
IV-05 SUPPLIER PERFORMANCE REPORTING**Purpose**

To establish a method for evaluating suppliers on a continual basis for satisfaction of ADVICS' requirements of delivery and quality, and communicating performance to suppliers.

Supplier Requirements

Each ADVICS Manufacturing Site manages the method and delivery of Supplier Performance Reporting.

1. Review the Supplier Performance information provided by ADVICS.
2. Communicate Supplier Performance results to the appropriate departments.
3. Discuss problem areas with your ADVICS QC, PC and/or Purchasing contact.

Please review the Supplier Performance Reporting Criteria in the subsequent pages for your ADVICS customer (ADSMI, ADSMX, ADSMO, ADSNA, ADSMG) site.

Suppliers who have more than one ADVICS customer will receive a Supplier Performance Report from each ADVICS site. The details on the report will be site-specific.

ADVICS Requirements

1. Prepare monthly Supplier Performance Reports and issue or publish to suppliers using the method determined by the Plant Site (see plant-specific methods in the subsequent pages).
2. Monitor performance to determine if a supplier requires further improvement in the area of quality or delivery.
3. The ADVICS Buyer will utilize performance as a tool to evaluate suppliers for current and future business opportunities.

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ADVICS Manufacturing Indiana Supplier Performance Reporting Criteria

ADVICS Manufacturing Indiana (ADSMI) publish the supplier performance report via the ADSMI Supplier Portal.

ADSMI Performance Reports are comprised of the following six components of Quality and Delivery:

<u>Quality</u>	<u>Delivery</u>
Defective PPM	Delivery DPM
S/A Rank Issues	
Repeat Issues	
Total Defective	
Average Days To Close SCAR	

Each component is scored against the ADSMI Supplier Target:

Example: 2015 Supplier Performance Targets:*

CRITERIA	EXAMPLE TARGET
Defective PPM	<15
S/A Rank Issues	0
Repeat Issues	0
Total Defective	0
Average Days To Close SCAR	<10
Delivery DPM	<30,000

**These targets are reviewed annually and are subject to change.*

Each criteria score is calculated using the following methods:

1. Defective PPM Score
 - Calculated by the PPM quantity divided by the total parts received for the time period times 1,000,000.

Example: Total parts received for January: 200,000
 PPM Quantity : 9
 Defective PPM Score: 45
 Calculation: $9/200000 * 1000000 = 45$
2. S/A Rank Issues
 - Score is a reflection of the number of S/A Rank issues for the time period.
3. Repeat Issues
 - Score is a reflection of the number of repeated quality issues for the time period.
4. Total Defective

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5. Number of defective parts for the time period. Average Days to close SCAR
 - Score is calculated as an average of the number of days from SCAR issue to SCAR close for the time period.
6. Delivery DPM (Missed Delivery Parts per Million)
 - Calculated by the missed shipment quantity divided by the total parts ordered for the time period times 1,000,000.

Example:

Total parts ordered for January:	250,000
<u>Missed Shipment Quantity:</u>	<u>750</u>
Defective PPM Score:	3,000
Calculation:	$750/250000 * 1000000 = 3000$

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ADVICS Manufacturing Mexico, S. De R.L. De C.V Supplier Performance Reporting Criteria

ADVICS Manufacturing Mexico (ADSMX) send the supplier performance report via email monthly

ADSMX Performance Reports are comprised of the following 10 criteria of Quality and Delivery.

Criteria		Points
Quality 60%	PPM	15
	S/A Rank Issues	15
	# of quality problem reports	10
	Average days to close SCAR (at least until corrective action definition)	5
	Repeat issue	15
Deliveries 40%	DPM	10
	Logistic Issues	5
	Missed ASN	5
	Damage Reports	10
	% On time	10

Each component is scored against the ADSMX Supplier target:

Example: 2023 supplier performance target

Criteria		Target example
Quality 60%	PPM	According Matrix
	S/A Rank Issues	0
	# of quality problem reports	According Matrix
	Average days to close SCAR * If is related to Customer issue 5 days	10
	Repeat issue	0
Deliveries 40%	DPM	<30,000
	Logistic Issues	0
	Missed ASN	0
	Damage Reports	0
	% On time	100%

