

# Supplier Performance Rating criteria set: Prematerial deliveries for Dortmund plant



For the materials/services provided by our suppliers the following main-criteria are differentiated in the supplier performance rating. All or selected main-criteria are assessed individually every six months. All main- and sub-criteria are explained in detail on the next pages.

- **Quality Performance** (Quality)
- **Delivery Performance** (Logistic)
- **Commercial Performance** (Procurement)
- **Technological and Innovation Capability** (Technology & Innovation)
- **Sustainability** (Sustainability)

If applied, 1-100 points are awarded for the individual main-criteria. No overall average is calculated. We expect our suppliers to strive for the maximum number of points in all areas. The classification of the score achieved and our derived expectations, consequences and measures can be seen below:

**Excellent  
Performance**  
100 - 81 points

- There is no need for an explanatory statement from the supplier.
- The supplier will be given preference when placing orders.

**Average  
Performance**  
80 - 61 points

- An explanatory statement from the supplier is expected.
- Improvements are expected from the supplier.

**Just Adequate  
Performance**  
60 - 41 points

- A written statement from the supplier is mandatory (within two weeks after receiving the assessment results)
- Improvement measures with deadlines for supplier development are to be agreed (within four weeks after receiving the assessment results)
- Limited order placement or status "new business on hold"
- The takeover of additional effort in our company (inspection costs, sorting costs, etc.) has to be agreed with the supplier for future deliveries, possibly.

**Inadequate  
Performance**  
40 - 1 points

- A written statement from the supplier and a personal explanation are mandatory (within two weeks after receiving the assessment results)
- Improvement measures with deadlines for supplier development are to be agreed (within four weeks after receiving the assessment results)
- Status „new business on hold“ or „supplier blocked“ will be evaluated
- A new PSM Audit of the supplier has to be carried out within six weeks
- A new QAM System- and/or Process-Audit have to be carried out, possibly.
- The takeover of additional effort in our company (inspection costs, sorting costs, etc.) has to be agreed with the supplier for future deliveries.

# Supplier Performance Rating criterion: Quality Performance



The maximum achievable score is 100points in each sub-criterion. The sub-criteria are weighted in % to a main-criterion score.

## Management System 30%

If no audit has yet been carried out at the supplier, the assessment is based on available documents. In justified cases, the maximum number of points can be reduced in the event of inadequacies. If an audit was carried out, the audit assessment is accepted as a score.

**40 points** = 9001 implemented, Quality-Management plan available

**60 points** = 9001 certified

**80 points** = relevant systems (Quality, Environmental, Safety) certified, 9001 certified; PSQ arranged.

**XX points** = system audited by thyssenkrupp rothe erde, score XX achieved according audit report  
If an audit had been carried out more than 3 years ago, the assessment can be made differently based on the document situation.

## Delivery Quality 40%

The delivery quality is calculated retrospectively for the assessment period using the formula:

**number of points** =  $100 - (\text{complained quantity}) / (0.03 * \text{quantity delivered}) * 100$

## Responsiveness 10%

It is assessed to what extent the management system is able to react to audit measures and other requirements.

**1 point** = no response

**50 points** = no evidence or late response

**100 points** = timely and traceable processing of deviations

## Complaint Behavior 20%

A complaint will be made if an agreed service is not or insufficiently provided by the supplier. A service that is not or insufficiently performed can lead to considerable deviations in deadlines and quality at thyssenkrupp rothe erde. In the event of a complaint, the supplier is therefore expected to take a short-term corrective measure to keep the impact of the deviation low. Preventive measures are also required at the end of the complaint to prevent the error from occurring again. As part of complaint processing, the following points are therefore assessed manually by the respective complaint officer for each complaint. If there are no transactions in the assessment period, the supplier receives 100 points. If there were any transactions in the assessment period, the supplier also initially receives a score of **100 points as base value**. However, the score in the evaluation may be reduced by subsequent correction values. The minimum score for this sub-criterion is 1 point.

