 <p><b>Supplier Quality General Procedure</b></p>	<p><b>Document No.:</b> OSK-P3100</p>
<p><b>Title:</b> Containment Level 1 and 2</p>	<p><b>Effective:</b> 8/1/11 <b>Originated:</b> 12/13/10</p>
<p><b>Author:</b> Brian Heim <b>Approved By:</b> Supplier Quality Council</p>	<p>Page 1 of 3</p>

**1. PURPOSE:**

- 1.1. This procedure defines the Containment Level 1 and 2 requirements of the Supplier when a Quality Incident occurs at any of Oshkosh Corporation's facilities.

**2. SCOPE:**

- 2.1. This procedure applies to all Suppliers of Oshkosh Corporation who supply parts, material, equipment, or services for production and/or pre-production.

**3. REFERENCE:**

- 3.1. Global Supplier Quality Manual
- 3.2. 8D Corrective Action (OSK-F3000)
- 3.3. 8D Corrective Action (OSK-P3000)
- 3.4. Containment Level 1 - 2 Tracking (OSK-F3100)
- 3.5. Containment Level 1 – 2 (OSK-T3100)
- 3.6. Oshkosh Supplier Network – Supplier Portal (<http://osn.oshkoshcorp.com/gsq-en.htm>)

**4. DEFINITIONS:**

- 4.1. **Major Disruption:** A supplier responsible incident causing a negative impact to Oshkosh Corporation's ability to manufacture or sell product.
- 4.2. **Production Downtime:** Is an incident that has negatively affected the ability to manufacture product to the planned build schedule due to a problem identified and verified as a supplier responsibility.
- 4.3. **Production Shortage:** Shortage includes all of the following:
  - A shortage of the plant inventory that is identified and verified as Supplier fault
  - The plant continues production of its product excluding the missing part
  - The plant is required to rework the finished product to install the conforming product
- 4.4. **Nonconformance:** Product, material, or service that does not conform to Oshkosh Corporations requirements or expectations.
- 4.5. **8D Corrective Action:** A corrective action request issued in a standard format to address an Incident that fails to meet Oshkosh Corporations requirements or expectations.
- 4.6. **Inspection and Rework Company:** A 3<sup>rd</sup> Party company approved by Oshkosh Corporation to perform Containment Level 2 inspection or other work necessary to ensure product quality. This company is acting directly under the responsibility of the Supplier. The supplier is responsible to arrange billing with the Inspection and Rework Company. Oshkosh Corporation assumes no responsibility to mediate billing issues between the two parties.

**5. PROCEDURE:**

- 5.1. **Containment Level 1 (CL1):** Oshkosh Corporation requires that a supplier put into place a redundant inspection process at the supplying location. The Supplier is responsible to sort for a specific nonconformance, execute 8D corrective action methodology, and insulate Oshkosh Corporation from the receipt of nonconforming parts/material. The redundant inspection is required in addition to Supplier's normal production process controls, and is executed by the supplier's employees.

▪ **Criteria:**


- Repeat Non-conformances
- Major Disruptions
- Production Line Down
- Production Shortage
- Supplier's current controls are not sufficient to ensure conformance to requirements

▪ **Required Actions:**

- Establish a separate containment process at the supplier's facility **within 24 hours of notification of CL1**
- Create standardized inspection instructions.
- Provide floor space and proper tooling to execute standardized inspection instructions

