



Supplier Escalation Procedure

1. 目的 Purpose

The supplier escalation process is followed when a supplier's performance continues to reflect poor management, lack of resources, lack of commitment, continuous degradation of quality and/or delivery, or has a significant high-visibility negative impact on any of TE Auto China plant.

当供应商的绩效继续反映出管理不善、缺乏资源、缺乏承诺、质量和/或交付表现持续下降，或者对任何 TE Auto 中国工厂产生显著的负面影响时，就需要遵循供应商升级流程。

2. 范围 Scope

This procedure is valid for all TE Auto China A type Supplier (Direct Material/component).

此程序文件适用于所有 TE 中国事业部 A 类供应商（直接物料）

3. 相关文件 References

Supporting references mentioned throughout this document.

相关支持文件如下所示

Ref #	Doc. #	Title	Filename / Location
1	102-86006	Supplier Management Procedure	DM.Tec
2	102-86007	Purchasing Procedure	DM.Tec
3	TE05W-0001	Incoming Inspection Control Procedure	DM.Tec
4	102-86054	Supplier Quality Assurance Manual	DM.Tec
5	102-86019	Nonconformity Raw Material Control Procedure	DM.Tec
6	TE05W-9014	Supplier Process Audit WI	DM.Tec
7	TE05W-9012	Supplier CIP WI	DM.Tec
8	TEC-1003	Supplier Performance and Reporting and CIP	DM.Tec
9	TEC-1005	Total Quality Management Requirement for Supplier	DM.Tec
10	GAD-CN-0298	Control Shipping Letter& Supplier Escalation Product tracking chart	DM.Tec
11	GAD-CN-0299	SQIP Letter	DM.Tec
12	GAD-CN-0300	NBH approval document	DM.Tec

4. 定义 Definitions

a) 缩写 Acronyms

Acronyms	Acronyms Meaning
SQE	Supplier Quality Engineer
TECHS	TE Complaint Handling System
SQIP	Supplier Quality Improvement Process
CS1	Control Shipping Level 1
CS2	Control Shipping Level 2
NBH	New Business Hold
FAI	First Article Inspection
PPAP	Production Part Approve Process

b) 定义 Definitions

Terms	Definitions
Score Card	Supper rating process
Top Focus	Shor term, focused process championed by a SQE

5. 变更历史 Revision Changes

Rev. #	Revision Date	Author	Approver	Change contents
A	22 03 2018	Lily Fu	David Zhu	New
B	19 03 2021	Lily Fu	David Zhu	Change the trigger Criteria for escalation
C	01 11 2021	Lily Fu	David Zhu	Change the trigger Criteria for escalation
D	20 02 2023.	Lily Fu	David Zhu	Change the trigger Criteria for escalation
E	26.03.2024	Lily Fu	David Zhu	Add Supplier Escalation Product tracking chart

