

# Section 5

## Supplier Rating Program

### I. Application

- A. All LP Suppliers (direct material)
- B. Active only (at least one shipment per 6 months)

### II. Scope

- A. 12 month period (annually)
- B. By calendar year (beginning 1/1, ending 12/31)

### III. Responsibility

- A. (ASTEMO)AM Purchasing is rating administrator
  - Calculates total score
  - Communicates to suppliers
  - Overall window between (ASTEMO)AM and supplier for problems, which cannot be resolved at the functional/operational level.

- B. (ASTEMO)AM internal customers of LP suppliers for Quality (SQA) and Delivery (PC) matters evaluate in perspective areas (see Rating topic in these categories within this handbook).

### C. LP Suppliers

- Should strive for perfect scoring
- Verify accuracy of rating and communicate discrepancies back to (ASTEMO)AM.
- Utilize the rating to benchmark current condition and utilize the evaluation for continuous improvement.

### IV. Frequency

Formal annual rating for each eligible supplier.

**V. Documentation (Exhibits are attached)**

**A. Summary page listing scores by Department and Annual total**

**B. CAMPAS Form**

**C. Strategic Suitability Evaluation - supplier may receive this form depending on yearly purchased dollar amount.**

**VI. Performance Factors**

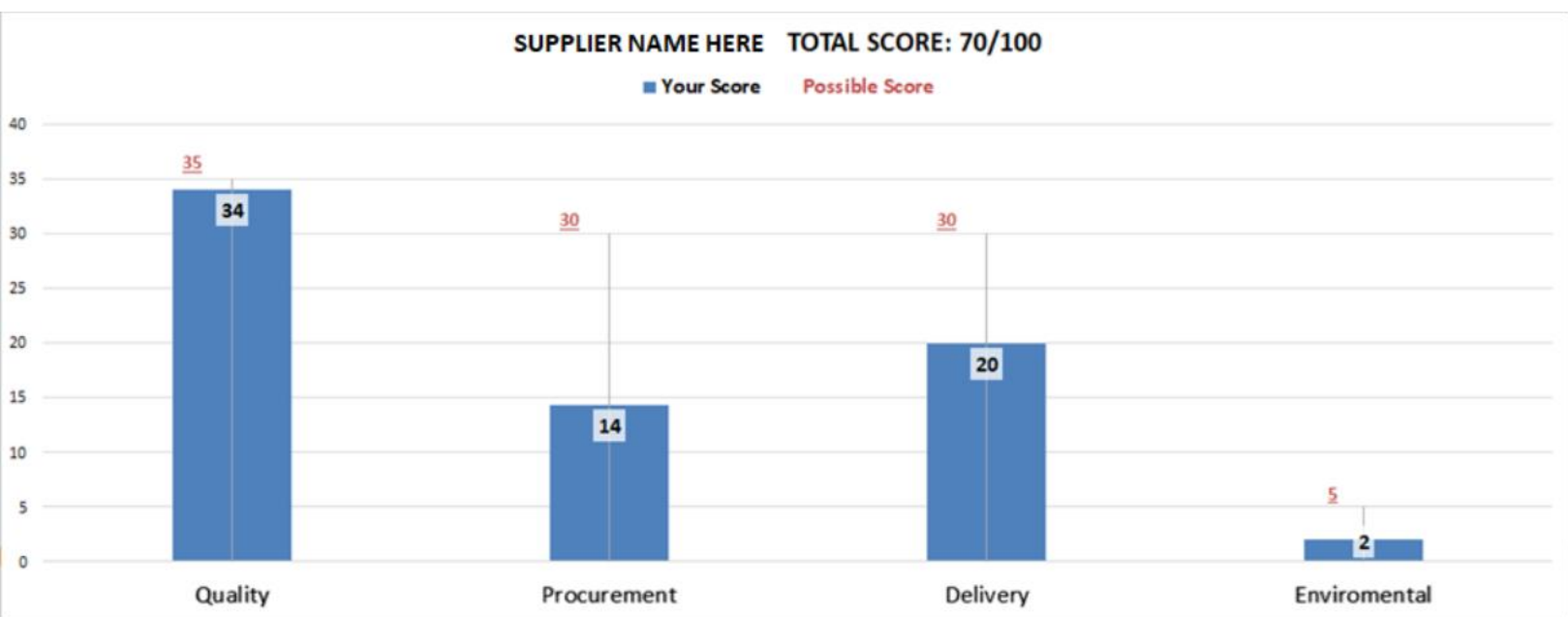
A. 70% total score is minimum threshold acceptable level

B. Less than 70% score then supplier:

- Is considered Probation
- May be ineligible for new business opportunity
- May be issued a SRCAR and if so, must submit a corrective action plan
- May be ineligible for RFQ's (buyer's option)
- May be subject to special countermeasures for chronic deficient scoring, including desourcing
  - ✓ Final desourcing according to (ASTEMO)AM Executive Committee (top management of Production, DE, QA & Purchasing).

C. Greater than 70% scores:

- Supplier is eligible for
  - ✓ Performance award and/or
  - ✓ Special achievement award for distinguished customer service.



