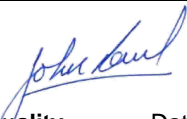


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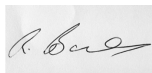
List of Changes			
Rev.	Issue Date	Pages	Report
A	25 Feb 2010	All	First Issue
B	25 Feb 2015	All	Entire revision of procedure
C	10 Nov 2015	6	Section 5 & 6 updated
D	05 Aug 2018	All	Entire revision of procedure
E	05 Dec 2018	3, 4, 5, 6, 7	Suppliers rating system and ranking system redefined
F	10 Jan 2019	2, 4, 5, 6, 7	Clarification of Quality Rating in para. 3.1 Clarification of Service Rating in para. 3.3 Calculation method detailed in para. 4 Removed the reference to SQF-SO-74-0016
G	22 Sep 2019	All	Delivery performance calculation updates and clarification added on "no supply" process
H	02 Mar 2021	6	Section 2 updated to include Medical Supplier

Prepared by: **John Paul**



Department: **Supplier Quality** Date: 02 Mar 2021

Checked by: **Ritchie Paul Barnes**



2<sup>nd</sup> March 2021

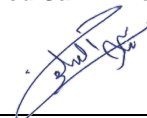
Department: **Supply Chain** Date:

Checked by: **Marcin Lesicki**



Department: **Supplier Quality** Date: 02.03.2021

Approved by: **Mohammed Saif Al Nuaimi**



Department: **Quality** Date: 2-Mar-2021

## 1 RATING ELEMENTS AND WEIGHTING SCORES

### 1.1 QUALITY PERFORMANCE

The system compares the delivered amount of goods for the last 6 months to the rejected goods due to Product related non-conformances within this timeframe.

Product related non-conformances refer to physical defects (e.g. dimensional, mechanical or surface defects or cosmetically errors.) of the delivered goods i.e. Supplier Notification-Q4 with QM Code 02 on SAP.

Delivery Documentation related non-conformances refer to non-physical defects (e.g. missing/incorrect CoC, test reports etc. or other documentation as contractual required) of the delivered goods i.e. Supplier Notification-Q4 with QM Code 98 on SAP.

Note: If an issue with Delivery Documentation is detected during paperwork inspection the Logistics department shall notify the Buyer to liaise with supplier. In case the revised documentation is not provided to the Buyer within 48 hours the Q4 shall be raised.

The Supplier's Quality Performance is calculated as a ratio of conforming goods to the all delivered parts and reported as percentage. The calculation method is provided below.

Month	Delivered Goods "Qty A"	Rej. Goods "Qty B"	Current month Rating	6 month Rating
May-18	1788	17	99.0	
Jun-18	249	26	89.6	
Jul-18	3084	25	99.2	
Aug-18	1582	52	96.7	
Sep-18	2350	11	99.5	
Oct-18	1568	21	98.7	98.6
Nov-18	3428	463	86.5	95.1
Dec-18	2704	21	99.2	96.0

#### Calculation for last 6 months (marked blue):

Delivered goods: "Qty A" pcs. i.e. Sum of total delivered goods for last 6 months: 14716

Rejected goods: "Qty B" pcs. i.e. Sum of total non-conformance (Product or Delivery Documentation) for the last 6 months: 593

Formula for calculation  $(A-B) / A * 100 = (14716-593) / 14716 * 100 = \underline{96.0\%}$

SAP Transaction – **YVE** is used to calculate the Supplier Quality Rating on SAP.

In case the supplier does not deliver any goods in specific month as a result of no open orders from Strata the rating for this month shall be 100%.

R A C I			
Responsible	Accountable	Consulted	Informed
R	A	C	I
Supplier Quality Engineer	Procurement Manager	Supplier Quality Manager	<ul style="list-style-type: none"> <li>Supplier</li> <li>Procurement</li> <li>Management</li> </ul>

## 1.2 DELIVERY PERFORMANCE

This rating element compares the delivered goods on-time in full for the last 6 months against the delivery dates specified on Strata Purchase Order for each item.

The Delivery on Time window is **-3 (Negative 3) to +0** calendar days i.e. the Supplier can deliver goods in full 3 days early and not late (goods delivered on the required date). The goods delivered during this period are considered to be on time.

Ex. If the PO delivery date is 20 Jan 2015, the Supplier shall deliver the goods on 17 Jan 2015 (i.e. 3 days early) or on 20 Jan 2015 (i.e. 0 days late) in order to meet the Delivery Performance threshold.

### Example:

1. If the PO Line item ordered qty is 10pc and the Supplier delivers 8pc of the line item within the On Time Window of -3 days to +0days, then the rating shall be 0% as the parts were not delivered on time in full.
2. If the PO Line item ordered qty is 10pc and the Supplier delivers 10pc of the line item one day late or 4 days early, then this line is not considered On Time as the delivery is outside the On Time Window and the rating shall be 0%
3. If the PO Line item ordered qty is 10pc and the Supplier delivers 10pc of the line item 0 days late or 3 days early, then this line is considered On Time as the delivery is within the On Time Window and the rating shall be 100%.

The system uses the delivery date as stated in Strata's purchase order and the goods arrival at Strata date to calculate day's variances for three different scenarios as below;

For **Ex-works** scenario the system calculates day's variance between the PO delivery date & the date of notification from supplier that goods are ready for pick up by Strata's Logistics partner. Strata Procurement shall be notified by the supplier once the goods are ready for pick up by Strata Logistics partner. This pick up date communicated by the supplier shall be notified by the Buyer to the Strata Logistics department and it shall be entered in SAP to confirm the supplier's completion of PO requirement. It shall also be used to calculate the supplier delivery performance for this specific scenario

For **DAP (Delivery At Place)** scenario the system calculates days variance between the PO delivery date and the actual date of goods arrival at place defined by Strata on Purchase Order (i.e. Abu Dhabi port, Al Ain, etc.).