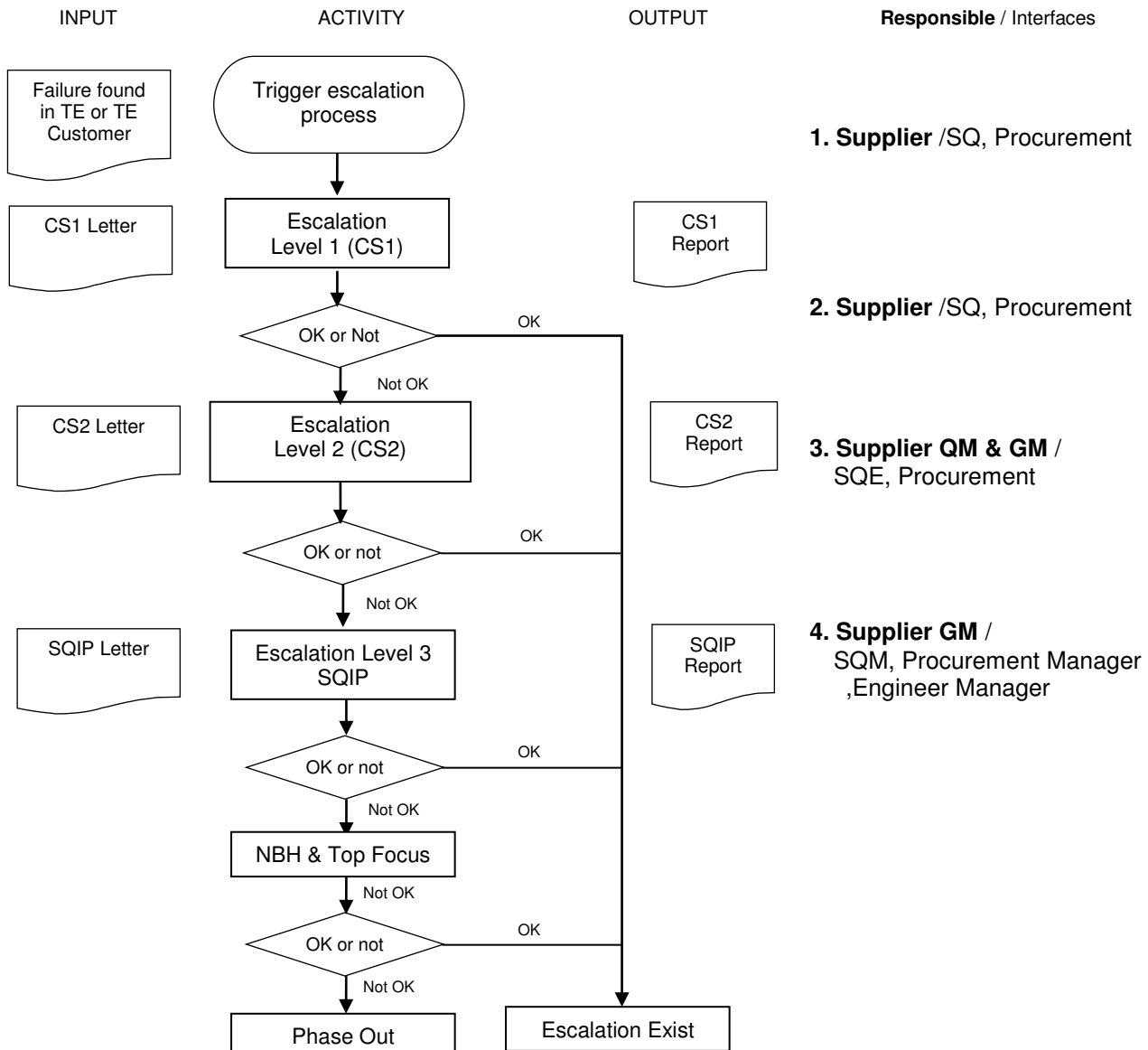
6. 记录 Record Requirements

No	Record No	Record Name	Record completed by	Retention period	Record Retention owner	Retention medium
1	/	Scorecard	Scorecard system	Permanent	Scorecard system	
2	GAD-CN-0298	CS1,2 Record	Supplier	Supplier	1 Year	
3	GAD-CN-0299	SQIP Record	Supplier	Supplier	1 Year	
4	GAD-CN-0300	NBH approval documents	Supplier	Supplier	1 Year	
5	GAD-CN-0358	Supplier Escalation Product tracking chart	Supplier	Supplier	1 Year	

7. 测量指标 Measure Of Performance (MOP's)

Measurable	Unit	Frequency	Reporting Tool
CCR	pcs	Quarterly	Scorecard
DLPM	PPM	Quarterly	Scorecard
5D Response time	Day	Quarterly	Scorecard
FAI/PPAP On time	Rate	Quarterly	Scorecard
Total New Launch CCR	pcs	Quarterly	Scorecard
Repeat Issue	pcs	Quarterly	Scorecard
Quality Service	Low/poor	Quarterly	Scorecard

