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

1. PURPOSE:

- 1.1. This procedure defines the Oshkosh imposed 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 Form (OSK-F3000)
- 3.3. 8D Corrective Action Procedure (OSK-P3000)
- 3.4. Containment Level 1 - 2 Tracking Form (OSK-F3100)
- 3.5. Containment Level 1 – 2 Training (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 methodology used to address an Incident that fails to meet Oshkosh Corporations requirements or expectations.
- 4.6. **Inspection Company:** A 3rd Party company approved by Oshkosh Corporation to perform Containment Level 2 inspection 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 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 independent of the Supplier's normal production process controls (after final inspection where possible).

- **Criteria:**

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

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- **Required Actions:**
 - Establish a separate containment process at the supplier's facility within 24 hours of notification of CL1
 - Create standardized inspection criteria reviewed, validated, and approved by Oshkosh Corporation personnel on site at supplier unless otherwise authorized.
 - Provide floor space and proper tooling to execute standardized inspection instructions
 - 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.
 - 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/SQE 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.
 - 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 calendar days of conforming product.

- **Exit Criteria:**
 - Exit criteria plan is met at the Supplier and at the affected Oshkosh Corporation facility.
 - The 8D initiator/SQE approved 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 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 3RD Party CL2 provider.
 - Establish a separate containment process at the supplier's facility or at a 3rd Party Inspection Company within 24 hours of notification of CL2.
 - Create standardized inspection criteria for CL2, Which is reviewed, validated, and approved by Oshkosh Corporation personnel on site at supplier unless otherwise authorized.
 - Provide floor space and proper tooling to execute standardized inspection instructions for the CL2 3rd Party Inspection 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.

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- Only Containment Level 2 certified 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/SQE 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>.
 - 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.
 - 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/SQE must approve 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.