LEVEL 3 within the Business Directory and the Purchase Lead should arrange:

Escalation Letter Stage 3

- This letter will be issued by the Regional Purchasing Director or designee to the Supplier Senior Management and details higher level activity to follow.
- Supplier Quality / Logistics and Purchasing Regional Directors lead will indicate escalation level 3 initiated against the supplier in the Business Directory.
- Level 3 suppliers are considered a critical risk for TIFS and may result in a business hold situation, dependant on each supplier status.
- 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 Assesement / Actions
1	Ricor Ltd	2	4	4	49		59	5	8	5	200	Escalation level 3 / Certyfication 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.		5		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	Alfmeier Prazision Aktiengesellschaft Baugruppen Und Systemlosungen		5		3		8				0	Mandated supplier

Example

Risk Priority Calculation = S x O x D

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

Severity

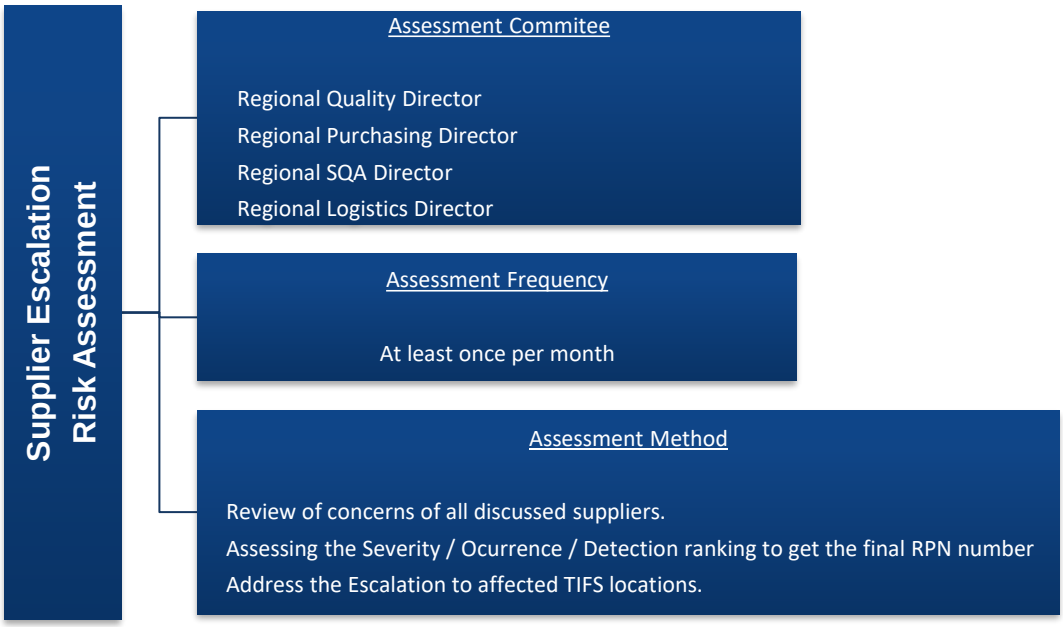
- Rank 1 (Minor) – Unreasonable to expect that the minor nature of the nonconformance will have any noticeable effect on the item, system performance, subsequent process, or assembly operation. Customer will most likely not be able to detect the nonconformance.
- Rank 2 – 3 (Low) – Due to the nature 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) – Non conformance 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 – Ipb max 1 000.
- Rank 2 (Very Low) – Only isolated nonconformances associated with this process or almost identical processes – Ipb 1 001 – 5 000
- Rank 3 – 5 (Low) – Isolated nonconformances associated with similar processes – Ipb 5 001 – 15 000
- Rank 6 – 7 (Moderate) – This process has occasional nonconformances, but not in major proportions – Ipb 15 001 – 25 000
- Rank 8 – 9 (High) – This process or similar processes have frequent nonconformances – Ipb 25 001 – 50 000
- Rank 10 (Very High) – Occurrence of nonconformance is almost inevitable – Ipb above 50 001.
- In case of Reoccurrence Rank to be increased by 1

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 Concerns (or 3 months after closure of all concerns). Timing can be modified depending on supplier and kind of issues.
- Quality improvement plan from supplier
- Closure of all ongoing 8Ds 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 concerns).
- 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.

Appendix B – Escalation Letter Template

(Cut and Paste to TIFS Letter Head Template)

Supplier Sales Manager dd-mm-yyyy
Supplier Name
Supplier address
Supplier location country

Supplier performance Escalation X (chose 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

Please submit the overview and the quality improvement plan before DDMMYYY to your TI Fluid Systems Supplier Quality Assurance representative. (SQA name from involved 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 **RESTRICTED** suspended from Bidding list for all new projects globally if no improvements are demonstrated.

(OR in case to Restricted)

Resulting from above your organization (production location) is being suspended from bidder list for all new projects globally and rated by colour **RESTRICTED** 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 XXXXX

Commodity Manager / Regional Purchasing Director SQAM / QD

7. 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	18th 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	18th 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	11th 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	25th 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
H	March 3rd 2025	4 – Principal chart removed 6 - Escalation process reviewed and updated 8.3.3. – Matrix Supplier Improvement Program Removed Overall wording reviewed and updated.	Supplier Quality EMEA Director
I	April 17th 2025	5.1 RASI Chart update	Supplier Quality EMEA Director