8. 流程 Process Description



Escalation Level 1 (CS 1)	
TE Responsible	SQE , Procurement (Approved by SQM,Procurement Manager)
Supplier Responsible	质量经理 QM
Trigger Criteria	<ul style="list-style-type: none"> ● 同类质量问题在措施导入后仍无改善导致 TE 产线重复问题发生（重复问题是指在同样的失效被发现前此问题时改善措施已经完成，时间周期为连续 24 个月）； Similar quality issue repeated in TE production line after improvement actions lead in (repeat issue means same failure happened after the completion of the improvement actions implementation, time period is consecutive 24 months.) ● 由于质量异常，造成 TE 生产线停线超过 24 小时； Due to quality abnormal, cause TE production line down above 24H. ● 有质量异常发生(TE 及 TE 客户端), 投诉超过 30 天但是 5D 仍没有结案。 Occur quality abnormal in TE or TE customer, complaint occurred over 30 days, but the 5D still not be closed.
TE Actions	<ul style="list-style-type: none"> ● 供应商质量投诉 Supplier quality complaint ● 发起 CS1 信函 Trigger CS1 letter notification ● 供应商索赔，退货 Supplier claim, goods return ● 定义退出原则，并明确定义到信函里面。 如：确认改进措施有效且完全导入，退出时间由 TE 定义。 Define the exit criteria and clearly defined into the letter notification, for example: verify the effectiveness of the improvement actions and ensure the thorough implementation and lead in, exit time defined by TE.
Supplier Actions	<ul style="list-style-type: none"> ● 定期召开质量会议，供应商参与人需包括分管质量的经理及相关部门高级专家； Regularly call quality meeting, the supplier participant should be the quality manager and the related departmental advanced expert. ● 供应商至 TE 汇报质量问题，汇报人员为分管质量的最高级别经理或以上； Supplier on spot TE to report quality issue, the reporting personnel should be the quality head who is the highest level manager in charge of quality department or above. ● 供应商自主 100%发运控制； Supplier proactively trigger 100% control shipment. ● 基于 TE 要求，完成并提交 8D。 Based on TE requirement to submit and accomplish 8D