Strata Logistic partner shall notify Logistics department once the goods arrive at the designated location (i.e. Abu Dhabi port). The arrival date at designated location shall be entered in SAP to confirm the supplier’s completion of PO requirement. It shall also be used to calculate the supplier delivery performance for this specific scenario.

For **DDP (Delivery Duty Paid)** scenario the system calculates days variance between the PO delivery date & the actual date of goods arrival at Strata’s premises. The arrival date shall be entered in SAP to confirm the supplier’s completion of PO requirement. It shall also be used to calculate the supplier delivery performance for this specific scenario.

In case the supplier does not deliver any goods in specific month as a result of no open orders from Strata the rating for this month shall be 100%.

**Example:**

Total number of planned schedule line items certain Timeframes “A”: 200

Number of schedule line items completely received in the On Time Window “B”: 150

$$OTD (\%) = (B / A) * 100 = (150 / 200) * 100 = \underline{75\%}$$

SAP Transaction –

**ZVEN\_RATING** is used to calculate the Delivery on Time Rating on SAP.

<b>R A C I</b>			
<b>Responsible</b>	<b>Accountable</b>	<b>Consulted</b>	<b>Informed</b>
<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
Procurement Buyer	Procurement Manager	Procurement Buyer	<ul style="list-style-type: none"> <li>• Supplier</li> <li>• Supplier Quality Assurance</li> <li>• Management</li> </ul>

### 1.3 SERVICE PERFORMANCE

This indicator is related to the supplier support provided to Strata when any issues are faced or if any other support is required to accept goods in Strata (i.e. clarification of delivery documents to be provided in timely manner, nonconformance acceptance and Corrective Actions proposal, etc). It is calculated for the last 6 months.

This measure is provided by respective Buyer from Procurement department.

Service performances shall be assessed based on 5 aspects that will be completed by respective buyer:

<b>Service related Scoring</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Is the order book returned from the vendor			
Has the vendor responded to the exception messages			
Has the vendor acknowledged the latest forecast			
Has the Inspection delegation introduction process been acknowledged and committed to by supplier			
Are there aged issues with the vendor (Invoices / blocked stock)			
<b>Total</b>			

**Final Scoring**

The maximum score will be 100% if all answers are “YES” or “N/A” (in case the supplier does not deliver any parts or some questions will be deemed as not applicable to the Buyer then as a result this item cannot be used to reduce the supplier rating).

In case any question is listed as “NO”, the rating shall be reduced accordingly (i.e. if buyer provides 2 answers as “NO”, 2 as “YES” and 1 as “N/A” the total rating shall be 60%)

<b>R A C I</b>			
<b>Responsible</b>	<b>Accountable</b>	<b>Consulted</b>	<b>Informed</b>
<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
Procurement Buyer	Procurement Manager	Procurement Buyer	<ul style="list-style-type: none"> <li>Supplier</li> <li>Supplier Quality Assurance</li> <li>Management</li> </ul>

## 2 FREQUENCY

Supplier Rating according to Paragraph 1 will be done on a monthly basis and published within first 10 days of the following month.

Supplier rating shall be calculated as a 6 month rolling average and shall also include the status for the last month.

The Supplier Ratings will be communicated to all Aero structures & Medical Suppliers via Supplier Scorecard on a monthly basis.

## 3 MEASUREMENT CRITERIA

### 3.1 QUALITY PERFORMANCE

Ranking Code	Rating	Percentage
A	Excellent Performance	= 100 %
B	Satisfactory Performance	≥ 99.8 %
C	Unsatisfactory	< 99.8 %

### 3.2 DELIVERY PERFORMANCE

Ranking Code	Rating	Percentage
A	Excellent Performance	= 100 %
B	Satisfactory Performance	≥ 98 %
C	Unsatisfactory	< 98 %

### 3.3 SERVICE PERFORMANCE

Service grading	Rating	Percentage
A	Excellent Performance	= 100 %
B	Satisfactory Performance	≥ 80 %
C	Unsatisfactory	< 80 %

### 3.4 COMPOSITE PERFORMANCE RATING FOR SUPPLIERS

Composite supplier rating is based on following ratio:

55% of the complete assessment is based on Quality Performance

40% of the complete assessment is based on Delivery Performance

5% of the complete assessment is based on Service Performance.

Service grading	Rating	Percentage
A	Excellent Performance	= 100 %
B	Satisfactory Performance	≥ 98.1 %
C	Unsatisfactory	< 98.1 %

#### 4 MINIMUM EXPECTATION

On Quality Performance the Minimum Expectation is Ranking Code - **B ≥ 99.8%**

On Delivery Performance the Minimum Expectation is Ranking Code - **B ≥ 98%**

On Service Performance the Minimum Expectation is Ranking Code **B - ≥ 80%**

Therefore the composite minimum percentage rating for the suppliers (that includes Quality, Delivery and Service) shall be 98.1%.

All rating elements (Quality, Delivery, Service and Composite) shall be calculated to one decimal place.

Although the minimum acceptable limits are defined in grade B the suppliers shall strive to reach Ranking Code A on all categories.

Complete Supplier ranking based on above ratios is reflected in Supplier Scorecard.

#### 5 RECOVERY ACTION

STRATA Procurement Department and Supplier Quality Assurance Department will review the rating results on a monthly basis and initiate the corresponding Recovery Actions which may include but shall not be limited to the following:

Ranking code	Action
A	Monitor as per schedule
B	
C	As per SQP-SO-74-0004 Appendix E – Supplier Escalation Procedure

#### 6 RELATED DOCUMENT

SQP-SO-74-0004      Appendix E – Supplier Escalation Procedure