**-0 points** = Assessment of responsiveness: first feedback  $\leq$  5 days

**-20 points** = Assessment of responsiveness: late feedback  $>$  5 days

**-60 points** = Assessment of responsiveness: no feedback

**-0 points** = Assessment of corrective actions: little or no impact on quality & delivery performance

**-20 points** = Assessment of corrective actions: medium impact on quality & delivery performance

**-60 points** = Assessment of corrective actions: significant impact on quality & delivery performance

**-0 points** = Prevention assessment: the preventive measure is likely to rule out the recurrence of the error or all technically justifiable preventive measures have already been exhausted and have been sufficiently presented to thyssenkrupp rothe erde

**-20 points** = Prevention assessment: the preventive measure seems to be conditionally suitable to avoid the recurrence of the error

**-40 points** = Prevention assessment: the preventive measure does not seem suitable to avoid the recurrence of the error

**-60 points** = Prevention assessment: no preventive measure

# Supplier Performance Rating criterion: Delivery Performance



The maximum achievable score is 100points in each sub-criterion. The sub-criteria are weighted in % to a main-criterion score.

## On time Delivery 60%

Only those purchase orders are evaluated which have a delivery deadline within the period under consideration and for which a goods receipt has been posted. In principle, this posting is made promptly on the day of the physical receipt of the goods. Upon request, a detailed record of all individual performances can be requested.

The deviation from the delivery deadline is evaluated in days. In this, "+" means a delivery later than the delivery deadline; "-" means an earlier delivery. The supplier is requested to confirm the day and not the week of delivery as there might otherwise be variances in the evaluation. Should this not be possible by technical means it should be done manually.

points	deviation days too late	deviation days too early
100	0	0
90	+1	-3
80	+3	-7
70	+5	-10
60	+7	-14
50	+10	-17
40	+14	-21
30	+18	-24
20	+21	-28
1	+ >28	- >35

## Quantity Reliability 40%

Only those purchase orders are evaluated which have a delivery deadline within the period under consideration and for which a goods receipt has been posted. In principle, this posting is made promptly on the day of the physical receipt of the goods. Upon request, a detailed record of all individual performances can be requested.

The deviation from the delivery quantity per delivery deadline is evaluated in %. In this, "+" means an additional quantity delivered; "-" means an insufficient quantity delivered.

points	deviation	deviation
100	0%	0%
90	+2,5%	-1,5%
80	+5,0%	-3,0%
70	+7,5%	-4,0%
60	+10,0%	-5,0%
50	+12,5%	-7,5%
40	+15,0%	-10%
30	+17,5%	-15,0%
20	+20,0%	-20,0%
10	+22,5%	-25,0%
1	+ >25%	- >30%



The maximum achievable score is 100points in each sub-criterion. The sub-criteria are weighted in % to a main-criterion score.

## Price & Cost Performance 60%

This sub-criterion is formed from the following three weighted aspects in the evaluation period:

- **Price level (50%)**  
How high is the supplier's price level in relation to the market price level?  
(market price = average price of all released suppliers for the materials in scope)  
**100 points** = the price level is -12% or more below market price  
**50 points** = the price level is in the range of the market price  
**1 point** = the price level is +12% or more higher than the market price
- **Price development (30%)**  
How does the supplier's price develop in relation to the average market price development compared to the last rating period?  
**100 points** = the price development is -6% or more favorable than the market price development  
(price is decreasing while market price is stable or increasing)  
**50 points** = the price development is according to the market price development  
(price is stable while market price is increasing)  
**1 point** = the price development is +6% or more unfavorable than the market price development  
(price is increasing while market price is stable or decreasing)
- **Cost reduction initiatives (20%)**  
How active does the supplier initiate (joint) cost reduction measures/programs by himself?  
**100 points** = the supplier initiates and drives (joint) cost reduction measures on his own  
**50 points** = the supplier presents ideas for (joint) cost reduction  
**1 point** = no activity

## Cooperation 20%

This sub-criterion is formed from the following two weighted aspects in the evaluation period:

- **Contract Management (30%)**  
In how far does the supplier accept and close the standard contracts?  
**100 points** = all the standard clauses of the related contract type are accepted  
**50 points** = important the standard clauses of the related contract type are accepted  
**1 point** = the contract is mainly oriented on the supplier's standards
- **Participation on Digital Process Systems (70%)**  
How is the willingness of the supplier to collaborate in processes via the digital systems?  
**100 points** = supplier is registered and supports all processes via the Supplier Platform  
(or/and for service orders on the factory premises of the: mde Platform)  
**50 points** = supplier is registered and works occasionally as requested via the Supplier Platform  
**1 point** = supplier is not willing to participate on the Supplier Platform

## Communication 20%

This sub-criterion is formed from the following three weighted aspects in the evaluation period:

- **Reaction Time (40%)**  
How promptly does the supplier react on inquiries, checking of specifications, order confirmations, etc. within a given, typical timeframe?  
(order confirmation = 2 days, inquiries = 2-5 days, specification checks = 5-15 days)  
**100 points** = supplier gives feedback within time frame  
**50 points** = supplier gives feedback with small delays  
**1 point** = supplier feedback exceeds time frame significantly
- **Reliability and Explicitness (40%)**  
How reliable and explicit is the feedback or statement?  
**100 points** = supplier feedback is always reliable and explicit, supplier stands by his word  
**50 points** = supplier feedback is reliable, but sometimes unclear/unspecific  
**1 point** = it is unpredictable whether the supplier will stand by his statements
- **Usage of the forms in communication processes (20%)**  
Does the supplier use the forms for e.g. tenders, specification alignments, order confirmations?  
**100 points** = yes, always if requested  
**50 points** = yes, with exception of order confirmations (supplier individual)  
**1 point** = no, the supplier refuses to use the forms

# Supplier Performance Rating criterion: Technology & Innovation Capability



The maximum achievable score is 100points in each sub-criterion. The sub-criteria are weighted in % to a main-criterion score.

## Technology Road Map 20%

The extent to which the technology / innovation development process is planned, described and budgeted for relevant for tkre products is assessed.

- 100 points** = planned, described and budgeted
- 50 points** = planned and described
- 1 point** = inadequately described / not known

## Development & Trial Department 20%

It is assessed to what extent development capacities are available and relevant for us.

- 100 points** = separate development / testing department exists
- 50 points** = integrated order and test / development department available
- 1 point** = inadequate resources / not known

## Cooperation Behavior 20%

The extent to which the supplier is interested in open cooperation is assessed.

- 100 points** = cooperation agreement concluded
- 50 points** = willingness to cooperate exists / open communication / quick responsiveness / supplier does preparatory work
- 1 point** = inadequate behavior / not known

## Innovation Footprint 20%

The subjects of assessment are the results of the supplier's innovative capability and technological development over the past ten years, also with regard to non tkre-relevant products.

- 100 points** = technology leader: publications, innovative products and processes, unique characteristics exist
- 50 points** = fast follower: technology / products / processes comparable to technology leader
- 1 point** = inadequate footprint / not known

## Implementation of Innovations 20%

The extent to which the supplier is in a position to integrate innovations promptly into the production process for products that are of relevance to us.

- 100 points** = prompt implementation/ supplier does preparatory work (bears risk)
- 50 points** = adequately prompt implementation
- 1 point** = inadequate implementation / not known

# Supplier Performance Rating criterion: Sustainability



The maximum achievable score is 100points in each sub-criterion. The sub-criteria are weighted in % to a main-criterion score.

## Occupational Safety 10%

- 100 points** = occupational safety management system according to ISO 45001 implemented and certified, e.g. programs and initiatives for improvement are practiced, order and cleanliness are excellent
- 80 points** = occupational safety management system according to ISO 45001 introduced and effective / so-called implementation
- 60 points** = work safety rules are existing, plant safety is given, personal protective equipment is used, action plan for improvement is available
- 40 points** = work safety rules are existing, plant safety is given, personal protective equipment is used
- 1 point** = no information on occupational safety

## Environmental Protection 20%

- 100 points** = environmental management system according to ISO 14001 implemented and certified; e.g. LCA is available, recognizable communication and resource conservation, order and cleanliness are excellent
- 80 points** = environmental management system according to ISO 14001 implemented and certified
- 60 points** = environmental management system according to ISO 14001 introduced and effective / so-called implementation
- 40 points** = environmental impacts are systematically documented and actions to improve environmental protection are defined
- 1 point** = no information on environmental protection

## Energy 30%

- 100 points** = energy management system according to ISO 50001 implemented and certified, e.g. CO2 assessments carried out and strategy for CO2 reduction defined
- 80 points** = energy management system according to ISO 50001 implemented and certified
- 60 points** = energy management system according to ISO 50001 introduced and effective / so-called implementation
- 40 points** = energy consumption is recorded and actions for evaluating and reducing energy consumption are defined
- 1 point** = no information on energy management

## Supplier Code of Conduct 40%

- 100 points** = By accepting the Supplier Code of Conduct
- 1 point** = Recognition Supplier Code of Conduct not confirmed