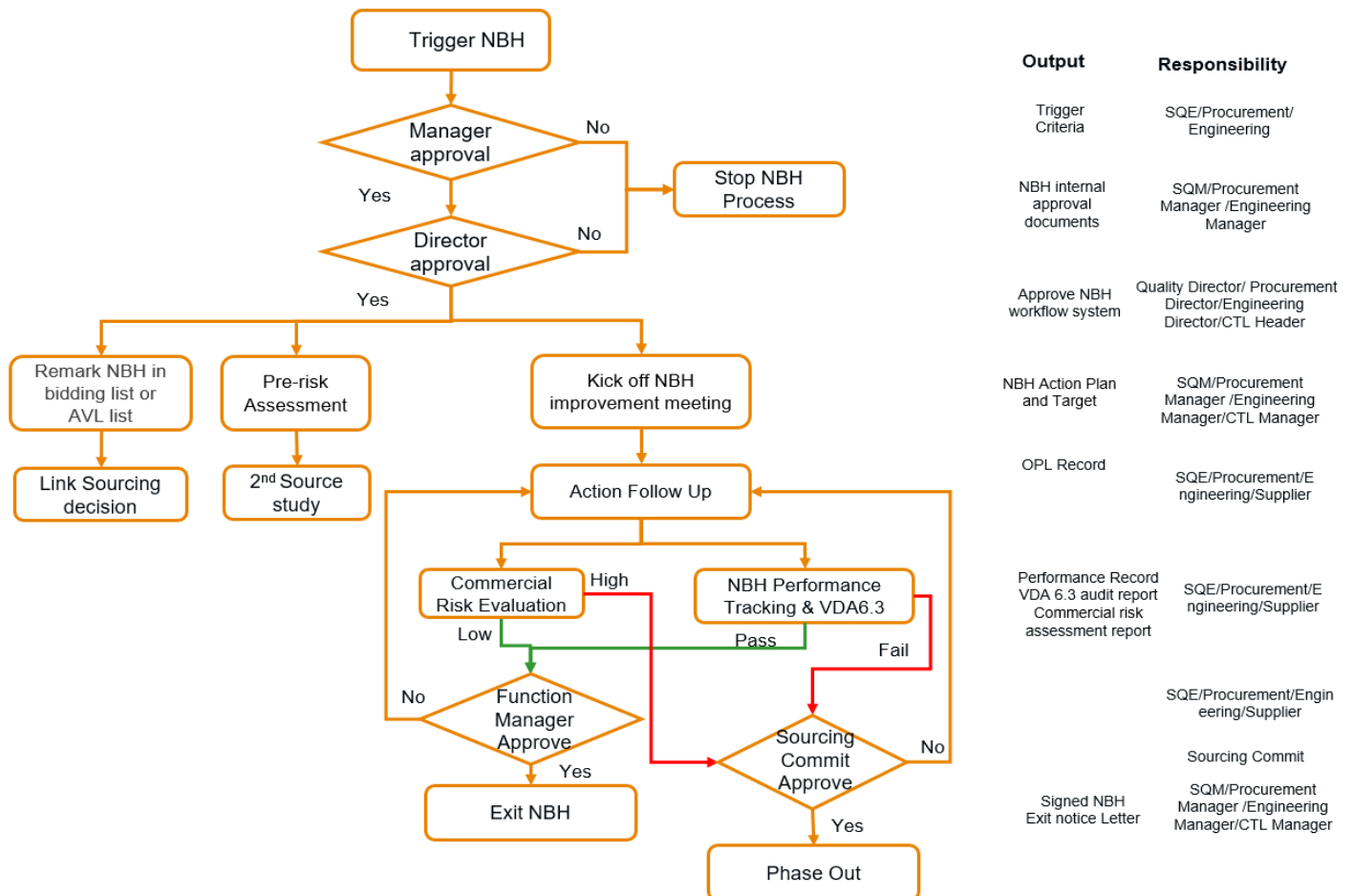
Escalation Level 2 (CS 2)	
TE Responsible	SQE, Procurement (Approved by SQM, Procurement Manager)
Supplier Responsible	GM
Trigger Criteria	<ul style="list-style-type: none"> ● CS1 措施导入后仍无改善，在既定时间内无法退出； After CS1 actions implement but without improvement, can't be exit within the target time. ● 收到 2 个及 2 个以上 CS1 信函； Receive two or above CS1 letter. ● 由于质量异常，造成 TE 客户停线； Due to quality abnormal, cause TE customer line down. ● 由于质量异常，导致 TE 客户重复投诉； Due to quality abnormal, cause TE customer repeat complaint. ● 有质量异常发生(TE 及 TE 客户端), 投诉超过 60 天但是 5D 仍没有结案。 Occur quality abnormal in TE or TE customer, complaint occurred over 60 days, but the 5D still not be closed. ● 供应商私自变更，未按要求通知 TE 相关部门。 Supplier privately change without permission, not follow requirement to notify TE related department.
TE Actions	<ul style="list-style-type: none"> ● 供应商质量投诉 Supplier quality complaint ● 发起 CS2 信函 Trigger CS2 Letter notification ● 供应商索赔，退货 Supplier claim, goods return ● 定义退出原则，并明确定义到信函里面。 如：确认改进措施有效并已完全导入，退出时间由 TE 定义。 Define the exit criteria and clearly defined into the letter notification, for example: verify the effectiveness of the improvement actions and ensure the thorough implementation and lead in, exit time defined by TE.
Supplier Actions	<ul style="list-style-type: none"> ● 定期质量会议，供应商参与人需包括总经理及公司内外部高级专家； Regularly call quality meeting, the supplier participant should be GM, plus the company internal and external advanced experts. ● 供应商至 TE 汇报质量问题，汇报人员为供应商总经理； Supplier on spot TE to report quality issue, the reporting personnel should be supplier GM. ● 供应商自主 100%发运控制； Supplier proactively trigger 100% control shipment. ● 供应商联系 TE 指定第三方进行 100%发运控制； Supplier contact TE designated third party to perform 100% controlled shipment. ● 对过程重新分析和内部审核； Re analyze of the process and conduct internal audit. ● 基于 TE 要求，完成并提交 8D。 Based on TE requirement to submit and accomplish 8D