*Targets are reviewed annually and are subject to change

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When target is reached, 100% of points are reached but when target is not reach next deduction criteria are applied:

Criteria	Target	Points Deduction
PPM	Accordinging Matrix	<ul style="list-style-type: none"> • 50% of the score is reached when the result is more than target and equal or less than double. • 0% of the score is reached when the result is more than double.
S/A Rank Issues	0	<ul style="list-style-type: none"> • 0% of the score is reached when the target is greater than 1.
# of quality problem reports	Accordinging Matrix	<ul style="list-style-type: none"> • 50% of the score is reached when the result is more than target and equal or less than double. • 0% of the score is reached when the result is more than double.
Average days to close SCAR (at least until corrective action definition)	10	<ul style="list-style-type: none"> • 75% of the score is reached when the result is between 6 or 7, • 50% of the score is reached when the result is between 8 and 10 • 25% of the score is reached when the result is between 11 and 15 • 0% of the score is reached when the result is greater than 16
Repeat issue	0	<ul style="list-style-type: none"> • 50% of the score is reached when the result is 1. • 0% of the score is reached when the target is greater than 1.
DPM	<30,000	<ul style="list-style-type: none"> • 50% of the score is reached when the result is more than target and equal or less than double. • 0% of the score is reached when the result is more than double.
Logistic Issues	0	<ul style="list-style-type: none"> • 50% of the score is reached when the result is 1. • 0% of the score is reached when the target is greater than 1.
Missed ASN	0	<ul style="list-style-type: none"> • 50% of the score is reached when the result is 1. • 0% of the score is reached when the target is greater than 1.
Damage Reports	0	<ul style="list-style-type: none"> • 50% of the score is reached when the result is 1. • 0% of the score is reached when the target is greater than 1.
% On time	100%	<ul style="list-style-type: none"> • 95% of the score is reached when the% of deliveries on time is between 95 and 99% • 75% of the score is reached when the% of deliveries on time is between 80 and 94% • 50% of the score is reached when the% of deliveries on time is between 60 and 79% • 0% of the score is reached when the% of deliveries on time is less than 60%

Supplier level is defined according with overall score:

Points	90-100	80-89	70-79	<70
Rank level	A	AB	B	C
Status indicator	Meets expectation		Marginal	Require improvement

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ADVICS Manufacturing Ohio Supplier Performance Reporting Criteria

ADVICS Manufacturing Ohio (“ADSMO”) Performance Reports are comprised of two scores, a Delivery Score, and a Quality Score. See the following for details on how these scores are calculated.

ADSMO will prepare the monthly delivery and quality scores and make available for the suppliers to view on line on the ADVICS Supplier Extranet.

DELIVERY SCORE

The monthly delivery score is calculated based on two criteria, NDPs written, and On-Time Delivery. The final monthly Delivery score will be the sum of “A”, NDPs written (50%), and “B”, on time delivery (50%). If formal corrective action is required, the supplier must complete 5-Why analysis for the issue and submit the response electronically through the ADVICS Supplier Extranet within 30 calendar days.

A. NDPs written (50% of delivery score) – Possible 50 points.

Occurrences	Point Value Awarded
0 NDP	50 PTS
1 NDP	40 PTS
2 NDPs	20 PTS
3+ NDPs	0 PTS

- A Notification of Delivery Problem (NDP) will be issued for problems such as incorrect labeling, missing packing slips, incorrect tags, and production disruptions.
- The NDP will be issued to the supplier electronically and will indicate if ADSMO requires a formal corrective action response for the issue.
- If formal corrective action is required, the supplier should complete 5-Why analysis and submit electronically on the ADVICS Manufacturing Ohio, Inc. Supplier Extranet.

B. On Time Delivery (50% of delivery score) – Possible 50 points.

ADVICS Manufacturing Ohio, Inc. requires 100% on time delivery from all suppliers. Provided parts are received 100% on time, the supplier will receive a full 50 points towards the delivery score for on time delivery.

