

QUALITY & LOGISTIC DEVIATION AGREEMENT - PLASMAN INDUSTRI AB

In accordance with our efforts to reach zero defects and as part of our continuous improvement programme. Plasman Industri will handle and follow up all complaints according to the routine described in this document.

All deliveries of production material deviating from agreed specifications will be handled according to this routine.

- 1) All quality & logistic deviations from agreed specifications, and incorrect deliveries in terms of:
 - Product quality
 - Delivered quantity
 - Delivery Time
 - Packaging
 - Labelling
 - Incorrect paper workshall be documented in a DR = Disturbance Report or in a QCR = Quality Complaint Report, LCR = Logistical Complaint Report.
- 2) The reports are issued by the production unit, and sent to the supplier with a copy to relevant Plasman group Purchasing department.
- 3) The supplier shall react to the report
 - Within 24 hrs: answer on steps 0 and 1 in the 8D report.
 - Within 48 hrs: answer on steps 2-4 in the 8D report.
 - Within 1 week: answer on steps 5- 6 on 8D report and A3-analysis.
 - Within 2 weeks + specific quality follow-up : answer on steps 7-8 on 8D reports
- 4) Controlled Shipping: In the case of recurring quality deviations the supplier shall be required to put in place a detailed inspection process to sort for nonconforming material, while implementing a root-cause problem solving process. The detailed inspection is an addition to normal controls, and can be implemented in two levels CSL1 & CSL2.

Controlled Shipping Level 1(CSL1)

The inspection process is carried out by the supplier's employees at the supplier's location in order to isolate Plasman from receipt of nonconforming parts/material.

Controlled Shipping Level 2 (CSL2)

Includes the same processes as Level 1 controlled shipping, with an added inspection process that is completed by an impartial third party. The third party is selected by Plasman and paid by the supplier.

The supplier may be reported to accredited certifier.

- 5) All extra costs incurred by Plasman as a result of a Quality & Logistic deviation caused by the supplier will be documented and claimed to the supplier in accordance with charge rates as actual costs in respective Plasman plant, see Appendix A – Quality & Logistic Deviation Charge Rates.
- 6) If uncertainty about a disturbance, Plasman can send a DR = Disturbance Report in order to gather more information. If the supplier is responsible for the deviation, Plasman will issue a QCR or LCR against the supplier as a consequence

Best Regards

Fabrice Corsetti
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