

Escalation procedure by GRAMMER

1. General information

The following escalation procedure is useful to guarantee a smooth production and project process as well as to identify problems at an early stage

The Escalation procedure of GRAMMER includes two different procedures:

- Project stage (development, pre-series)
- Series stage

The aims of the escalation procedure are:

- finding efficient solutions for problems during the supply relationship with the subcontractor
- guaranteeing a strategically balance between the interests of GRAMMER and the responsibility of the subcontractor
- making sure that all participants get to know their responsibility for an efficient troubleshooting

As a matter of principle every level of escalation follows the following process:



- root cause analysis
- formulation of problem
- coordination of an action plan for troubleshooting with responsibilities for the defined actions
- realisation of the coordinated action plan
- subjected to the result of the conducted actions there is a escalation to the next level of escalation or the escalation procedure can be closed

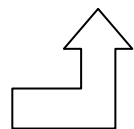
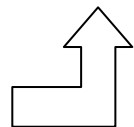
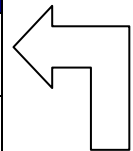
Any other rights of GRAMMER provided by contract or by chosen law are in addition to the escalation procedure and remain unaffected.

2. Description of both procedures:

2.1 Project stage



During the project stage the supplier develops the product according to the request of GRAMMER. The project stage ends with the relocation of the project to the respective subsidiary in compliance with the "Transfer Checklist Pilot hall to Plant" respectively effected discharging of the relevant process by the customer.

Content of the different levels of escalation	Coordination within GRAMMER	Responsible at supplier side
Normal project processing between project team of GRAMMER and supplier		
1st level of escalation: <u>Triggers:</u> <ul style="list-style-type: none"> development output / sample parts are not consistent with the requested status / quality exceeded deadlines actions are not efficient or were not implemented <u>Action(s):</u> Meeting with GRAMMER and the supplier about the deviation and the causes <u>Consequence(s):</u> Definition of necessary actions for troubleshooting Monitoring of the status reports concerning the implementation and the success	Advanced purchaser of the project team	Project management
Actions processed and successful  No		Yes
2nd level of escalation: <u>Triggers:</u> Declarations of 1st level of escalation are not efficacious <u>Action(s):</u> <ul style="list-style-type: none"> Meeting with GRAMMER (team leader ASCM) and supplier (head of department) to address problems and define necessary actions for the troubleshooting if necessary there can be taken place an on-site-analysis by a project team (coordination of the analysis by team leader ASCM) <u>Consequence(s):</u> Take actions for an efficient troubleshooting Monitoring of the status reports concerning implementation and success	Team leader ASCM	Management
Actions processed and successful  No		Yes
3rd level of escalation: <u>Triggers:</u> Declarations of 2nd level of escalation are not efficacious <u>Action(s):</u> <ul style="list-style-type: none"> High-level Meeting with GRAMMER (Head of SCM department) and supplier (executive board) If necessary „New Business on Hold“, which means temporary inhibit of the supplier for other project requests <u>Consequence(s):</u> <ul style="list-style-type: none"> Analysis by the supplier development Definition of an action plan as result of the high level meeting between GRAMMER (Head of SCM department) and supplier (executive board) respectively the on-site-analysis by the supplier development of GRAMMER If necessary cancellation of the project request and withdraw of tools nomination of new suppliers eventually complete phase-out of the supplier 	Head of SCM department (Automotive/ Seating), if necessary head of Commodity Management	Executive board



Series stage

The series stage starts with the “start of production” (SOP) at the relevant plant and includes the series delivery.

Content of the different levels of escalation	Coordination within GRAMMER	Responsible at supplier side
1st level of escalation: Regular series delivery with self-dependent compliant processing of the supplier →cf. chapter 5.3 Processing of Complaints	Responsible Quality-employee at the subsidiary	Responsible Quality-employee
2nd level of escalation: <u>Triggers:</u> <ul style="list-style-type: none"> quality and logistics requirements were not compassed actions from 1st level of escalation were not effective <u>Action(s):</u> <ul style="list-style-type: none"> supplier information about the deviations from aims meeting with GRAMMER and supplier elaboration and presentation of an action plan by the supplier <u>Consequence(s):</u> <ul style="list-style-type: none"> If necessary 100% checking of fault characteristics Marking of deliveries / parts until process capability is achieved again Presentation of the troubleshooting-process If needed, definition of other individual actions 	Head of department at the subsidiary (Log + Q)	head of department
Actions processed and successful  No		Yes
3rd level of escalation: <u>Triggers:</u> Declarations of 2nd level of escalation are not efficacious <u>Action(s):</u> <ul style="list-style-type: none"> High level meeting with GRAMMER (head of purchasing department) and supplier (plant management) If needed on-site-analysis by the supplier development of GRAMMER <u>Consequence(s):</u> Definition of an action plan as result of the meeting and the on-site-analysis	Commodity Manager	Plant management
Actions processed and successful  No		Yes
4th level of escalation: <u>Triggers:</u> Problems between GRAMMER and supplier could not be solved out with the aid of escalation level 1 to 3 <u>Action(s):</u> <ul style="list-style-type: none"> Meeting with GRAMMER (head of commodity management) and supplier (executive board). Definition of the essential required steps If needed „New Business on Hold“, which means temporary inhibit of the supplier for other project requests. <u>Consequence(s):</u> <ul style="list-style-type: none"> Analysis by the supplier development of GRAMMER Definition of an action plan as result of the meeting and the on-site-analysis Last probationary period Potential deflection of delivery quotas or completely phase-out of the supplier 	Head of Commodity Management	Executive board