Escalation Level 3 (SQIP)	
TE Responsible	SQM, Procurement Manager, Engineering Manger (Involve Quality Director, Procurement Director, Engineering Director)
Supplier Responsible	GM
Trigger Criteria	<ul style="list-style-type: none"> ● CS2 措施导入后仍无改善，在既定时间内无法退出； After CS2 actions implement but still without improvement, can't be exit within the target time. ● 质量目标连续两个季度未达成； Quality goal not achieved for consecutive two quarters. ● 由于质量异常，导致 TE 向供应商投诉索赔的金额大于 150, 000 美元； Due to quality abnormal, cause TE claim cost to supplier above 150,000 U.S. dollars. ● 由于质量异常，导致 TE 客户向 TE 发起升级； Due to quality abnormal, cause TE customer initiate escalation to TE. ● 在 CS2 阶段，其他料号仍触发 CS1 或 CS2 升级。 During CS2 phase, other P/N be triggered CS1 or CS2 escalation.
TE Actions	<ul style="list-style-type: none"> ● 发起 SQIP 信函，启动 SQIP 会议 Initiate SQIP letter notification, trigger SQIP meeting ● 供应商质量投诉 Supplier quality complaint ● 要求供应商给出改善计划 Request supplier to provide improvement plan ● 供应商索赔，退货 Supplier claim, goods return ● 过程审核（按 VDA6.3 条款） Process audit (according to VDA 6.3 clause and requirement) ● 定义退出原则，并明确定义到信函里面。如：确认改进措施有效并已完全导入，退出时间由 TE 定义。 Define the exit criteria and clearly defined into the letter notification, for example: verify the effectiveness of the improvement actions and ensure the thorough implementation and lead in, exit time defined by TE.
Supplier Actions	<ul style="list-style-type: none"> ● 建立 SQIP 小组，组长为 GM，制定 SQIP 的 KPI Establish SQIP group, group leader should be GM, make the KPI for SQIP. ● 定期质量会议，供应商参与人需包括总经理及公司内外部高级专家； Regularly call quality meeting, the supplier participant should be GM, plus the company internal and external advanced experts. ● 供应商至 TE 汇报质量问题。汇报人员为供应商总经理； Supplier on spot TE to report quality issue, the reporting personnel should be supplier GM. ● 供应商自主 100%发运控制； Supplier proactively trigger 100% control shipment. ● 基于 TESQE 识别的风险料号，供应商联系 TE 指定第三方进行 100%发运控制； Based on TE SQE recognized risk P/N, supplier contact TE designated third party to perform 100% controlled shipment. ● 对过程重新分析和内部审核； Re analyze of the process and conduct internal audit. ● 基于 TE 要求，完成并提交 8D。 Based on TE requirement to submit and accomplish 8D.

