

## P.STM.035.An.02 Supplier Performance Escalation Levels

Level	Level Name	Trigger - Incidents	Trigger - ppm	Trigger - Audit results	Trigger - Others	Actions	Timing	Reporting	Exit Criteria	Tools/Templates	Level Supplier Quality (A)	Level Commodity (A)	Level Region (I)	Expected Level Supplier
-	Normal Business - Monitoring (Supplier Quality Report and Scorecard from Supplier Evaluation)	Tracked in BI	Tracked in BI	Tracked in Global Audit Program	Assessment of daily work with supplier	non	Monthly			SAP BI Supplier Quality Reporting Audit Program List	STE			
SPEL0	Quality Notification (QNO)	Being among the Worst 25 globally (current month) Being into regionally defined worst X (current month)  [only if not already in escalation]  [not applicable when supplier achieves there individual targets]				Letter to supplier [only if not already in escalation] with information about deviation and warning to enter into the escalation programm if still amongst the 25 suppliers for a 3 month period.  Letter have to send out including: - SAP BI Supplier Evaluation printout - Explanation BENTELER Supplier Evaluation - Supplier Performance Escalation Levels	Monthly	Escalation overview	No claim rolling 3 month.	Information Letter  SAP BI Supplier Evaluation printout  Explanation BENTELER Supplier Evaluation  Supplier Performance Escalation Levels	STE	Commodity Buyer Info Commodity Manager	P_QM Incoming	QM Management
SPEL1	Improvement Action Plan (IAP)	Being among Worst supplier list three months in a row (or 6 of last 12 months) [not applicable when supplier achieves there individual targets]  Failed to achieve Supplier specific targets (if available) for a three months period  Repetitive incidents (same root cause) Incidents with Customer impact	Failed to achieve Supplier specific targets (if available) for a three months period	Process Audit VDA B	Problems with supplier in project phase - not meeting timing - insufficient APQP - technical issues  Problems with supplier in series deliveries - capacity and delivery issues - requalification	Information letter to supplier about raise of escalation (letter). Request of self-driven problem analysis and action plan. Optional: Shop Floor Assessment. (also as self assessment) If delivered part quality is reason for escalation): Controlled Shipping Level 1 (additional 100% check by supplier) with communication to STE	3 months  (Prolongation possible when improvement is visible but needs more time)	Escalation overview Two pager (Overview + Action Plan)  Results of CSL1 documented and return to STE	Closed, verified action plan. Validation check for the closed actions finished by the supplier. In case of quality issues covered by CSL1 evidence of 3 deliveries without any nok parts. One pager for exit with following information: 1. Reason for escalation, 2. Current (improved) performance, 3. Recommendation of STE	Information Letter T.PU.057 Status Report Template (BI report) Problem Solving Methods Shop Floor Assessment CSL1  Exit Letter T.STM.035.4 One Pager exit	STE	Commodity Buyer Info Commodity Manager  For Directed Buy: Information to Customer	P_QM Incoming	QM Management Info to Plant Management
SPEL2	Focus Supplier Programm (FOC)	Incident with severe customer impact (e.g. raise of escalation level at customer)  Not meeting reduction target of Improvement Action Plan	Not meeting reduction target of Improvement Action Plan	Process Audit VDA C or Yellow/B with insufficient or late action plan (or other audits, e.g. customer)	Not meeting expected improvement of IAP (SPEL1) including defined CSL1 targeds  Changes without approval  If the supplier loses the IATF 16949 certification but retains the ISO 9001 management certification.	Information letter to supplier about raise of escalation. Kick-Off meeting Initial Process Audit VDA 6.3 (or Shop Floor Audit) with focus on problem area Target Agreement for SPEL2 closure Regular STE visits (at least one per month, more if necessary) Action plan acc. to problems If delivered part quality is reason for escalation): Controlled Shipping Level 2 (additional 100% check by 3rd party) Optional: Supplier Development (e.g. trainings, moderation) Regular status meetings (face-2-face minimum one per month + weekly telephone conference) Closing Process Audit VDA 6.3 (full) Closure meeting Official Exit letter Cost re-imburement In case of loses the IATF certification individual decisions will be taken by BENTELER management. (BENTELER) must make sure (by visits, audits, meetings, verifications) that the supplier does fulfill the requirements for product, BENTELER (BSQR) customer (CSR) and all league requirements.	