

Description of Activities	Incident code ¹⁾	Cost Driver	Metric	Calculation	Charged by	PPM - Rules
Administrative action because of deviated material - analysis of deviation - communication with the supplier - tracing back action - preparing notification and inspection report - return of deviated material (packaging, delivery note, invoice) - evaluation of 8D-report	ADMI	Overhead	Number of incidents due to faulty delivered batches	Fixed charge / incident for administration	Manual Invoice (Debit Note)	Number of non-conformed material Defect Ratio calculation
Deviation Concession because of deviated material - analysis of deviation - deviation concession request - communication with the supplier - preparing notification and inspection report - return of min. 1 deviated part (packaging, delivery note, invoice) - evaluation of 8D-report	DECO	Overhead	Number of Deviation Concessions	Fixed charge / incident for administration	Manual Invoice (Debit Note)	Number of non-conformed material <u>No</u> Defect Ratio calculation
Sorting action because of mixed material - analysis of deviation - communication with the supplier - preparing notification and inspection report - supervisor activities in case of 3 rd party action (as exception: sorting by WABCO) - return of sorted out material (packaging, delivery note, invoice) - evaluation of 8D-report	SORT	Overhead People ²⁾	Number of sorting actions	Fixed charge / incident for administration Sorting time * no. of persons * activity rate ²⁾ + fixed charge	Manual Invoice (Debit Note)	Number of non-conformed material <u>after</u> Sorting on WABCO's premises Defect Ratio calculation
Rework action because of deviated material - analysis of deviation - communication with the supplier - preparing notification and inspection report - supervisor activities in case of 3 rd party action (as exception: sorting by WABCO) - return of min. 1 deviated part (packaging, delivery note, invoice) - evaluation of 8D-report	REWK	Overhead People ²⁾	Number of rework actions	Fixed charge / incident for administration Rework time * no. of persons * activity rate ²⁾ + fixed charge	Manual Invoice (Debit Note)	Remaining non-conformed material <u>after</u> Rework on WABCO's premises Defect Ratio calculation
Sorting action related to Consignment stock material - analysis of deviation - communication with the supplier - tracing back action - preparing notification and inspection report - supervisor activities in case of 3 rd party action (as exception: sorting by WABCO) - return of sorted out material (packaging, delivery note, invoice) - evaluation of 8D-report	CONS	Overhead People ²⁾	Number of sorting actions related to Consignment stock	Fixed charge / incident for administration Sorting time * no. of persons * activity rate ²⁾ + fixed charge	Manual Invoice (Debit Note)	Number of non-conformed material <u>after</u> Sorting on WABCO's premises Defect Ratio calculation
Special transport because of wrong delivery - analysis of deviation - communication with the supplier - preparing notification and inspection report - return of wrong delivery (packaging, delivery note, invoice) - evaluation of 8D-report	EXPD	Overhead Freight cost ³⁾	Number of special transports	fixed charge / incident for administration invoice value of forwarder ³⁾ + fixed charge	Manual Invoice (Debit Note)	1 part <u>No</u> Defect Ratio calculation

Description of Activities	Incident code ¹⁾	Cost Driver	Metric	Calculation	Charged by	PPM - Rules
Sorting action because of hidden defects (e.g. material with porosities, lack of adhesion of paint because of residues) <ul style="list-style-type: none"> - analysis of deviation - communication with the supplier - preparing notification and inspection report - return of deviated material (packaging, delivery note, invoice) - evaluation of 8D-report 	MACH	Lost machining capacity	Number of sorting actions due to hidden defects	$\text{machining time / part} \cdot \text{activity rate} \cdot \text{number of deviated parts} + \text{lost material}^{4)} + \text{fixed charge}$	Manual Invoice (Debit Note)	Number of non-conformed material <u>after</u> Machining Defect Ratio calculation
Device reworked because of a defective part <ul style="list-style-type: none"> - analysis of deviation - communication with the supplier - preparing notification and inspection report - return of deviated material (packaging, delivery note, invoice) - evaluation of 8D-report 	ASSY	Lost assembly line capacity	Number of assembly line incidents due to material defects	$\text{lost assembly time / device} \cdot \text{activity rate} \cdot \text{number of reworked devices} + \text{lost material}^{4)} + \text{fixed charge}$ Minimum: Fixed charge / incident for administration	Manual Invoice (Debit Note)	Number of non-conformed material <u>after</u> Assembly, <u>includes</u> sorted-out stock material Defect Ratio calculation
Assembly line stop because of defective material <ul style="list-style-type: none"> - analysis of deviation - communication with the supplier - tracing back action - preparing notification and inspection report - return of deviated material (packaging, delivery note, invoice) - re-scheduling of the assembly line - evaluation of 8D-report 	LIST	Lost assembly line capacity Customer penalty due to late delivery	Number of Line Stops	$\text{lost assembly time} \cdot \text{activity rate} + \text{fixed charge}$ Minimum: Fixed charge / incident for administration	Manual Invoice (Debit Note)	Number of non-conformed material Defect Ratio calculation
Customer complaint caused by supplier <ul style="list-style-type: none"> - analysis of deviation - communication with the supplier - tracing back action - preparing notification and inspection report - return of deviated material (packaging, delivery note, invoice) - evaluation of 8D-report - communication with claims handling department - preparing of customer 8D-report 	CUST / CAMP	single complaint: Overhead customer campaign: Overhead, Customer campaign cost	Number of customer complaints due to faulty delivered material	single complaint: fixed charge / incident for administration customer campaign: campaign cost Minimum: Fixed charge / incident for administration	Manual Invoice (Debit Note)	Number of non-conformed material Defect Ratio calculation
Returned or scrapped Material, which cannot be used		Material cost	Quantity	SAP procedure	SAP Debit Note	

Comments

- 1) "Incident Codes" refers to the "Supplier Quality Performance Monitoring" rules
- 2) Calculation of cost only if WABCO or agency, not directly paid from supplier, performed this action
- 3) Freight cost only if charged to WABCO
- 4) "lost assembly time" includes time for assembly and disassembly of device
 "lost material" is the value of other materials after disassembly which have to be scrapped too (e.g. a permanent part in a sub-assembly or parts with "One use only" requirement)

Activity rate (€ per hour)	Machining	Assembly	Fixed Charges (in €)
People	40	40	ADMI to LIST = 100
Equipment	40	20	CUST = 500
Overhead	20	20	CAMP = consolidated costs