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1 Object

This document describes the escalation process of NIDEC GPM GmbH, for suppliers of production materials and related services, such as coating, heat treatment, etc.

2 Description

2.1 Reasons

The reasons for the escalation process can be:

- Classification as C-supplier through the supplier evaluation and lack of feedback from quality improvement measures within the prescribed period
- Accumulation of quality problems
- Accumulation of supply problems
- Conspicuous in supplier monitoring

2.2 Procedure

Standard procedure

In the standard procedure, deliveries are randomly checked and objected by means of a complaint if they deviate from specifications. After a complaint for individual deliveries, NIDEC GPM may request a special audit by the supplier, e.g. a 100% inspection of the next three deliveries. This requirement applies to the objected feature and the objected product.

Furthermore, there is no conspicuity in supplier monitoring (e.g. supplier rating, black list, quality of supply).

Escalation Level S1 – Intensified procedure

If the quality related problems caused by the supplier keep adding up, NIDEC GPM can place increased demands on the supplier to examine the goods, respectively an improvement of the processes which are involved in the production process. In this case, the supplier management employee responsible for the material groups informs the supplier's quality department formally by means of a status report about the reason for the classification, the conditions and the date of the next assessment.

If the supplier implements suitable corrective measures and causes no further complaints over a period/ number of deliveries specified by NIDEC GPM, respectively the reason for escalation is proved eliminated, the supplier will be moved again to Level 0.

Escalation Level S2 - Warning

If the supplier causes further quality problems during the period in which he is placed on escalation level S1, he is moved to Escalation Level S2. In this case, the manager of the supplier management informs the quality department of the supplier formally by means of a status report about the reason for the classification, the conditions and the date of the next assessment.

Classification to Escalation Level S2 can also occur if

- particularly critical defects are present
- there is a lack of feedback with regard to quality improvement measures after classification as a C-supplier

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If the supplier implements suitable corrective measures and causes no further complaints over a period/ number of deliveries specified by NIDEC GPM, respectively the reason for escalation is proved eliminated, the supplier will be moved again to Level 1.

Escalation Level S2 – Blocked for new projects

If all activities do not lead to a significant improvement in process and product quality as well as process performance, the supplier is blocked temporarily for enquiries by the NIDEC GPM Purchasing Department by assigning him the status *blocked temporarily for new projects*. In this case, the NIDEC GPM Purchasing Department informs the Company Management of the supplier formally by means of a status report about the reason for the classification, the conditions and the date of the next assessment.

Classification to Escalation Level S3 can also occur if

- the certification of the quality management system is three months beyond its expiry period or is invalid
- the supplier does not cooperate sufficiently in the necessary corrective measures
- the supplier does not cooperate sufficiently to reach automotive like product and process quality respectively process performance
- there is permanently insufficient security of supply

The withdrawal of the "Blocked for new projects" status is only possible after an effectiveness verification by GPM.

Escalation Level S4 - Exclusion

If, despite receiving support from NIDEC GPM, no significant improvement in process and product quality as well as process performance is achieved or if the specified conditions are not met, the supplier will be permanently excluded from new business and a change of supplier is conducted as soon as possible.

2.3 Conditions

Condition for level 1 - Controlled Supplier (GL-St 1)

Controlled Supplier Level 1 (CS-L 1) means that besides the normal scope of inspection, the supplier must also perform an additional 100% inspection for specified item numbers and characteristics before each delivery to NIDEC GPM. These and the documentation requirements are communicated to the supplier in the status report. The tested products and the packaging must be also separately marked. The nature and content of the labelling must be agreed upon with NIDEC GPM.

Condition for level 2 - Controlled Supplier (GL-St 2)

Controlled Supplier Level 2 (CS-L 2) means that besides the normal scope of inspection, the supplier must also engage an external service provider to perform an additional 100% inspection for specified item numbers and characteristics before each delivery to NIDEC GPM. Incurred costs are to be borne by the supplier. These and the documentation requirements are communicated to the supplier in the status report.

The supplier has to provide the external service provider with a sorting statement, which must be previously approved by NIDEC GPM. He is responsible for the proper execution of the sorting work, the documentation of the results and the quality of the products supplied.

The tested products and the packaging must be also separately marked. The nature and content of the labelling must be agreed upon with NIDEC GPM.

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Condition for level 3 - Controlled Supplier (GL-St 3)

Controlled Supplier Level 3 (CS-L 3) means that there is a need for involvement of a third party to reach a problem solving. With the help of utilisation of special methods (e.g. SixSigma, DFSS (designed for Six Sigma), DoE (design of experiments), DMAIC (define – measure – analyse – improve – control)) the problem shall be solved prompt and effectively.

NIDEC GPM reserves the right to determine the supporting third party. The use will be charged to the origin of the problem.

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3 Documentation/ further applicable documents

Supplier escalation – status report:

Angaben zum Lieferant / Information to supplier			
Name		Standort Location	
Ansprechpartner Contact person		Lief.-Nr. Supplier code	
E-Mail		Phone	
Angaben GPM / Information GPM			
Ansprechpartner Contact person		Abteilung Department	
E-Mail		Phone	
Angaben zum Produkt / Information to product			
Referenz-Nr. Item number		Bezeichnung Name	
☐	 Eskalationsstufe S 1 / Escalation level S1 verschärfter Ablauf / Intensified procedure		☐ GL-St 1 (100% inspection) ☐ GL-St 2 (100% inspection external) ☐ GL-St 3 (3 rd party)
Grund für Einstufung/ Auflagen Reason for classification/ conditions			
Termin bis zur nächsten Einschätzung Date of next assessment			
Datum Date	Name/ Unterschrift/ Funktion Name/ signature/ role	Datum Date	Name/ Unterschrift Lieferant Name/ signature supplier
☐	 Eskalationsstufe S 2 / Escalation level S2 Warnung / Warning		☐ GL-St 1 (100% inspection) ☐ GL-St 2 (100% inspection external) ☐ GL-St 3 (3 rd party)
Grund für Einstufung/ Auflagen Reason for classification/ conditions			
Termin bis zur nächsten Einschätzung Date of next assessment			
Datum Date	Name/ Unterschrift/ Funktion Name/ signature/ role	Datum Date	Name/ Unterschrift Lieferant Name/ signature supplier
☐	 Eskalationsstufe S 3 / Escalation level S3 Gesperrt für Neuprojekte (GFN) / Blocked for new projects		☐ GL-St 1 (100% inspection) ☐ GL-St 2 (100% inspection external) ☐ GL-St 3 (3 rd party)
Grund für Einstufung/ Auflagen Reason for classification/ conditions			
Termin bis zur nächsten Einschätzung Date of next assessment			
Datum Date	Name/ Unterschrift/ Funktion Name/ signature/ role	Datum Date	Name/ Unterschrift Lieferant Name/ signature supplier
☐	 Eskalationsstufe S 4 / Escalation level S4 Aussteuern (Ersetzen des Lieferanten) / Exclusion (substitution of supplier)		
Der Lieferant ist für GPM-Qualität nicht geeignet. The supplier isn't suitable for GPM quality.			
Datum Date	Name/ Unterschrift/ Funktion Name/ signature/ role	Datum Date	Name/ Unterschrift Lieferant Name/ signature supplier
Aufhebung der Auflagen / Abolishment of conditions			
Bemerkungen Remarks			
Datum Date	Name/ Unterschrift/ Funktion Name/ signature/ role		