*\*Suppliers with Strategic Suitability status will reflect an additional graphed category*

# (HIAMS)Constitutional Assessment Method for Partners of Automotive Systems (CAMPAS) ver.4

Constitutional Assessment Method for Partners of Automotive Systems

- Subject partners for assessment : Suppliers or subcontractors which supply (HIAMS) with production goods
- Frequency of the assessment : Once per year (Jan-Dec)

Supplier code	Official name of supplier	Business field
HA2020		(AM-HK)

\*select from a list

Director	Manager	Buyer
Shane Vanwinkle	Bobbie Steinhauer	Amanda Byrd
2/5/2018	2/5/2018	2/5/2018

## 1. Assessment Result

Rank	A	B	C	D	<Aggregated points>
Total points	Over 85	85 ~ 70	70 ~ 50	49 or less	Performance 23.0
Content	Strategic partner	Key supplier	Needs development	Below standard	System 12.0
					Total points 35.0

Rank	D
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## 2. Points Allocation

	Points allocation	Q C D S Evaluation Items			
		Quality	Cost	Delivery	Safety & environment
Performance	23.0	0.0	0.0	20.0	3.0
System	12.0	10.0	0.0	0.0	2.0
Total points	35.0	10.0	0.0	20.0	5.0

## <Comments>

## 3. Evaluation content

### <Performance>

(Quality: Q)

PPM	0	<10	10-100	100-1000	>1000
Points	40	30	20	10	0

Certifications	Obtain ISO-9001/TS-16949 (continuously renewing)	Obtained ISO after the year 2000	Does not have ISO or IATF certification
Points	10	8	0

Documentation / Communication / Responsiveness		Points
Submits effective and complete Corrective Actions		5
PPAP submittals are on-time and complete		5
Responds timely to CARs/Initial Containments timely		5
Has no recurring problems		5
Is responsive to general requests		5
SREA/Supporting Documentation is submitted timely		5

5 = Yes, 0 = No

A+B+C	Evaluation points
	10.0
	(35/80)

A	⇒	A
0		0.0
		(25/40)

B	⇒	B
10		5.0
		(5/10)

C	⇒	C
30		5.0
		(5/30)

(Cost: C)

(Cost Level)		Annual cost reduction ratio						
		0%	0-1%	1-2%	2-3%	3-4%	4-5%	5-6%
Points		0	5	8	10	12	15	20

### [Performance for VEC proposal]

Category	Points
Submitted one or more VEC proposals	0
One or more VEC proposals are accepted or accepted with some conditions	0
Has a current CR of over 5%/month or has submitted a VEC idea worth 2-5% cr/month	0

D	⇒	D
0		0.0
		(20/30)

### [Cost structure evaluation]

Attitudes	① Proactively responds to HIAMS's needs (targets)	② All employees are engaged in improving profitability	Applicable=1
2 points			0
Cost management	① Submits cost breakdown worksheets with new RFQ's	② Is aware of overall cost and identifies wastes from purchasing to shipping and reduces cost where necessary	
3 points			0
	③ Proactively submits cost reduction proposals for products and sets high cost reduction goals		0
Response	① Submits responses to RFQ's by deadlines	② Submits response to CAMPAS corrective action timely (if required)	
3 points			0
	③ Submits timely responses to requests for supplier impacts during potential delivery stoppages (earthquake, strikes, fires, etc.)		0
Factory management	① Creates specific improvement plans for reducing internal defects	② Responds quickly to Tooling audits and/or Capacity verification requests	
2 points			0
Total points(F)			0

Financial Review Completed?

F	⇒	F
0		0.0
		(0/30)

(Delivery: D)

	100%	95%	80%	0%
Keep delivery date	100% on time	> 95% on time	80-94% on time	< 80% on time
(G)	20	15	10	0

# of occurrences of Premium Freight	Zero	1 +	Actual # if 1 +
(H)	5	0	0

G	⇒	G
20		20.0
		(20/20)

Attitudes	① Secures appropriate plant capacity, cooperates well and responds quickly to fluctuations in order quantity	② Supplier has not caused a customer disruption, including yard holds and stop ships	③ Supplier has not caused Hitachi to receive customer notifications of Special status related to delivery issues	Applicable=1
Production control				0
				0
				0

I	⇒	I
0		0.0
		(0/0)

3 points	③ Informs Hitachi quickly when delivery dates cannot be met		0	G+H+I Evaluation points
EDI	① Standard or alternate EDI is implemented		0	
Total points(I)			0	20.0

(Safety - Environmental - CSR: SE)

ISO14001 Third-party certificates	Certified	No Cert	J	J
	3	0	3	3.0

Conflict Mineral reporting response	On time	Late	Not Submitted	L	L
	2	1	0	2	2.0

J+K+L  
Evaluation points  
5.0

Compliance violation ▲ 20 points	Troubles such as Environmental pollution, labor issues, cartels, antisocial trading occurred	M	0
			(-20)

[20 points are deducted in cases where a violation has occurred]

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## Strategic Suitability Form (example)

Strategic suitability evaluation						
NO	Evaluation contents	Evaluation points	point allocation	Individual point	Weight	Evaluation point
1	Advanced technology / Production capability	①Supplier has specific technology required for Hitachi products.	3	3	0.47	1.41
		②Supplier has a plan to obtain latest technologies.	3	3	0.47	1.41
		③ Is supplier investing in equipment to support Hitachi for new products and technologies.	3	3	0.47	1.41
		④Supplier has advantage for development and technology capability in comparison with other companies in the same business.	3	3	0.47	1.41
		⑤Supplier has advantage for production speed (lead time) in comparison with other companies in the same business.	3	3	0.47	1.41
			Total	15		
2	Technology attitude / development	①Supplier initiates a spec change or production improvement idea.	5	5	0.6	3
3	Communication / support	①Supplier has a team in place to support our needs	5	5	0.6	3
4	Global capability	①Supplier has provided their products to our oversea plant.	5	5	0.6	3
		(If supplier has not yet) ①Supplier has global production plant but hasn't provided to our oversea plant yet.	3			
5	Sourcing plan	①Supplier is necessary partner for our company.	4	4	1	4
			Total	34		20

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Supplier Quality History (Example)

Reporting YEAR										Date
Supplier Name										
ID	Tag Date	Drawing No.	Part Name			Reason	Disposition	Tag Number	PPM	Charge
Defects										
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