

Supplier rating: Strategical improvement
of the purchasing process

Guideline Supplier Rating



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1. General information

The supplier rating is a huge part of the supplier management, it contributes to the control of the supplier relationship, the development and carriage of the supplier and to the improved quality- and logistic-performance. The cooperation between Alfmeier and you, the supplier, will be improved and problems/risks will be identified earlier.

To reach that target at best and to get a global picture of the performance of the supplier, an assessment is necessary, which is not only based on “hard facts” (for example appointment and adherence to quantity stipulations) but also on “soft facts” (for example the ability to communicate). The supplier rating will be realized globally to the same standards and criteria, so it is possible to do a site-specific assessment and a comparability of the supplier-performance is given.

With the expansion of the assessment criteria we want to improve the cooperation with our supplier at all interfaces and reward a constructive cooperation.

The supplier rating takes place once a year. As assessment period the past year is valid (01.01. – 31.12.).

Treuchtlingen, March 2021

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2. Criteria Catalogue

Within the scope of the new organization of the supplier rating at the Alfmeier group with inclusion of the departments Global Purchasing, Supply Chain Management, Quality and R&D 4 main-criteria with 20 sub-criteria are defined. The criteria catalogue is structured as pictured:

| Main Criteria | Weighting | Sub-Criteria | Weighting |
|---------------------|-----------|--|-----------|
| Purchasing | 20% | Payment Target Net | 25% |
| | | Price Transparency | 15% |
| | | Initiative for Cost Reduction | 25% |
| | | Communication | 10% |
| | | Framework Contract | 25% |
| Quality | 40% | Certification/Accreditation/ Information Security Management System | 10% |
| | | 8D - Support | 15% |
| | | Amount of Complaints | 25% |
| | | PPM - Rate | 25% |
| | | Special incidents concerning quality- and delivery problems caused by special customer status ("Yard Holds"); Recall | 10% |
| | | PPAP - Quality | 5% |
| | | Communication | 10% |
| Supply Chain | 20% | Adherence to Dates | 45% |
| | | Adherence to Quantity | 45% |
| | | Amount of Special Freights | 5% |
| | | Communication | 5% |
| R&D | 20% | Know-How | 40% |
| | | Feasibility Study | 25% |
| | | Concept Development | 25% |
| | | Communication | 10% |

red = soft facts black = hard facts

Not assessable criteria (for example: R&D criteria 'communication' cannot be assessed because there was no contact between the supplier and R&D) are marked with "-" within the ranking. These positions will not be included in the calculation of the overall result, they do not affect the overall result.

2.1. Purchasing criteria

| Payment Target Net | 25% |
|--------------------|------|
| ≥ 60 days | 100% |
| ≥ 45 days | 90% |
| ≥ 30 days | 80% |
| < 30 days | 0% |

| Price Performance & Transparency | 15% |
|--|------|
| Cost-Break-Down always provided. / Annual price reductions | 100% |
| Cost-Break-Down is mostly provided. / Annual reductions. | 90% |
| Cost-Break-Down is occasionally provided. / Stable prices. | 80% |
| Cost-Break-Down is never provided. / Price increases. | 0% |

| Initiative for Cost Reduction | 25% |
|---|------|
| Supplier proactively shows saving opportunities. | 100% |
| Supplier occasionally shows saving opportunities. | 80% |
| Supplier shows no saving opportunities. | 0% |

| Communication | 10% |
|---|------|
| Supplier is mostly available. Callbacks mostly occur within 24 hours. | 100% |
| Supplier is mostly available. Callbacks occur within 3 or 4 days. | 80% |
| Supplier is often not available. Feedback occurs only on request. | 0% |

| Framework Contract & QSA | 25% |
|--|------|
| Framework Contract and QSA available | 100% |
| Framework Contract or QSA available | 50% |
| Framework Contract and QSA not available | 0% |

2.2. Quality criteria

| Certification | 10% |
|---|------|
| IATF 16949 + ISO 14001 + Information Security Management System (either BSI IT-Grundschutz or ISO 27001 or TISAX) | 100% |
| IATF 16949 + ISO 14001 | 97% |
| IATF 16949 | 95% |
| Only DIN EN ISO 9001 | 80% |
| No certification | 0% |

| 8D-Support | 15% |
|-----------------------------|------|
| 3D (24h); 8D (28 days) | 100% |
| Deadline 3D or 8D exceeded | 50% |
| Deadline 3D and 8D exceeded | 0% |

| Amount of Complaints | 25% |
|----------------------|------|
| no complaints | 100% |
| ≤ 2% | 80% |
| ≤ 5% | 50% |
| ≥ 5% | 0% |

| PPM – Rate | 25% |
|------------|------|
| < 20 | 100% |
| <250 | 80% |
| < 500 | 20% |
| < 1000 | 0% |