Shipments received early or late will receive the following deductions:

WEEKLY DELIVERIES			
No. Day(s) Early	Deduction	No. Day(s) Late	Deduction
1 day early	-5	1 day late	-10
2 days early	-10	2 days late	-20
3 days early	-15	3 days late	-30
4 days early	-20	4 days late	-40
5 days early	-50	5 days late	-50
6 days early	-60	6 days late	-60
7 days early	-70	7 days late	-70
8+ days early	-90	8+ days late	-90

DAILY DELIVERIES			
1 day early	-15	1 day late	-30
2 days early	-30	2 days late	-60
3 days early	-60	3 days late	-90
4+ days early	-90	4+ days late	-90

- If there is more than one shipment per line, the system averages the point applied per release line, and calculates the final monthly score by dividing total points by the number of line releases. The final number represents 50% of the entire delivery score.
 - The production control specialist may issue an NDP for late/early delivery when ADSMO requires a formal corrective action response (5-Why) for poor delivery performance.
 - Suppliers located outside North America will be scored based on the date the product is received in-house
- NOTE: There is a grace period for customs clearance to be established in advance by ADVICS Manufacturing Ohio, Inc. Buyer or PC specialist, or based on the Advanced Ship Notice (ASN).

QUALITY SCORE

The monthly quality score is calculated based on two criteria, NQPs written (70%), and PPM of % of defective parts (30%).

A. NQPs written (70% of quality score) – Possible 70 points.

Occurrences	Point Value Awarded
0 NQP	70 PTS
1 NQP	50 PTS
2 NQPs	25 PTS
3+ NQPs	0 PTS

- The NQP will indicate if formal correct action is required. The supplier is required to submit corrective action within 30 calendar days using the ADVICS Supplier Extranet.

B. PPM or % of defective parts (30% of quality score) – Possible 30 points.

All commodities except Castings

PPM	Point Value Awarded
0-49	30 Points
50-99	24 Points
100-149	18 Points
150-199	12 Points
200-249	6 Points

Castings

% Good	Point Value Awarded
99.5% - 100%	30 Points
99% - 99.5%	24 Points
98% - 99%	18 Points
97% - 98%	12 Points
96% - 97%	6 Points

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ADVICS North America (“ADSNA”) Supplier Performance Report criteria & ratings are determined by the OE Customer.

ADSNA will distribute the Supplier Performance Report received by the customer to the Tier 1 Supplier to the appropriate Supplier contact.

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ADVICS Manufacturing Georgia Supplier Performance Reporting Criteria

ADSMG will prepare the supplier scorecards monthly and email those suppliers with deducted points.

ADSMG Supplier Performance Reports are comprised of three segments: Quality, Documentation, and Delivery.

Points are deducted from a Base Score, which is determined by the Supplier’s Quality Management System. See the following chart for the number of Base Points for each QMS registration status:

Base Points by the Supplier's Quality Management System registration status

No. Base Points	Supplier QMS Registration Status
100 PTS	Supplier is IATF registered and a copy of the certificate is in the ADSMG supplier file.
90 PTS	Supplier is ISO 9001 registered and a copy of certificate is in the ADSMG supplier file.
85 PTS	No registration but on site Supplier Audit competed by ADSMG team within last year. Supplier must have a plan to achieve ISO 9001.
60 PTS	No registration and no annual Supplier Audit on file. Supplier must have plan to achieve ISO9001 registration. ADSMG must complete and on-site Supplier Audit before business can be awarded.

Point deductions from the Base are calculated as follows:

Supplier Evaluation Criteria

Index	Point Deduction from Base
Quality	Subtract 10 points for each SPN (Supplier Problem Notification) issued, 15 points if repeat issue since corrective action implemented. 5 points for PPM exceeding ADSMG Annual Target. 25% target reduction each year.
Documentation	Subtract 5 points for each occurrence of incorrect, late or missing documentation (COA, Correction Action,) 1 point for incorrect or missing PO # on documentation.
Delivery	Subtract 1 point for each late delivery per product. SNP issue for more than 15 late delivery within one month period.

Base point minus point deduction. This score will determine the Supplier Class. The Supplier class determines recommendation for new business.

Supplier Classes are determined by Score as follows:

Min Score	Supplier class	Comments
90-100	Exceed Benchmark	<ul style="list-style-type: none">• On Approved Supplier List• Preferred for new business
70-89	Meets Benchmark	<ul style="list-style-type: none">• On Approved Supplier List• Eligible for new business
<70	Does not meet Benchmark	<ul style="list-style-type: none">• On Approved Supplier List• Recommend to ADVICS Group-no new business quote.