

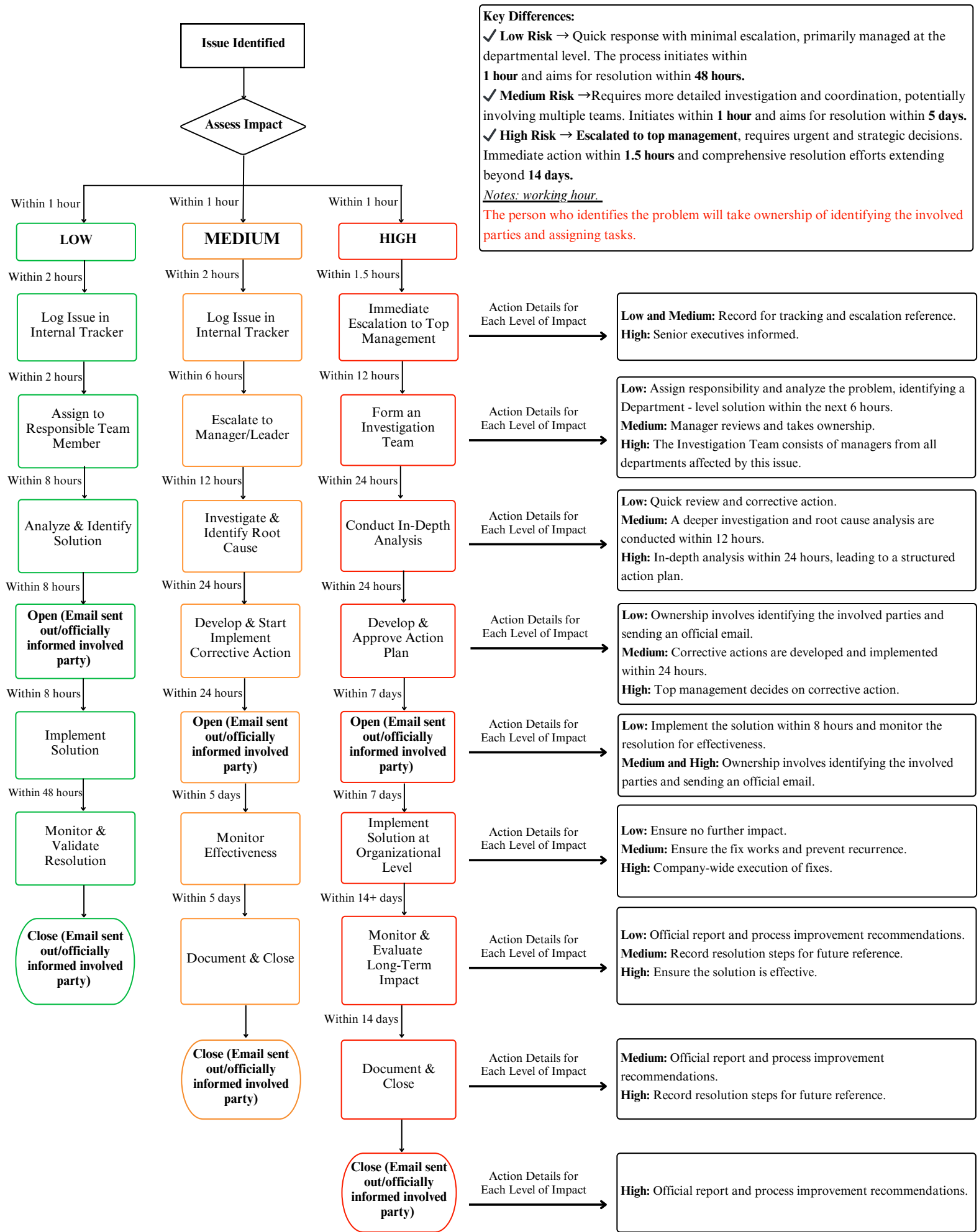


ISSUE ELEVATION PROCESS



Name of Process	Issue Elevation Process
Department	Engineering, Product Development, Quality Assurance, Strategic Sourcing, Strategy Execution, SQE, CGI, SCO.
Objectives	<p>This process is established to:</p> <ol style="list-style-type: none">1. Establish a standardized framework for issue elevation process, categorized by impact levels (Low – Medium – High), to ensure prompt, accurate, and effective handling of problems.2. Clarify roles, responsibilities, and response timelines at every level of management and across departments, facilitating structured escalation and swift elevation of critical issues.3. Strengthen collaboration across functions by promoting transparency and accountability in issue tracking, communication, and closure.4. Reduce recurrence and mitigate negative impacts on operations, quality, and delivery through structured problem elevation, root cause analysis, and targeted corrective actions.5. Promote ongoing process enhancement and quality system development by documenting, reviewing, and evaluating escalated issues based on their severity and frequency.