4 months  (Prolongation possible when improvement is visible but needs more time)	Escalation overview Focus Report (Target overview, Problem Overview + Topic specific A3 sheets)  Results of CSL2 documented and return to STE	T.STM.035.2 Problem solving A3 sheets closed and validation check done. 5 deliveris in raw without any NOK parts in CSL2. Target agreement achieved.  One pager for exit with following information: 1. Reason for escalation, 2. Current (improved) performance, 3. Recommendation of STE	Information Letter T.STM.035.1 (including BI status report) Kick-Off Meeting Agenda T.STM.035.3 Target Agreement Template T.STM.035.2 A3 Problem solving sheets Status Report Template Problem Solving Methods Process Audit VDA6.3 CSL2 Cost Tracking Sheet  Exit Letter T.STM.035.4 One Pager exit	STM Manager/ Director	Commodity Manager/ Director Info Procurement Director  For Directed Buy: Information to Customer	P_QM Management	Plant Management / Director's Level
SPEL2+	Supplier Not sourceable (NSB)	Performance not sufficient after four months in FOC	Performance not sufficient after four months in FOC	Performance not sufficient after four months in FOC	Performance not sufficient after four months in FOC  Not avoided defined CSL2 targeds	<b>Note: This Level requires prior approval via T.STM.035</b> Officially, FOC is being continued with additional option to send Resident Engineer to supplier at supplier's expense. BENTELER-internally, supplier is to be listed as NSB and no new business is to be awarded (without communication towards supplier!) Nomination not permitted.	2 months  (Prolongation possible when improvement is visible but needs more time or if next escalation is not possible (e.g. Directed suppliers)	= SPEL 2	= SPEL 2	= SPEL 2 + Supplier Escalation Request Form T.STM.035	STM Manager/ Director	Commodity Manager/ Director Info Procurement Director  For Directed Buy: Escalation to Customer	P_QM Management	Plant Management Info to CEO
SPEL3	New Business Hold (NBH)	Not meeting reduction target after two month in NSB Program	Not meeting reduction target after two month in NSB Program	Not meeting reduction target after two month in NSB Program	Not meeting reduction target after two month in NSB Program  If the supplier loses the IATF 16949 certification and the ISO 9001 management certification.	<b>Note: This Level requires prior approval via T.STM.035</b> To be defined case specific. If delivered part quality is reason for escalation: NSB actions and CSL continued. Notification to the certification body (by supplier) RFQ and nomination not permitted.  In case of loses the IATF certification individual decisions will be taken by BENTELER management. (BENTELER) must make sure (by visits, audits, meetings, verifications) that the supplier does fulfill the requirements for product, BENTELER (BSQR) customer (CSR) and all league requirements.	To be defined case specific. Minimum 3 months	= SPEL 2	= SPEL 2	= SPEL 2 + Supplier Escalation Request Form T.STM.035 + Letter including request to notify certification body	VP-STM	VP-Proc./ Market Proc. Director  For Directed Buy: Escalation to Customer	Plant Manager + Regional Quality Director	CEO/Owner
SPEL4	Phase Out (PHO)	No willingness or capability of supplier to get out of NBH	No willingness or capability of supplier to get out of NBH	No willingness or capability of supplier to get out of NBH	No willingness or capability of supplier to get out of NBH	<b>Note: This Level requires prior approval via T.STM.035</b> Special process - Manage Supplier Phase Out	To be defined case specific. (Active or passive Phase-out)	non	non	- Supplier Escalation Request Form T.STM.035 - Information Letter T.STM.035.1	VP-STM	VP-Proc. For Directed Buy: Escalation to Customer	President BAC Market / President BAM Market	CEO/Owner

**General rule:** In case of severe problems (Fraud, Risk cases etc.) any higher escalation level can be entered directly / Actions described the minimum standard, any additional / harder actions can be added if deemed necessary.