Top Focus & New Business Hold		
TE Responsible	SQM, Procurement Manager, Engineering Manger (Approved by Quality Director, Procurement Director, Engineering Director, CTL Header)	
Supplier Responsible	GM	
Trigger Criteria	<ul style="list-style-type: none"> ● SQIP 在既定时间内无法退出; SQIP can't be exit within the target time. ● 供应商未通过 TE Suzhou 的审核; Supplier hasn't passed the TE Suzhou audit. ● IATF 16949 体系证书被取消; IATF 16949 certification be cancelled. ● 由于质量异常, 造成 TE 客户向 TE 提起法律诉讼; Due to quality abnormal, cause TE customer initiate lawsuit to TE. ● 因供应商原因造成的重大商务风险; (比如: 恶意涨价, 配合意愿度低, 供应商财务风险) Due to supplier reason led to serious business risk. (such as malicious cost up, low willingness cooperation, supplier financial risk) ● 经查证泄漏 TE 的模具图纸和技术数据等相关技术给第三方或者 TE 竞争对手; Supplier maliciously divulge TE's mold drawings and technical data and other related technologies to third parties or TE competitors. ● 不按照合同配合 TE 工程提供 (TE 所属权) 模具图纸和技术数据。 Do not cooperate with TE engineering in accordance with the contract to provide (TE ownership) mold drawings and technical data. 	
TE Actions	<ul style="list-style-type: none"> ● 内部发起 NBH 批准文件 Initiate NBH internal approval documents ● 要求供应商给出改善计划 Request supplier to submit improvement plan ● 研究备选供应商, 制定下一步计划 Look for alternative supplier, and make the next step plan ● NBH 时间原则上至少 6 个月 NBH time is at least 6 months in principle ● 改善后重新进行供应商风险评估 Carry out supplier risk assessment again after improvement 	<ul style="list-style-type: none"> ● 供应商索赔, 退货 Supplier claim, goods return ● 重新过程审核 (按 VDA6.3 P2~P7 条款要求) Process audit (according to VDA 6.3 P2~P7 clause and requirement) ● 定义退出原则, 如: 确认改进措施有效并已完全导入, 退出时间由 TE 定义。 Define the exit criteria, for example: verify the effectiveness of the improvement actions and ensure the thorough implementation and lead in, exit time defined by TE ● 在 2 周内跟供应商 Kick off NBH 改善会议 (会议上成立专案改善团队, 明确定义退出原则和 review 机制) Kick off NBH improvement meeting within two weeks (Build the project improvement team, clearly define the exit principle and the review mechanism.)

Supplier Actions	<ul style="list-style-type: none"> ● 建立 Top Focus 小组，组长为 GM，制定改善计划和 KPI； Establish the Top Focus group, GM as the group leader, work out the improvement plan and KPI. ● 定期质量会议，供应商参与人需包括总经理及公司内外部高级专家； Regularly call quality meeting, the supplier participant should be GM, plus the company internal and external advanced experts. ● 供应商至 TE 汇报质量问题，汇报人员为供应商总经理； Supplier on spot TE to report quality issue, the reporting personnel should be supplier GM. ● 供应商自主 100%发运控制； Supplier proactively trigger 100% control shipment. ● 基于 TE SQE 识别的风险料号，供应商联系 TE 指定第三方进行 100%发运控制； Based on TE SQE recognized risk P/N, supplier contact TE designated third party to perform 100% controlled shipment. ● 对过程重新分析和内部审核 Re analyze of the process and conduct internal audit. ● 基于 TE 要求，完成并提交 8D。 Based on TE requirement to submit and accomplish 8D.
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9. NBH 流程图 New Business Hold Workflow



Remark: 1) Pre-risk assessment 主要基于触发 NBH 原因, 供应商 spending 占比, 可替代性和客户批准进行整体评估;

The Pre-risk assessment is mainly based on NBH trigger criteria, supplier spending ratio, substitutability and customer approval and other dimensions for overall assessment;

2) 因供应商商务风险(恶意涨价, 配合意愿度低, 供应商财务风险)触发的 NBH,退出标准如下:

For NBH triggered by suppliers' business risks (malicious price increases, low willingness to cooperate, supplier financial risks), the exit criteria are as follows:

- 恶意涨价: 供应商价格恢复正常水平并能持续成本降低;

Malicious price increases: Supplier prices return to normal levels and can continue to reduce costs;

- 配合意愿度低: 跨部门 (采购/工程/质量/MC) VOC, 最终评估结果为满足 Satisfactory 以上;

Low willingness to cooperate cross-function (purchasing/engineering/quality/MC) VOC, the final evaluation result is above satisfactory;

- 供应商财务风险: 基于供应商最新财务状况联合 TE 财务做财务风险评估的结果是低风险;

Supplier financial risk: The result of financial risk assessment based on the latest financial status of the supplier and TE Finance is low risk;

3) NBH 退出和确定 Phase out 的 supplier , 都需要获得 TE 内部 Sourcing Commit 以及总经理的批准

Once the Phase out supplier is determined, it needs to be approved by TE's internal Sourcing Commit and GM.