



# SUPPLIER RATING

AAPL shall utilize quality ratings as a means of assessing the performance of our suppliers in a fair, consistent and accurate manner.

The ratings shall be used to -

- Assess and monitor supplier performance with a view to rewarding suppliers who meet AAPL’s expectations with ongoing and future supply relationships.
- Provide accurate feedback to suppliers so as to highlight their strengths as well as their weaknesses (through the eyes of the customer) which can be used as an effective continuous improvement tool.
- Provide benchmark data which will allow suppliers to establish where they are placed in relation to the best performers in their industry.

The ratings shall be conveyed to each supplier via a one page report every quarter (or as agreed).

The total supplier rating incorporates the following sub-ratings -

- Quality Rating - 25% of the total rating
- Delivery Rating - 25% of the total rating
- Supplier Structure Rating - 10% of total rating
- SQA Rating - 15% of total rating
- Commercial Rating - 25% of total rating

## Total Supplier Rating

<b>Total Supplier Rating</b>	Quality + Delivery + Structure + SQA + Commercial	<b>Score</b>	<b>Rating</b>	<b>Explanation</b>
		90-100	A	Excellent
		75-89	B	Good, improvement recommended
		65-74	C	Average, improvement requested
		50-64	D	Poor, immediate improvement required
		< 50	E	Very Poor, improve or re-resource

The target “Total Supplier Rating” shall be 75%. Failure to achieve this rating will require an improvement plan to be submitted by the vendor to AAPL SQA.

## Quality Rating

The Quality Rating is based on the following formula:-

$$\text{Quality Rating (max 25 points)} = \text{Reject Rate Score (max 15)} + \text{Severity Score (max 10)}$$

Each time there is a defect incident, then each incident is scored as per the following 2 formulae -

Severity Score (maximum 10 points)	1 point to be subtracted for each minor defect	(i.e. low impact, EMD Reject Note)
	2 points to be subtracted for each major defect	(i.e. High impact / inconvenience, EMD CAR or WH 8D Report )
	10 points to be subtracted for each critical defect	(i.e. line stoppage, QPR from car company, etc.)

Reject Rate Score (max 15 points) to be sub-contracted																
Score	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ppm	0	1-50	51-200	201-400	401-600	601-800	801-1000	1001-1200	1201-1400	1401-1600	1601-1800	1801-2000	2002-2200	2201-2400	2401-2600	> 2600

- Each defective incident's score is deducted from the supplier's allocated 25 points per rating period, thus leaving the Quality Rating score for each rating period.
- There will be a separate rating for Supply and Production Divisions.

## Delivery Rating

The Delivery rating is based on the following formula:-

$$\text{Delivery Rating (max 25 points)} = 25 \times \left( \frac{\text{No. deliveries on time}}{\text{Total No. of deliveries}} \right)$$

- The "Delivery Rating" target shall be 100% on time delivery. Failure to achieve this may require the vendor to submit an improvement plan to AAPL at the discretion of Purchasing Department or Materials Control Department
- This rating must be calculated separately for the Supply and Production divisions.
- For the Supply (wire harness) Division - delivery made up to 5 days late or any time early of the scheduled delivery date is considered "on time".
- For Production (electronics) Division - delivery made up to 5 days late or 5 days early of the scheduled delivery date is considered "on time".

## Supplier Structure

Supplier Structure (max 10 points)	Quality Management System (maximum 5 points)	TS16949 (5 points)
		ISO9001:2000 (3 points)
		3 <sup>rd</sup> Party certification (1 point)
		No plan for accreditation (0 point)
	Environmental Management System (max 5 points)	ISO14001 (5 points)
		Plan or strategy to be certified (3 points)
		Policy of 5 R's in place (1 point) <ul style="list-style-type: none"> <li>• Reduce – reduce waste as much as possible</li> <li>• Re-use – re-use goods as many times as possible</li> <li>• Recycle – recycle waste into other resources</li> <li>• Refuse – refuse to purchase non-recyclable goods</li> <li>• Repair – repair goods for re-use</li> </ul>
		No certification, no plan or strategy, no policy of 5R's (0 point)

- The **Supplier Structure Rating** will only be calculated approximately once a year (or as required), as opposed to the ongoing ratings (**Delivery and Quality**) which are calculated quarterly.

## SQA Rating

SQA Rating (maximum 15 points)	PPAP Performance (maximum 3 points)
	APQP Performance (maximum 3 points)
	SQA Audit (maximum 3 points)
	5S (maximum 3 points)
	Timeliness of FAR / CAR / 8D Requests (maximum 3 points)

- The default SQA rating will be 100% (15 points) for each vendor; however this may deviate based on the supplier's performance in PPAP submissions, the supplier's level of APQP and 5S during the SQA audit and timeliness of FAR / CAR / 8D Requests

## Value of Relationship (Commercial)

Value of Relationship EMD and W/H (maximum 25 points)	- Competitive pricing - Inventory Management - Payment Terms - Response to RFQ's	Proactive	25 pts
		Exceeds Requirements	20 pts
		Meets Requirements	15 pts
		Require improvement	10 pts
		Actively resource	5 pts

- The Commercial Rating/Value of Relationship data will be compiled by the Purchasing Department.

### Change History

Issue A	Original Issue
Issue B	Environmental Management System Rating updated 15.6.04
Issue C	Changed overall rating formula 13.04.05
Issue D	Changed Commercial Rating into Value of relationship and updated Environmental Management System rating. 19.06.07
Issue E	Combined and integrated the mode of Commercial rating between EMD and W/H. 14.08.07
Issue F	Added "Timeliness of FAR / CAR / 8D requests" under SQA Rating 03.04.08
Issue G	Re-arranged the order of sub-ratings Corrected the formula for Delivery Rating 23.09.08