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- Track breakpoints of nonconforming material. (Purge pipeline of suspect material, i.e. at Oshkosh Corporation facility, in transit, and at all storage locations)
  - Identify individual parts, material, and containers, as agreed upon by Oshkosh Corporation, to have traceability of parts certified for production.
  - Certified material to Oshkosh Corporation.
  - The Supplier must document the (CL1) inspection results daily and provide at a minimum weekly status updates to Oshkosh Corporation. Utilize form: Containment Level 1 and 2 Tracking (OSK-F3100), located at <http://osn.oshkoshcorp.com/gsq-en.htm>.
- **Establish exit criteria plan:**
    - The Supplier and the 8D initiator must create and approve the exit criteria plan jointly. Utilize form: 8D Corrective Action (OSK-F3000), located at <http://osn.oshkoshcorp.com/gsq-en.htm>.
    - The planned acceptable quality criteria must be established for the affected Oshkosh Corporation facility and at the Supplier.
    - The exit criteria and results must be documented in the 8D corrective action.
    - A Completed 8D corrective action (D1-D8) must include:
      - Additional process controls to prevent future occurrences
      - Revised Control Plans, PFMEA, and Standardized work instructions as required.
      - A minimum of 30 consecutive working days of conforming product.
  - **Exit Criteria:**
    - Exit criteria plan is met at the Supplier and at the affected Oshkosh Corporation facility.
    - The 8D initiator approved the exit of Containment Level 1 (CL1) in the 8D corrective action prior to stopping the CL1 activity.
    - If the exit criteria is not met in the agreed upon timeline or if the CL1 process is ineffective, the Supplier could be placed in Containment Level 2 (CL2).

**5.2. Containment Level 2 (CL2):** An Oshkosh Corporation requirement that includes the same processes as Containment Level 1, **with an additional inspection process by a 3rd party Inspection and Rework Company** representing Oshkosh Corporation's interests specific to the containment activity. The third party is selected by the supplier, approved by Oshkosh Corporation, and **paid for** by the supplier.

- **Criteria:**
  - The supplier failed to meet the exit criteria plan for Containment Level 1.
  - Containment Level 1 was deemed ineffective and/or poorly executed by the Supplier.
- **Required Actions:**
  - Containment Level 1 activity must continue along with Containment Level 2.
  - Containment Level 1 material must be provided to the 3<sup>RD</sup> Party CL2 provider.
  - Establish a separate containment process at the supplier's facility, or at a 3<sup>rd</sup> Party Inspection and Rework Company within 24 hours of notification of CL2.
  - Create standardized inspection instructions for CL2.
  - Provide floor space and proper tooling to execute standardized inspection instructions for the CL2 3<sup>rd</sup> Party Inspection and Rework Company.
  - Track breakpoints of nonconforming material. (Purge pipeline of suspect material, i.e. at Oshkosh Corporation facility, in transit, and at all storage locations)
  - Identify individual parts, material, and containers, as agreed upon by Oshkosh Corporation, to have traceability of parts certified by CL2.
  - Only Containment Level 2 material must be delivered to Oshkosh Corporation.
  - The Supplier must document the (CL1 & CL2) inspection results daily and provide at a minimum weekly status updates to Oshkosh Corporation. Utilize form: Containment Level 1 and 2 Tracking (OSK-F3100), located at <http://osn.oshkoshcorp.com/gsq-en.htm>.
- **Establish exit criteria plan:**
  - The Supplier and the 8D initiator must create and approve the CL2 exit criteria plan jointly. Utilize form: 8D Corrective Action (OSK-F3000), located at <http://osn.oshkoshcorp.com/gsq-en.htm>.

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- The planned acceptable quality criteria must be established for the affected Oshkosh Corporation facility and at the Supplier for CL2.
- The exit criteria results must be documented in the 8D corrective action report for CL2.
- Completed 8D corrective action (D1-D8) to include:
  - Additional process controls to prevent future occurrences
  - Revised Control Plans, PFMEA, and Standardized work instructions as required.
  - A minimum of 30 consecutive days of conforming product.
- **Exit Criteria:**
  - Exit criteria plan is met at the Supplier and at the affected Oshkosh Corporation facility.
  - The 8D initiator must approve the exit of Containment Level 2 (CL2) in the 8D corrective action prior to stopping the Containment Level 2 activity.
  - If the exit criteria, is not met in the agreed upon timeline the Supplier is placed in new business hold and could result in de-sourcing the Supplier.