ISSUE ELEVATION PROCESS



ISSUE IDENTIFIED LEVEL

DEPARTMENT	LOW	MEDIUM	HIGH
PRODUCT DEVELOPMENT	Minor dimension and quality standard non-compliance that doesn't impact product performance, includes small dimension differences, radiuses and sharp edges.	Major dimensions and quality standard non-compliance that do impact product performance, includes seat comfort, chair pitch.	Color, price, construction, speed of sample completion at the current sampling supplier. Purchased components such as fabric/hardware cannot arrive on time for sample deadline.
QUALITY ASSURANCE/ PRODUCT DEVELOPMENT	Factory color or Ashley Mini color panel does not match the Ashley copy panel.	Color panel does not match with master, lock, unlock in the office. 1st time at a supplier.	Color panel continuous variation with master, lock/unlock, and step - from vendor and from internal. 2 or more times at a supplier.
QUALITY ASSURANCE/ PRODUCT DEVELOPMENT	Finishing technician is not present on finishing line 1x or technician does not review the finish resulting in issues.	The technician is not present 2x or the technician does not review the finish 2x. The vendor step color panels do not match the mini step panels or the Ashley lock/unlock. Production is delayed or held due to missing or incorrect color panel/mini step panel.	The finishing company fails to support production resulting in rework of products in warehouse or finishing line 3x or more. Color matching issues for color panels across entire vendor product line.
QUALITY ASSURANCE/ PRODUCT DEVELOPMENT	Dirty fabric or alignment of fabric on single unit at finished good vendor. Failed fabric audit at fabric mill 1x.	Dirty fabric or alignment of fabric on multiple units at finished good vendor. Fabric inspection has failed result at finished good vendor 1x. Failed fabric inspection at fabric mill 2x.	Fabric inspection failed result at finished good vendor 2x. Failed fabric inspection at fabric mill 3x.
QUALITY ASSURANCE	Minor packing line issues without a pattern of rejections, based on Defect Classification List (DCL).	Major packing line issues with a pattern of rejection, a pattern of more than 3 units, based on Defect Classification List (DCL).	Quality Holds and Debit Memos from Ashley warehouse.
QUALITY ASSURANCE	Material is from an authorized supplier, but there are minor inconsistencies in batch quality.	Potential risk of performance impact, but mitigation options exist without major cost implications.	Non-compliance with industry or regulatory standards or Potential legal concern.
QUALITY ASSURANCE			Severe impact on production (e.g., product recalls, failed inspections, customer complaints).
QUALITY ASSURANCE			Supplier has a history of non-compliance, including previous warnings or sanctions.
ENGINEERING/ QUALITY ASSURANCE	Slight deviations from material specifications that do not affect functionality or compliance.	Material meets specifications but comes from an unauthorized supplier, or untraceability source.	Material is not from an authorized supplier and does not meet specifications, posing serious quality risks.
ENGINEERING/ QUALITY ASSURANCE		ECO conversation vendor doesn't agree.	
ENGINEERING	Delay sample for testing or fail 1 st time in product launch	Fail 2 nd testing time in launching process or 1 st time in mass production	Delay sample for testing which cause delay shipment. Fail 3 rd time in launching process or 2 nd time in mass production
ENGINEERING	Delay mock-up sample for build jig	Delay mock-up sample or build jig which affect to timeline and production	
ENGINEERING	Fail 1st step in any product launch review stage.	Failed any field test the 1st time, or 2nd review failed for any product launch review stage.	Failed any field test the 2nd time, or 3 or more reviews failed for any product launch review stage. Any field test that has failed the 1st time that is safety related.
SUPPLY CHAIN OPERATION	Growth in Competitor Business at a supplier, but the supplier is covering Ashley SI-SS .	Growth in Competitor Business at a supplier, but the supplier is not covering Ashley SI-SS.	Growth in Competitor Business at a supplier, but the supplier is not covering Ashley SI.
SUPPLY CHAIN OPERATION	Average 4wks FG Performance >=95% or too many RP quantity placement.	Average 4wks FG Performance 85% - 94% or RP 1st penalty.	Average 4wks FG Performance <85% or RP penalty 2 times in a row.
SUPPLY CHAIN OPERATION	No flexible on adjust production plan.	No accept new GO.	Vendor refuses to continue business or accept new orders. Supplier has a fire, riot, violent altercations, or financial problem.