| Communication | 10% |
|---|------|
| Supplier is usually achievable. Callbacks mostly occur within 24 hours. | 100% |
| Supplier is mostly achievable. Callbacks occur within 3 or 4 days. | 80% |
| Supplier often is not achievable. Feedback only occurs on request. | 0% |

| Accreditation | 10% |
|----------------------------------|------|
| DIN EN ISO/IEC 17025 + ISO 14001 | 100% |
| DIN EN ISO/IEC 17025 | 95% |
| Only DIN EN ISO 9001 | 80% |
| No accreditation | 0% |

| PPAP Quality | 5% |
|---|------|
| PPAP documents are sent in time, are fulfilled and the supplier is always cooperative. | 100% |
| PPAP documents are mostly sent in time and are mostly fulfilled. The supplier is with exceptions cooperative. | 90% |
| PPAP documents are sent with delay and are only partially fulfilled. The supplier is hardly cooperative. | 50% |
| PPAP documents are never fulfilled and the supplier is not cooperative. | 0% |

| Special incidents concerning quality- and delivery problems caused by special customer status (“Yard Holds”); Recall | 10% |
|--|------|
| no special incidents | 100% |
| Warranty, Field Campaign | 50% |
| Yard Hold, Recall and special customer status | 0% |

In case of a 0% rating in regards to the criteria „Special incidents concerning quality- and delivery caused by special customer status“, the supplier receives automatically a C-rating.

2.3. Supply chain criteria

| Adherence to Dates | 45% |
|--|------|
| domestic \pm days; overseas \pm 3 days | 100% |
| domestic $\leq \pm$ 1 day; overseas \pm 7 days | 90% |
| domestic $\leq \pm$ 2 days | 80% |
| domestic $> \pm$ 2 days; overseas $> \pm$ 7 days | 0% |

| Adherence to Quantities | 45% |
|-------------------------|------|
| no deviation | 100% |
| $\leq \pm$ 10% | 90% |
| $\leq \pm$ 20% | 50% |
| $> 20\%$ | 0% |

| Amount of Special Freights | 5% |
|---|------|
| No special freights / 1 special freight | 100% |
| $\geq 2 - 5$ special freights | 80% |
| ≥ 6 special freights | 0% |

| Communication | 5% |
|---|------|
| Supplier is usually achievable. Callbacks mostly occur within 24 hours. | 100% |
| Supplier is mostly achievable. Callbacks occur within 3 or 4 days. | 80% |
| Supplier often is not achievable. Feedback only occurs on request. | 0% |

2.4. R&D criteria

| Know-How (no catalog parts) | 40% |
|--|------|
| Supplier always shows strategic in-house-development and innovations 100% to Alfmeier needs. He procures TIER1/OEM approvals independently. | 100% |
| Supplier shows strategic in-house-development and innovations 100% to Alfmeier needs. He presents them to Alfmeier just in case of specific request. | 90% |
| Supplier does not present his in-house development and innovations. Basically, they are available. | 80% |
| Supplier does not practice strategic in-house development. Each RFQ causes a new development. | 0% |

| Feasibility Study | 25% |
|---|------|
| Supplier always sends a feasibility study with some exceptions and is willing to give detailed information about state of the art (referring to global standards/norms) | 100% |
| Supplier sends feasibility study with some exceptions and is willing to give detailed information about state of the art (referring to global standards/norms). | 90% |
| Supplier sends feasibility studies with delay and gives with some exceptions information about feasibility. | 80% |
| Supplier does not support any professional feasibility study. | 0% |

| Concept Development | 25% |
|---|------|
| Supplier always works self-dependent with adequate tools according to state of the art (e.g. mold flow, FEM, CFD). Thereof, he proactively informs Alfmeier (including next steps /options and proposals) | 100% |
| Supplier always works self-dependent with adequate development tools and shows Alfmeier the results when requested. | 90% |
| Supplier mostly works with adequate development tools and shows Alfmeier the results when requested. | 80% |
| Supplier does not use adequate development tools according to state of the art. | 0% |

| Communication | 10% |
|---|------|
| Supplier is usually achievable. Callbacks mostly occur within 24 hours. | 100% |
| Supplier is mostly achievable. Callbacks occur within 3 or 4 days. | 80% |
| Supplier often is not achievable. Feedback only occurs on request. | 0% |

3. Classification

The overall rating of the supplier take place appropriate VDA standard:

| Degree of Performance [%] | Rating |
|---------------------------|--------|
| 90 -100 | A |
| 80 - less than 90 | B |
| less than 80 | C |

4. Action plans

The results of the supplier rating are sent out to the suppliers once a year by e-mail. In case you are classified as “B” – or “C”-supplier, we will ask you to provide a statement to our supplier assessment until a defined deadline, which contains your immediate actions to improve your performance.

5. Closing words and contact

We are looking forward to a good cooperation in partnership with our supplier. Let us get better together!

In case you have any question concerning the supplier-rating please ask the global purchasing team. E-mail: supplerrating@Alfmeier.de

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